

# PING AN OF CHINA SIF – RMB BOND FUND

(A sub-fund of PING AN OF CHINA SELECT INVESTMENT FUND SERIES, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

Audited Financial Statements

30 June 2014

**中国平安 PING AN**

保險 · 銀行 · 投資

Fund Manager



**中国平安资产管理(香港)**  
PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

Audited Financial Statements

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of PING AN OF CHINA SELECT INVESTMENT  
FUND SERIES, an open-ended unit trust established as an  
umbrella fund under the laws of Hong Kong)

30 June 2014

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

CONTENTS

	Pages
MANAGEMENT AND ADMINISTRATION	1
REPORT OF THE MANAGER TO THE UNITHOLDERS	2 - 3
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	4
INDEPENDENT AUDITORS' REPORT	5 - 6
AUDITED FINANCIAL STATEMENTS	
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of changes in net assets attributable to unitholders	9
Statement of distribution	10
Statement of cash flows	11
Notes to the financial statements	12 - 33
INVESTMENT PORTFOLIO	34- 38
MOVEMENTS IN INVESTMENT PORTFOLIO	39- 42
PERFORMANCE RECORD	43

**IMPORTANT:**

**The report is available in English only.**

**Any opinion expressed herein reflects the Manager's view only and are subject to change. For more information about the fund, please refer to the explanatory memorandum of the fund which is available at our website: <http://asset.pingan.com.hk>.**

**Investors should not rely on the information contained in this report for their investment decisions.**

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

MANAGEMENT AND ADMINISTRATION

**MANAGER**

Ping An of China Asset Management (Hong Kong)  
Company Limited  
Suites 1106-1110  
11/F, Chater House  
8 Connaught Road Central  
Hong Kong

**DIRECTORS OF THE MANAGER**

Cai Fangfang  
Chan Tak Yin  
Gao Peng  
Huang Yong  
Tung Hoi  
Wan Fang  
Yao Jun  
Yao Bo Jason  
Yu Wenjie  
Tan Sin Yin  
Tornberg Martin (Appointed on 10 March 2014)  
Liu Yuansheng (Resigned on 24 April 2014)  
Rudd Benjamin Jeremy Kenneth (Resigned on 10 March  
2014)  
Wang Liping (Resigned on 9 September 2013)

**SOLICITORS TO THE MANAGER**

Deacons  
5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

**TRUSTEE AND REGISTRAR**

BOCI-Prudential Trustee Limited  
12/F & 25/F, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

**AUDITORS**

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

**CUSTODIAN**

Bank of China (Hong Kong) Limited  
14/F, Bank of China Tower  
1 Garden Road  
Hong Kong

## REPORT OF THE MANAGER TO THE UNITHOLDERS

### **Introduction**

Ping An of China SIF – RMB Bond Fund (“the Sub-Fund”) is a sub-fund of the Ping An of China Select Investment Fund Series, an open-ended unit trust established as an umbrella fund pursuant to the trust deed (the “Trust Deed”) and governed by the laws of Hong Kong. The Sub-Fund aims to provide total returns comprised of interest income and capital growth and invests in offshore RMB denominated (CNH) debt securities issued or distributed outside mainland China by government, quasi-government organizations, financial institutions, and multinational organizations. The Sub-Fund has been authorized by the Securities and Futures Commission pursuant to Section 104 of the Securities and Futures Ordinance.

### **Bond market review and comment**

We saw strong recovery of market sentiment in the second half of 2013 after trembling on the earlier-than-expected QE exit plan and China’s interbank liquidity crunch in June 2013. Based on the HSBC Dim Sum bond index, overall yields tightened from 4.74% in June 2013 to 4.05% in Dec 2013, while high yield bonds tightened from the highest of 6.62% to 5.52% during the same period.

First half of 2014 marked the 3-year track record of the CNH market. Supply remained robust in light of onshore credit tightness and CNH bond rollover needs. During first half of 2014, CNH depreciated by 2.5% but has not deterred investor interest. This is partly because the CNH deposit pool is still much higher than the CNH bonds outstanding and investors are still actively seeking CNH assets from both a return and asset diversification perspective. Now, the CNH bond market has attracted new investor class that became a cushion for the increasing amount of supply.

On the regulation and policy front, there were two major regulations/policies announced that helps the CNH market to grow further. Since April 2014, the People’s Bank of China has announced targeted reserve requirement ratio cut and the State Administration of Foreign Exchange has simplified the issuance of cross-border debt guarantees. These result in lower cost of funding which has been subdued at low level.

During first half of 2014, overall yields were almost flat based on the HSBC Dim Sum bond index. There was net issuance of CNH 220bn and supply of CNH 380bn is 225% of the first half of 2013. 40% of this CNH 380bn was printed in bond format and majority of the issuers were Chinese issuers ranging from Chinese banks to unrated State Owned Enterprises or High Yield property companies.

### **Investment strategy**

In the second half of 2014, while we expect primary issuance to slow on the back of improved onshore financing conditions and a decline in USD funding costs, supply pressure from Chinese issuers, especially those with government backing, remains strong on the back of easier cross-border guarantees. Hence, we think the high-yield sector, which has more cushion against offshore interbank volatility, is likely to outperform. Fundamentally, we have been emphasizing that the liquidity risks for high-yield developers and most of them are overplayed and rich. We believe property sales growth will continue to slow in the second half of the year, but policy easing should help contain the pace of the slowdown in the sector.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

**Performance of the Sub-Fund**

On top of the RMB share class, we launched two additional currency classes, HKD and USD, on 1 March 2013. As at 30 June 2014 (the “last valuation date”), total size of the Sub-Fund was approximately RMB920 million. Net Asset Value (“NAV”) of our three currency classes are set forth below:

The NAV of Class A RMB per unit was RMB99.72 including dividend distributions of RMB2.20 per unit on 16 June 2014. The total number of units issued was 9,098,050.72.

Total return performance (As at 30 June 2014)	1-month	3-month	6-month	12-month	Since Inception 28 April 2011
Ping An of China SIF – RMB Bond Fund - Class A RMB	0.73%	2.08%	2.10%	6.37%	10.69%

The NAV of Class A HKD per unit was HKD97.71 including dividend distributions of HKD2.15 per unit on 16 June 2014. The total number of units issued was 14,196.21.

Total return performance (As at 30 June 2014)	1-month	3-month	6-month	12-month	Since Inception 1 March 2013
Ping An of China SIF – RMB Bond Fund - Class A HKD	1.36%	2.11%	-0.42%	4.95%	4.88%

The NAV of Class A USD per unit was USD9.69 including dividend distributions of USD0.21 per unit on 16 June 2014. The total number of units issued was 187,988.38.

Total return performance (As at 30 June 2014)	1-month	3-month	6-month	12-month	Since Inception 1 March 2013
Ping An of China SIF – RMB Bond Fund - Class A USD	1.45%	2.29%	-0.29%	5.13%	4.95%

Notes:

1. Past performance figures shown are not indicative of the future performance of the Sub-Fund.
2. Returns are calculated on a NAV-to-NAV basis, with dividend reinvested.
3. SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, Ping An of China Asset Management (Hong Kong) Company Limited, has, in all material respects, managed Ping An of China SIF – RMB Bond Fund (a sub-fund of Ping An of China Select Investment Fund Series) for the year ended 30 June 2014 in accordance with the provisions of the Trust Deed dated 11 April 2011, as amended by supplemental deeds dated 11 April 2011, 4 February 2014, 7 March 2014 and 25 April 2014 (together the "Trust Deed").

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

---

24 October 2014

**Independent auditors' report****To the unitholders of Ping An of China SIF – RMB Bond Fund****(a sub-fund of Ping An of China Select Investment Fund Series,  
an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)**

We have audited the financial statements of Ping An of China SIF – RMB Bond Fund (the "Sub-Fund") of Ping An of China Select Investment Fund Series set out on pages 7 to 33, which comprise the statement of financial position as at 30 June 2014 and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of cash flows and the statement of distribution for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Trustee's and Manager's Responsibility for the Financial Statements**

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the Trustee and the Manager also have a responsibility to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed of the Sub-Fund dated 11 April 2011, as amended by supplemental deeds dated 11 April 2011, 4 February 2014, 7 March 2014 and 25 April 2014 (together the "Trust Deed"), and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made 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 International Standards on Auditing. 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, and whether the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to 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 auditors' judgment, 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 auditors consider internal control relevant to the entity's preparation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, 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 auditors' report (continued)**

**To the unitholders of Ping An of China SIF – RMB Bond Fund  
(a sub-fund of Ping An of China Select Investment Fund Series,  
an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)**

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

Hong Kong  
24 October 2014

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 RMB	2013 RMB
<b>ASSETS</b>			
Prepayments		4,719	7,539
Amount due from brokers	7	-	24,051,096
Interest receivable on financial assets		12,316,346	13,753,050
Subscription proceeds receivable		5,624,516	720,895
Financial assets at fair value through profit or loss	8	854,875,539	966,424,093
Cash and cash equivalents	9	<u>71,665,131</u>	<u>69,627,687</u>
<b>TOTAL ASSETS</b>		<u><b>944,486,251</b></u>	<u><b>1,074,584,360</b></u>
<b>LIABILITIES</b>			
Redemption proceeds payable		3,358,231	1,837,330
Management fee payable	4	791,027	834,570
Trustee fee payable	4	108,052	110,215
Distribution payable to unitholders	6	20,370,977	26,633,795
Accrued expenses and other payables		<u>149,369</u>	<u>162,790</u>
<b>TOTAL LIABILITIES</b>		<u><b>24,777,656</b></u>	<u><b>29,578,700</b></u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	10	<u><b>919,708,595</b></u>	<u><b>1,045,005,660</b></u>
<b>NUMBER OF UNITS IN ISSUE (CLASS A RMB)</b>			
NUMBER OF UNITS IN ISSUE (CLASS A RMB)	10	9,098,050.72	10,710,368.11
NUMBER OF UNITS IN ISSUE (CLASS A HKD)	10	14,196.21	99.25
NUMBER OF UNITS IN ISSUE (CLASS A USD)	10	187,988.38	198.50
<b>NET ASSET VALUE PER UNIT (CLASS A RMB)</b>			
NET ASSET VALUE PER UNIT (CLASS A RMB)	10	99.72	97.56
NET ASSET VALUE PER UNIT (CLASS A HKD)	10	97.71	96.89
NET ASSET VALUE PER UNIT (CLASS A USD)	10	9.69	9.59

.....  
Manager

.....  
Trustee

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	2014 RMB	2013 RMB
<b>INCOME</b>			
Interest income on financial assets at fair value through profit or loss		51,788,014	53,719,883
Interest income on bank deposits		1,331,681	2,073,472
Net gain on financial assets at fair value through profit or loss	8	<u>22,223,884</u>	<u>35,609,772</u>
		<u>75,343,579</u>	<u>91,403,127</u>
<b>EXPENSES</b>			
Management fee	4	(10,205,379)	(12,182,800)
Trustee fee	4	( 1,368,463)	( 1,661,447)
Legal and professional fee		-	( 262,606)
License fee		( 9,816)	( 9,676)
Custodian fee	4	( 239,749)	( 256,861)
Audit fee		( 130,372)	( 136,014)
Printing and publishing expenses		( 130,148)	( 242,283)
Brokerage fees and other transaction costs		( 61,600)	( 75,193)
Exchange loss		( 68,793)	( 99)
Other operating expenses		( 41,017)	( 37,179)
		<u>(12,255,337)</u>	<u>(14,864,158)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>63,088,242</u>	<u>76,538,969</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 June 2014

	Note	Year ended 30 June 2014 RMB	Year ended 30 June 2013 RMB
BALANCE BROUGHT FORWARD		<u>1,045,005,660</u>	<u>1,355,845,102</u>
Proceeds on issue of units		254,464,488	314,329,852
Payment on redemption of units		( 403,165,574)	( 661,426,142)
Net decrease from unit transactions		( 148,701,086)	( 347,096,290)
Total comprehensive income for the year		63,088,242	76,538,969
Distribution to unitholders	6	( 39,684,221)	( 40,282,121)
Net assets attributable to unitholders at 30 June		<u>919,708,595</u>	<u>1,045,005,660</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

STATEMENT OF DISTRIBUTION

	Notes	RMB
For the year ended 30 June 2013		
Total comprehensive income for the year		76,538,969
Less: Net change in unrealised gain/loss on financial assets at fair value through profit or loss	8	<u>(34,982,717)</u>
Undistributed income before distribution		41,556,252
Interim distribution distributed on 14 December 2012 (RMB1.10 per unit)	6	(13,648,326)
Final distribution distributed on 14 June 2013 (RMB2.45/HKD3.10/USD0.40 per unit)	6	(26,633,795)
Transfer to capital		<u>( 1,274,131)</u>
Undistributed income at 30 June 2013		<u><u>-</u></u>
For the year ended 30 June 2014		
Total comprehensive income for the year		63,088,242
Less: Net change in unrealised gain/loss on financial assets at fair value through profit or loss	8	<u>( 20,035,038)</u>
Undistributed income before distribution		43,053,204
Interim distribution distributed on 13 December 2013 (RMB1.80/HKD1.81/USD0.18 per unit)	6	( 19,312,523)
Final distribution distributed on 16 June 2014 (RMB2.20/HKD2.15/USD0.21 per unit)	6	( 20,371,698)
Transfer to capital		<u>( 3,368,983)</u>
Undistributed income at 30 June 2014		<u><u>-</u></u>

The amount available for distribution is the net distributable income of the Sub-Fund in respect of the relevant year, that is total income ("Total Income") minus all expenses, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), dividends, or other receipts as determined by the Manager to be in the nature of income. Unrealised gains or losses do not form part of Total Income and therefore would not impact on the amount available for distribution. The Manager may at its discretion pay distributions out of the capital of the Sub-Fund or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund's fees and expenses to/ out of the capital of the Sub-Fund. For the year ended 30 June 2014, the Sub-Fund has not paid distributions out of the capital of the Sub-Fund.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Notes	2014 RMB	2013 RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		63,088,242	76,538,969
Adjustments for:			
Interest income on financial assets at fair value through profit or loss		( 51,788,014)	( 53,719,883)
Interest income on bank deposits		( 1,331,681)	( 2,073,472)
Realised gain on investment	8	( 2,188,846)	( 627,055)
Net change in unrealised gain/loss on investments	8	( 20,035,038)	( 34,982,717)
Purchases of financial assets at fair value through profit or loss		(572,735,372)	(468,406,160)
Sales of financial assets at fair value through profit or loss		730,558,906	685,103,331
Decrease in prepayments		2,820	5,627
Decrease in management fee payable		( 43,543)	( 280,361)
Decrease in trustee fee payable		( 2,163)	( 84,898)
(Decrease)/increase in accrued expenses and other payables		( 13,421)	8,078
Cash generated from operations		145,511,890	201,481,459
Interest received		54,556,399	54,927,277
Net cash flows from operating activities		<u>200,068,289</u>	<u>256,408,736</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		249,560,867	313,768,250
Payments for redemption of units		(401,644,673)	(664,216,472)
Distribution to unitholders		( 45,947,039)	( 39,960,910)
Net cash flows used in financing activities		<u>(198,030,845)</u>	<u>(390,409,132)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		2,037,444	(134,000,396)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>			
		69,627,687	203,628,083
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		<u>71,665,131</u>	<u>69,627,687</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Bank balance		26,640,378	19,414,667
Short-term deposits		45,024,753	50,213,020
	9	<u>71,665,131</u>	<u>69,627,687</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. THE SUB-FUND

Ping An of China Select Investment Fund Series (the “Trust”) was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 11 April 2011, as amended by supplemental deed dated 11 April 2011, 4 February 2014, 7 March 2014 and 25 April 2014 (together the “Trust Deed”) between Ping An of China Asset Management (Hong Kong) Company Limited (the “Manager”) and BOCI-Prudential Trustee Limited (the “Trustee”) (collectively referred to as the “Management”).

Ping An of China SIF - RMB Bond Fund (the “Sub-Fund”) was constituted as a separate sub-fund of the Trust on 11 April 2011. The initial RMB Share Class of the Sub-Fund was launched on 28 April 2011, with USD Share Class and HKD Share Class subsequently launched on 1 March 2013. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the “SFC Code”). Authorisation by the SFC does not imply official approval or recommendation. The Sub-Fund was launched and incepted on 28 April 2011.

The investment objective of the Sub-Fund is to achieve long-term capital growth in RMB terms through investment in a portfolio consisting primarily of RMB denominated fixed rate or floating rate debt instruments which will generate a steady flow of income for the Sub-Fund.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standard Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed, and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong.

They have been prepared on a historical cost basis, except for financial assets classified at fair value through profit or loss, that have been measured at fair value.

The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest RMB except where otherwise indicated.

The preparation of financial statements in uniformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Management to exercise their judgment in the process of applying the Sub-Fund’s accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Sub-Fund has adopted the following revised IFRSs for the first time for the current year's financial statements.

IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
<i>Annual Improvements 2009-2011 Cycle</i>	<i>Amendments to a number of IFRSs issued in June 2012</i>

The IFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendments have affected the presentation only and have had no impact on the Sub-Fund's financial position or performance of the Sub-Fund.

*IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income*  
The amendments to IAS 1 change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items that will never be reclassified (for example the revaluation of land and building). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Sub-Fund.

The *Annual Improvements to IFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Sub-Fund. Details of the key amendments most applicable to the Sub-Fund are as follows:

- *IAS 1 Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

- IAS 32 *Financial Instruments: Presentation*: clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

IFRS 9	<i>Financial Instruments</i> <sup>1</sup>
IFRS 9, IFRS 7 and IAS 39 Amendments	<i>Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39</i> <sup>1</sup>
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> <sup>2</sup>
IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>2</sup>

<sup>1</sup> No mandatory effective date yet determined but is available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

Further information about those IFRSs that are expected to be applicable to the Sub-Fund is as follows:

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In November 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

### 2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

In December 2013, the IASB added to IFRS 9 the requirements related to hedge accounting and made some related changes to IAS 39 and IFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to IFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to IFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other IFRS 9 requirements at the same time.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The previous mandatory effective date of IFRS 9 was removed by the IASB in December 2013 and a mandatory effective date will be determined after the entire replacement of IAS 39 is completed. However, the standard is available for application now. The Sub-Fund will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

The Manager is in the progress of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Manager considers that these new and revised IFRSs are unlikely to have a significant impact on the Sub-Fund's results of financial performance or position for the Sub-Fund.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

##### *(i) Classification*

Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is held for trading, or upon initial recognition, the asset is designated as at fair value through profit or loss and it meets any of the following criteria: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial asset or recognising the gains and losses on it on a different basis; or (ii) the asset is part of a group of financial assets that are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would be separately recorded.

Financial assets so designated are recognised initially at fair value, with transaction costs taken directly to profit or loss, and are subsequently remeasured at fair value. This designation, once made, is irrevocable in respect of the financial asset to which it is made.

Gains and losses from changes in the fair value of such financial assets are recognised in the statement of profit or loss as they arise, together with the related interest income and expenses and dividends.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to other short-term receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) *Classification (continued)*

Other financial liabilities

This category includes all financial liabilities. The Sub-Fund includes in this category amounts relating to management fee payable, custodian, fund administration and trustee fee payable, accrued liabilities and other short-term payables.

(ii) *Recognition*

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

(iii) *Initial measurement*

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Sub-Fund recognises the difference in profit or loss.

(iv) *Subsequent measurement*

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets and liabilities at fair value through profit or loss". Interest earned on such instruments are recorded separately in 'Interest income on financial assets at fair value through profit and loss'.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) *Subsequent measurement* (continued)

received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement; and either (a) the Sub-Fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Sub-Fund continue to recognise the transferred assets to the extent of the Sub-Fund's continuing involvement. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained.

The Sub-Fund derecognises a financial liability when the obligation under the liability is justified, discharged, cancelled or expired.

Fair value measurement

The Sub-Fund measures its debt securities investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Sub-Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 11 to the financial statements.

Impairment of financial assets

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. An impairment exists if one or more events that have occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Sub-Fund first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Sub-Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Offsetting financial instruments

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

Functional and presentation currency

The Sub-Fund's functional currency is the RMB, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in RMB. Therefore, the RMB is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also the RMB.

Foreign currency transactions

These financial statements are presented in RMB, which is the Sub-Fund's functional and presentation currency. Foreign currency transactions recorded by the Sub-Fund is initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or transaction of monetary items are recognized in profit or loss.

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Redeemable units

Redeemable units are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a pro-rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- (d) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Sub-Fund's net assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

(e) The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

(a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund, and

(b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32.

The Sub-Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

Upon issuance of units, the consideration received is included in equity.

Transaction costs incurred by the Sub-Fund in issuing or its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognized in the profit or loss on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from retained profit. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and demand deposits, short term deposit in banks and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when appropriate.

Interest income and expense

Interest income and expense is recognised in profit or loss as it accrues, using the effective interest method.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities as 'at fair value through profit or loss' and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Fees and commissions

Fees and commissions are recognised on an accrual basis.

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The Sub-Fund is exempt from Hong Kong profit tax on profits arising from authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in profit or loss, if any. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Amounts due to and due from broker

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that are financial liabilities. Amounts due from brokers are receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

*Taxation*

In preparing these financial statements, the Sub-Fund's management has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

*Going concern*

The Sub-Fund's management has made an assessment of the Sub-Fund ability to continue as a going concern and is satisfied that the Sub-Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. FEES

Management fee

The Manager is entitled to receive, on an annual basis, a management fee from the Sub-Fund, at a rate of 1% per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears. The management fee for the year ended 30 June 2014 was RMB10,205,379 (2013: RMB12,182,800). At 30 June 2014, management fee of RMB791,027 (2013: RMB834,570) was payable to the Manager.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

4. FEES (continued)

Trustee fee

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Sub-Fund, at a rate of 0.175% per annum on the first RMB 200 million of the net asset value of each class of the Sub-Fund, 0.15% per annum on the next RMB 200 million of the net asset value of each class of the Sub-Fund, 0.125% per annum on the next RMB 200 million of the net asset value of each class of the Sub-Fund and 0.11% per annum on the remaining balance of the net asset value of each class of the Sub-Fund calculated, subject to a minimum monthly fee of RMB40,000 (2013 at a rate of 0.175% per annum on the first RMB 200 million of the net asset value of each class of the Sub-Fund, 0.15% per annum on the next RMB 200 million of the net asset value of each class of the Sub-Fund, 0.125% per annum on the next RMB 200 million of the net asset value of each class of the Sub-Fund and 0.11% per annum on the remaining balance of the net asset value of each class of the Sub-Fund calculated, subject to a minimum monthly fee of RMB40,000), and accrued on each dealing day and is paid monthly in arrears. The trustee fee for the year ended 30 June 2014 was RMB1,368,463 (2013: RMB1,661,447). At 30 June 2014, trustee fee of RMB108,052 (2013: RMB110,215) was payable to the Trustee.

Custodian fee

The Custodian is entitled to receive, on an annual basis, a custodian fee from the Sub-Fund, at a rate of 0.025% per annum of the net asset value of the Sub-Fund calculated and accrued on each dealing day and is paid monthly in arrears.

The custodian fee for the year ended 30 June 2014 was RMB239,749 (2013: RMB256,861). At 30 June 2014, nil balance of custodian fee was payable to the Custodian (2013: Nil).

5. INCOME TAX

The Sub-Fund is exempt from Hong Kong profit tax on profits arising from authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

6. DISTRIBUTION

	2014 RMB	2013 RMB
Interim dividend RMB1.80/HKD1.81/USD0.18 per unit (2013: RMB1.10 per unit)	19,312,523	13,648,326
Final dividend RMB2.20/HKD2.15/USD0.21 per unit (2013: RMB2.45/ HKD3.10/USD0.40 per unit)	<u>20,371,698</u>	<u>26,633,795</u>
	<u>39,684,221</u>	<u>40,282,121</u>

The amount available for distribution is the net distributable income of the Sub-Fund in respect of the relevant year, that is total income ("Total Income") minus all expenses, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), dividends, or other receipts as determined by the Manager to be in the nature of income. Capital gains or losses in unrealised do not form part of Total Income and therefore would not impact on the amount available for distribution. Net Income available for distribution in respect of the financial year 2014 of the Sub-Fund is arisen from the total income deducted by administrative expenses within the relevant period.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

7. AMOUNTS DUE FROM BROKER

	2014 RMB	2013 RMB
Receivables for securities sold but not yet settled	<u>-</u>	<u>24,051,096</u>

Receivables were neither past due nor impaired with no recent history of default. There has not been a significant change in credit quality for these balances and the balances are still considered fully recoverable.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 RMB	2013 RMB
Debt securities		
- Debt securities, at fair value	<u>854,875,539</u>	<u>966,424,093</u>
Total financial assets at fair value through profit or loss	<u>854,875,539</u>	<u>966,424,093</u>

Gains/(losses) recognised in relation to financial assets at fair value through profit or loss:

- realised gain on sale of financial assets	2,188,846	627,055
- change in unrealised gain/loss on financial assets	<u>20,035,038</u>	<u>34,982,717</u>
Net gain on financial assets at fair value through profit or loss	<u>22,223,884</u>	<u>35,609,772</u>

9. CASH AND CASH EQUIVALENTS

	2014 RMB	2013 RMB
Bank balance	26,640,378	19,414,667
Short-term deposits	<u>45,024,753</u>	<u>50,213,020</u>
Cash and cash equivalents	<u>71,665,131</u>	<u>69,627,687</u>

The bank balance is the cash at bank held with Bank of China (Hong Kong) Limited, an affiliate company of the Trustee, being held in an interest bearing account. Short-term deposits are made for varying periods of from one to three months depending on the immediate cash requirements of the Sub-Fund, and earn interest at the respective short-term deposit rates.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

10. THE REDEEMABLE UNITS

The following is the subscription/(redemption) of units of the Sub-Fund during the year ended 30 June 2014:

	Number of Units Class A HKD	Number of Units Class A USD	Number of Units Class A RMB
At 30 June 2012	-	-	14,214,219
Subscription of units	99	199	3,131,563
Redemption of units	-	-	( 6,635,414)
At 30 June 2013	99	199	10,710,368
Subscription of units	29,130	197,759	2,404,747
Redemption of units	(15,033)	( 9,970)	( 4,017,064)
At 30 June 2014	<u>14,196</u>	<u>187,988</u>	<u>9,098,051</u>

The net asset value is calculated by determining the value of the assets attributable to the Sub-Fund, including accrued income, and deducting all its liabilities at 30 June 2014. The resultant sum is divided by the total number of units in issue at 30 June 2014 to give the net asset value per unit and adjusting the resultant sum to the nearest 2 decimal places.

	2014 RMB	2013 RMB
Net asset value	<u>919,708,595</u>	<u>1,045,005,660</u>
Net asset value per unit (Class A RMB)	99.72	97.56
Net asset value per unit (Class A HKD)	97.71	96.89
Net asset value per unit (Class A USD)	<u>9.69</u>	<u>9.59</u>

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES

Capital management

The Sub-Fund's objectives for managing capital are to invest the capital in investments in order to achieve its investment objective while maintaining sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise.

Investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them fluctuate and therefore the value of the redeemable participating units can fall as well as rise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

The performance of the Sub-Fund will be affected by a number of risk factors, including the following:

**Market risk**

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net asset value per redeemable unit of the Sub-Fund.

The maximum risk resulting from financial instruments equals their fair value.

The Sub-Fund assumes market risk in trading activities. The Sub-Fund distinguishes market risk as follows:

- Price risk
- Interest rate risk
- Foreign exchange risk

Price risk

The Sub-Fund's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund by market and the impact of increases/ decreases from the Sub-Fund's financial assets at fair value through profit or loss on the Sub-Fund's net asset value at 30 June 2014. The analysis is based on the assumption that the underlying investments in debt securities increased/decreased by a reasonable possible shift, with all other variables held constant. The Manager has used its view of what would be a "reasonable possible shift" in each key market to estimate the change in the sensitivity analysis below. However, this does not represent a prediction of the future movement in the corresponding key markets.

	Carrying value of financial assets at fair value through profit or loss RMB	% of net assets %	Reasonable possible shift in underlying securities % +/-	Estimated possible change in net asset value RMB +/-
At 30 June 2014				
Debt securities	854,875,539	92.95	1	8,548,755
At 30 June 2013				
Debt securities	966,424,093	92.48	1	9,664,241

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

**Market risk** (continued)

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of interest-bearing assets and future cash flow.

As the Sub-Fund has invested in debt securities whose values are driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and takes appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Sub-Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio.

The majority of interest rate exposure arises on investments in debt securities. Most of the Sub-Fund's investments in debt securities carry fixed interest rates and mature within five years.

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Change in basis points	Sensitivity of change in fair value of investments (decrease)/increase
At 30 June 2014		
- RMB	+25/-25	(4,069,316)/4,069,316
At 30 June 2013		
- RMB	+25/-25	(4,582,718)/4,582,718

The Sub-Fund also has interest-bearing bank and term deposits. As the bank and short term deposits have maturity dates within three months, the Manager considers the movement in interest rates will have insignificant cash flow impact on the daily net assets attributable to holders of redeemable units at 30 June 2014 and therefore no sensitivity analysis on bank and term deposit is presented.

Foreign exchange risk

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

The Sub-Fund holds assets and liabilities mainly denominated in RMB, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

***Liquidity risk***

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash and resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Sub-Fund.

The RMB income instruments in which the Sub-Fund invests are currently not listed on a stock exchange or a securities market in which trading is conducted on a regular basis. There is also no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB income instruments. In the absence of an active secondary market, the Sub-Fund may need to hold the RMB income instruments until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments. Even if a secondary market is developed, the price at which the RMB income instruments are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB income instruments may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments. The Manager seeks to control the liquidity risk of the investment portfolio by a series of internal management measures in order to meet unitholders' redemption requests.

**Financial liabilities**

The maturity grouping is based on the remaining period from the end of the reporting year to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

**Financial assets**

Analysis of equity and debt securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting year to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

The following table summarises the maturity profile of the Sub-Fund's financial liabilities. Balances due within 1 year equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

**Liquidity risk** (continued)

	On demand RMB'000	Less than 1 month RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
<b>At 30 June 2014</b>						
<u>Assets</u>						
Cash and cash equivalents	71,665	-	-	-	-	71,665
Financial assets at fair value through profit or loss	-	84,924	109,640	623,461	36,851	854,876
Interest receivable on financial assets at fair value through profit or loss	-	3,355	8,942	-	-	12,297
Interest receivable on bank deposits	-	-	19	-	-	19
Subscription proceeds receivable	-	5,624	-	-	-	5,624
Total financial assets	<u>71,665</u>	<u>93,903</u>	<u>118,601</u>	<u>623,461</u>	<u>36,851</u>	<u>944,481</u>
<u>Liabilities</u>						
Redemption proceeds payable	-	3,358	-	-	-	3,358
Management fee payable	-	791	-	-	-	791
Trustee fee payable	-	108	-	-	-	108
Distribution payable to unitholders	-	20,371	-	-	-	20,371
Accrued expenses and other payables	-	14	135	-	-	149
Total financial liabilities	<u>-</u>	<u>24,642</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>24,777</u>



PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

**Liquidity risk** (continued)

	On demand RMB'000	Less than 1 month RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
<b>At 30 June 2013</b>						
<u>Assets</u>						
Cash and cash equivalents	69,628	-	-	-	-	69,628
Amount due from brokers	24,051	-	-	-	-	24,051
Financial assets at fair value through profit or loss	-	-	271,805	630,358	64,261	966,424
Interest receivable on financial assets at fair value through profit or loss	-	-	13,729	-	-	13,729
Interest receivable on bank deposits	-	-	24	-	-	24
Subscription proceeds receivable	-	721	-	-	-	721
<b>Total financial assets</b>	<b>93,679</b>	<b>721</b>	<b>285,558</b>	<b>630,358</b>	<b>64,261</b>	<b>1,074,577</b>
<u>Liabilities</u>						
Redemption proceeds payable	-	1,837	-	-	-	1,837
Management fee payable	-	835	-	-	-	835
Trustee fee payable	-	110	-	-	-	110
Distribution payable to unitholders	-	26,634	-	-	-	26,634
Accrued expenses and other payables	-	24	139	-	-	163
<b>Total financial liabilities</b>	<b>-</b>	<b>29,440</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>29,579</b>

**Credit and counterparty risk**

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

If the issuer of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

***Credit and counterparty risk*** (continued)

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with banks and the custodian:

	RMB	Credit rating	Source of credit rating
<u>At 30 June 2014</u>			
<u>Banks</u>			
Bank of China (Hong Kong)	26,640,378	A+	S&P
Bank of Communications Co., Ltd. Hong Kong Branch	45,024,753	A-	S&P
<u>Custodian</u>			
Bank of China (Hong Kong)	854,875,539	A+	S&P
<u>At 30 June 2013</u>			
<u>Banks</u>			
Bank of China (Hong Kong)	19,414,667	A	S&P
DBS Bank (Hong Kong) Ltd	10,075,934	AA-	S&P
Bank of Communications Co., Ltd. Hong Kong Branch	50,213,020	A-	S&P
<u>Custodian</u>			
Bank of China (Hong Kong)	966,424,093	A	S&P

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

***Fair value hierarchy of financial instruments***

The following tables illustrate the fair value measurement hierarchy of the Sub-Fund's financial instruments (other than those with carrying amounts that reasonably approximate to fair value):

At 30 June 2014

	Fair value measurement using			Total RMB
	Quoted prices in active markets Level 1 RMB	Significant observable inputs Level 2 RMB	Significant unobservable inputs Level 3 RMB	
Financial assets at fair value through profit or loss:				
- Debt securities	-	<u>854,875,539</u>	-	<u>854,875,539</u>

At 30 June 2013

	Fair value measurement using			Total RMB
	Quoted prices in active markets Level 1 RMB	Significant observable inputs Level 2 RMB	Significant unobservable inputs Level 3 RMB	
Financial assets at fair value through profit or loss:				
- Debt securities	-	<u>966,424,093</u>	-	<u>966,424,093</u>

There are no investments classified within level 3 and no transfer was noted for the year ended 30 June 2014.

A detailed portfolio listing is set out from page 34 to 38.

12. TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund and the Manager were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any transactions with its connected persons except for what is disclosed in Note 4 to the financial statements and below.

Bank deposits and investments held by the Trustee's affiliates

Bank deposits and investments were held by the Trustee's affiliates, Bank of China (Hong Kong) Limited, with bank deposits, investment and interest income amounted to RMB26,640,378 (2013: RMB19,414,667), RMB854,875,539 (2013: RMB966,424,093) and RMB78,660 (2013: RMB83,247) respectively. Further details of the balances held are described in note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

13. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Since the inception of the Sub-Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

14. APPROVAL OF THE FINANCIAL STATEMENTS

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

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

INVESTMENT PORTFOLIO

30 June 2014

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>LISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
<i>Bermuda</i>				
Beijing Enterprises Water 5% S/A 30Jun2016 SER HK	30,000,000	30,735,000	4,110	3.34%
IT Ltd 6.25% S/A 15May2018	24,000,000	22,284,240	193,151	2.42%
		<u>53,019,240</u>	<u>197,261</u>	<u>5.76%</u>
<i>Cayman Islands</i>				
21 VIANET Group INC 6.875% S/A 26Jun2017	15,000,000	15,102,450	14,127	1.64%
China Shanshui Cement Group Ltd 6.5% S/A 22JUL2014	64,000,000	64,120,960	1,823,562	6.95%
Dorsett Hospitality Intl Ltd 6% S/A 03Apr2018	42,000,000	41,412,000	614,466	4.50%
Far East Consortium Intl Ltd 5.875% S/A 04Mar2016	32,000,000	32,133,440	612,932	3.49%
Future Land Development Hldgs Ltd 9.75% S/A 23Apr2016	26,000,000	25,558,000	479,219	2.78%
Golden Wheel Tiandi Hldgs Co Ltd 11.25% S/A 25Apr2016	17,600,000	17,631,504	363,452	1.92%
Intime Department Store 4.65% S/A 21Jul 2014 SER HK	20,800,000	20,803,120	429,278	2.26%
Kaisa Group Hldgs Ltd 6.875% S/A 22Apr2016	35,000,000	35,198,100	461,473	3.83%
Modern Land China Co Ltd 11% S/A 22Jan2017	15,000,000	14,124,150	723,288	1.54%
New World China Land Ltd 5.5% S/A 06Feb2018	25,000,000	25,536,500	542,466	2.78%
New World China Land Ltd 8.5% S/A 11Apr2015	20,000,000	20,762,400	377,260	2.26%
		<u>312,382,624</u>	<u>6,441,523</u>	<u>33.95%</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

INVESTMENT PORTFOLIO (continued)

30 June 2014

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>LISTED DEBT SECURITIES (continued)</u></b>				
<b>Denominated in RMB</b>				
<i>China</i>				
Avic Intl Finance & Investment Ltd 4.8% S/A 09Jul2015 REGS	5,000,000	5,060,600	113,753	0.55%
Shanghai Pudong Development Bank Co Ltd 4.08% S/A 22May2017	10,000,000	10,083,400	44,712	1.10%
Unican Ltd 5.8% S/A 30May2017	25,000,000	25,299,000	127,123	2.75%
		<u>40,443,000</u>	<u>285,588</u>	<u>4.40%</u>
<i>France</i>				
Renault SA 4.65% S/A 11Apr2016	27,000,000	27,482,760	278,618	2.99%
Renault SA 5.625% S/A 10Oct2014	27,000,000	27,184,140	341,199	2.96%
Societe Generale SA 5% S/A 19Apr2015	5,000,000	5,085,050	47,945	0.55%
Total Capital SA 3.75% S/A 24Sep2018	12,000,000	12,383,400	122,055	1.35%
Veolia Environment 4.5% S/A 28Jun2017	5,000,000	5,171,750	1,849	0.56%
		<u>77,307,100</u>	<u>791,666</u>	<u>8.41%</u>
<i>Hong Kong</i>				
Beijing Capital Hong Kong Ltd 4.7% S/A 20Jun2017	10,000,000	10,016,100	14,164	1.09%
China Power Intl Development Ltd 4.5% S/A 09May2017	15,000,000	15,061,050	98,014	1.64%
Gemdale Intl Hldgs 9.15% S/A 26Jul2015	5,000,000	5,235,900	194,281	0.57%
Guosen Securities Overseas Co Ltd 6.4% S/A 24Apr2017	25,000,000	25,415,000	298,082	2.76%
ICBC Asia Ltd 6% S/A 04Nov2021	35,000,000	36,851,150	327,945	4.01%
SK Global Chemical Investment Hong Kong Ltd 4.125% S/A 26SEP2016	6,000,000	6,087,396	65,774	0.66%
		<u>98,666,596</u>	<u>998,260</u>	<u>10.73%</u>
<i>India</i>				
ICICI Bank/Sing 4.9% S/A 21Sep2015	5,000,000	5,096,100	68,466	0.55%
<i>Ireland</i>				
Intesa Sanpaolo Bank Ireland Plc 4.5% S/A 27Feb2019	10,000,000	10,050,100	152,877	1.09%
<i>Mongolia</i>				
Trade & Development Bank of Mongolia LLC 10% S/A 21Jan2017	12,000,000	11,644,920	529,315	1.27%

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

INVESTMENT PORTFOLIO (continued)

30 June 2014

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>LISTED DEBT SECURITIES (continued)</u></b>				
<b>Denominated in RMB</b>				
<i>Russian Federation</i>				
Gazprom Bank OJSC VIA GPB Euro Bond Finance PLC 4.25% S/A 30Jan2017	15,000,000	14,886,450	265,479	1.62%
Russian Standard Bank (Russian Standard Finance SA) 8% S/A 14FEB2015	26,300,000	26,246,085	789,721	2.85%
VTB Bank OJSC (VTB Capital SA) 4.5% S/A 30OCT2015 REGS	37,000,000	<u>37,403,300</u>	<u>282,822</u>	<u>4.07%</u>
		<u>78,535,835</u>	<u>1,338,022</u>	<u>8.54%</u>
<i>Singapore</i>				
BOC Aviation PTE Ltd 4.5% S/A 20Nov2018	7,000,000	7,128,800	36,247	0.78%
<i>United Arab Emirates</i>				
Emirates NBD PJSC 4.875% S/A 12Mar2015	20,000,000	20,216,800	296,507	2.20%
<i>United Kingdom</i>				
BP Capital Markets PLC 3.65% S/A 28Feb2019	10,000,000	10,175,700	123,000	1.11%
BP Capital Markets PLC 3.95% S/A 08Oct2018	5,000,000	<u>5,161,950</u>	<u>45,452</u>	<u>0.56%</u>
		<u>15,337,650</u>	<u>168,452</u>	<u>1.67%</u>
<i>Virgin Island, Britain</i>				
AVIC Intl Finance & Investment Ltd 4.8% S/A 10Apr2017	16,000,000	16,160,480	172,537	1.76%
Central Plaza Development Ltd 5.75% S/A 17Feb2017	2,000,000	2,026,180	42,219	0.22%
Central Plaza Development Ltd 7.6% S/A 29Nov2015 REGS	10,000,000	10,367,800	68,712	1.13%
RKI Finance 2013 Ltd 6% S/A 03Dec2016	38,000,000	<u>38,148,200</u>	<u>174,904</u>	<u>4.15%</u>
		<u>66,702,660</u>	<u>458,372</u>	<u>7.26%</u>
Total of listed debt securities		<u>796,531,425</u>	<u>11,762,556</u>	<u>86.61%</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

INVESTMENT PORTFOLIO (continued)

30 June 2014

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>UNLISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
<i>Cayman Islands</i>				
Anstock Ltd 4.25% S/A 20Sep2016 REGS	26,000,000	26,001,014	311,822	2.83%
<i>China</i>				
China Merchants Bank Co Ltd 4.1% S/A 10Apr2017	10,000,000	10,113,100	92,110	1.10%
Huaxia Bank Co Ltd 4.95% S/A 30Jun2017	12,000,000	<u>12,084,600</u>	<u>1,650</u>	<u>1.31%</u>
		<u>22,197,700</u>	<u>93,760</u>	<u>2.41%</u>
<i>United States</i>				
Ford Motor Co 4.875% S/A 26Mar2015 REGS	10,000,000	<u>10,145,400</u>	<u>129,555</u>	<u>1.10%</u>
Total of unlisted debt securities		<u>58,344,114</u>	<u>535,137</u>	<u>6.34%</u>



PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

INVESTMENT PORTFOLIO (continued)

30 June 2014

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>TERM DEPOSITS</u></b>				
Bank of Communications Hong Kong from 24 June 2014 to 2 July 2014 3.25%	15,006,416	15,006,416	9,483	1.63%
Bank of Communications Hong Kong from 26 June 2014 to 3 July 2014 3.30%	10,006,417	10,006,417	4,586	1.09%
Bank of Communications Hong Kong from 27 June 2014 to 4 July 2014 3.30%	10,005,892	10,005,892	3,669	1.09%
Bank of Communications Hong Kong from 30 June 2014 to 7 July 2014 3.30%	10,006,028	<u>10,006,028</u>	<u>917</u>	<u>1.09%</u>
		<u>45,024,753</u>	<u>18,655</u>	<u>4.90%</u>
<b><u>TOTAL NET ASSETS</u></b>				
Total investment portfolio (Cost: RMB843,288,058)		854,875,539		92.95%
Other net assets		<u>64,833,056</u>		<u>7.05%</u>
Total net assets		<u>919,708,595</u>		<u>100%</u>

Note: Investments are accounted for on a trade-date basis.

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

MOVEMENTS IN INVESTMENT PORTFOLIO

For the year ended 30 June 2014

	Holding as at 1 July 2013	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2014
<b><u>LISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
21Vianet Group Inc 6.875% S/A 26Jun2017	-	15,000,000	-	15,000,000
Alstom SA 4.25% S/A 09Mar2015	7,000,000	-	( 7,000,000)	-
AVIC Intl Finance & Investment Ltd 4.8% S/A 09Jul2015 REGS	5,000,000	-	-	5,000,000
AVIC Intl Finance & Investment Ltd 4.8% S/A 10APR2017	-	16,000,000	-	16,000,000
Baosteel Group Corp Ltd 4.15% S/A 01MAR2017 REGS	10,000,000	-	( 10,000,000)	-
Baosteel Group Corp Ltd 4.375% S/A 01DEC2016 REGS	1,000,000	-	( 1,000,000)	-
Beijing Capital Hong Kong Ltd 4.7% S/A 20Jun2017	-	20,000,000	( 10,000,000)	10,000,000
Beijing Enterprises Water 5% S/A 30Jun2016 SER HK	30,000,000	-	-	30,000,000
Bitronic Ltd 4% S/A 12Dec2015	10,000,000	-	( 10,000,000)	-
BOC Aviation PTE Ltd 4.5% S/A 20Nov2018	-	7,000,000	( 7,000,000)	-
BOC Aviation PTE Ltd 4.5% S/A 20Nov2018	-	7,000,000	-	7,000,000
BP Capital Markets PLC 3.65% S/A 28Feb2019	-	10,000,000	-	10,000,000
BP Capital Markets PLC 3.95% S/A 08Oct2018	-	5,000,000	-	5,000,000
Central Plaza Development Ltd 5.75% S/A 17Feb2017	-	2,000,000	-	2,000,000
Central Plaza Development Ltd 7.6% S/A 29Nov2015 REGS	10,000,000	-	-	10,000,000
China Construction Bank Asia Corp Ltd 3.25% S/A 13Mar2016	-	8,000,000	( 8,000,000)	-
China Electronics Corp Hldgs Co Ltd 4.7% S/A 16Jan2017 REGS	-	15,000,000	( 15,000,000)	-
China Power Intl Development Ltd 4.5% S/A 09May2017	-	15,000,000	-	15,000,000
China Shanshui Cement Group Ltd 6.5% S/A 22Jul2014	64,000,000	-	-	64,000,000
China Unicom Hong Kong Ltd 4% S/A 16Apr2017	-	20,000,000	( 20,000,000)	-
China Windpower 6.375% S/A 04Apr2014 SER HK	37,230,000	-	( 37,230,000)	-
Dorsett Hospitality Intl Ltd 6% S/A 03Apr2018	50,000,000	-	( 8,000,000)	42,000,000
Eastern Air Overseas Hong Kong Corp Ltd 4.8% S/A 13Mar2017	-	15,000,000	( 15,000,000)	-
Emirates NBD PJSC 4.875% S/A 12Mar2015	20,000,000	-	-	20,000,000
Fantasia Hldgs Group Co Ltd 7.875% S/A 27May2016	10,000,000	-	( 10,000,000)	-

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

For the year ended 30 June 2014

	Holding as at 1 July 2013	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2014
<b>LISTED DEBT SECURITIES (continued)</b>				
<b>Denominated in RMB</b>				
Far East Consortium Intl Ltd 5.875% S/A 04Mar2016	25,000,000	7,000,000	-	32,000,000
Future Land Development Hldgs Ltd 9.75% S/A 23Apr2016	-	26,000,000	-	26,000,000
Gazprom Bank OJSC VIA GPB Euro Bond Finance PLC 4.25% S/A 30JAN2017	-	15,000,000	-	15,000,000
Gemdale Asia Hldg Ltd 5.625% S/A 21Mar2018	15,000,000	13,940,000	( 28,940,000)	-
Gemdale Intl Hldg 9.15% S/A 26Jul2015	5,000,000	-	-	5,000,000
Golden Wheel Tiandi Hldgs Co Ltd 11.25% S/A 25Apr2016	15,000,000	2,600,000	-	17,600,000
Greenland Hong Kong Hldgs Ltd 5.5% S/A 23Jan2018	-	5,000,000	( 5,000,000)	-
Guosen Securities Overseas Co Ltd 6.4% S/A 24Apr2017	-	25,000,000	-	25,000,000
HYUNDAI Capital Services Inc 3.25% S/A 04Mar2014	-	5,000,000	( 5,000,000)	-
ICBC Asia Ltd 6% S/A 04Nov2021	35,000,000	-	-	35,000,000
ICICI Bank / Sing 4.9% S/A 21Sep2015	10,000,000	-	( 5,000,000)	5,000,000
Industrial & Commercial Bank of China/Singapore 3.2% S/A 28Nov2015	-	6,000,000	( 6,000,000)	-
Intesa Sanpaolo Bank Ireland PLC 4.5% S/A 27FEB2019	-	10,000,000	-	10,000,000
Intime Department Store 4.65% S/A 21Jul2014 SER HK	55,800,000	-	( 35,000,000)	20,800,000
IT Ltd 6.25% S/A 15May2018	15,000,000	19,000,000	( 10,000,000)	24,000,000
Kaisa Group Hldgs Ltd 6.875% S/A 22Apr2016	10,000,000	25,000,000	-	35,000,000
Lai Fung Hldgs Ltd 6.875% S/A 25Apr2018	-	7,000,000	( 7,000,000)	-
Maikun Investment Co Ltd 4.5% S/A 06Jun2017	-	15,000,000	( 15,000,000)	-
Mitsui & Co Ltd 4.25% S/A 01Mar2017	5,000,000	-	( 5,000,000)	-
Modern Land China Co Ltd 11% S/A 22Jan2017	-	18,000,000	( 3,000,000)	15,000,000
New World China Land Ltd 5.5% S/A 06Feb2018	37,000,000	-	( 12,000,000)	25,000,000
New World China Land Ltd 8.5% S/A 11Apr2015	20,000,000	-	-	20,000,000
Noble Group Ltd 4% S/A 30Jan2016	-	6,000,000	( 6,000,000)	-
PCD Stores Group Ltd 5.25% S/A 01Feb2014 SER HK	46,000,000	-	( 46,000,000)	-
Power Construction Corp of China 4.2% S/A 15May2017	-	8,000,000	( 8,000,000)	-
Province of British Columbia 2.25% S/A 13Nov2014	-	10,000,000	( 10,000,000)	-
Raiffeisen Bank Intl AG 4.55% S/A 23Mar2014	18,000,000	-	( 18,000,000)	-

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

For the year ended 30 June 2014

	Holding as at 1 July 2013	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2014
<b><u>LISTED DEBT SECURITIES (continued)</u></b>				
<b>Denominated in RMB</b>				
Renault SA 4.65% S/A 11Apr2016	25,000,000	2,000,000	-	27,000,000
Renault SA 5.625% S/A 10Oct2014	27,000,000	-	-	27,000,000
RKI Finance 2013 Ltd 6% S/A 03Dec2016	-	38,000,000	-	38,000,000
Road King Infrastructure Finance 2011 Ltd 6% S/A 25FEB2014 SER HK	38,300,000	-	( 38,300,000)	-
Russian Standard Bank (Russian Standard Finance SA) 8% S/A 14Feb2015	8,300,000	18,000,000	-	26,300,000
Shanghai Pudong Development Bank Co Ltd 4.08% S/A 22May2017	-	10,000,000	-	10,000,000
Singamas Contain 4.75% S/A 14Apr2014 SER HK	46,000,000	-	( 46,000,000)	-
Sinotruk Hong Kong Ltd 4.5% S/A 01AUG2014 REGS	24,000,000	-	( 24,000,000)	-
SK Global Chemical Investment Hong Kong 4.125% S/A 26SEP2016	-	6,000,000	-	6,000,000
Societe Generale SA 4.15% S/A 06Sep2014	10,000,000	-	( 10,000,000)	-
Societe Generale SA 5% S/A 19Apr2015	5,000,000	-	-	5,000,000
Total Capital SA 3.75% S/A 24Sep2018	-	12,000,000	-	12,000,000
Trade & Development Bank of Mongolia LLC 10% S/A 21Jan2017	-	15,000,000	( 3,000,000)	12,000,000
Unican Ltd 5.8% S/A 30May2017	-	25,000,000	-	25,000,000
Uni-President China Hldgs Ltd 3.5% S/A 06Jun2016	15,000,000	3,000,000	( 18,000,000)	-
Veolia Environment 4.5% S/A 28Jun2017	5,000,000	-	-	5,000,000
Volvo Treasury AB 3.8% S/A 22Nov2015	-	5,000,000	( 5,000,000)	-
VTB Bank OJSC (VTB Capital SA) 4.5% S/A 30Oct2015 REGS	40,000,000	-	( 3,000,000)	37,000,000
Zhongsheng Group 4.75% S/A 21Apr2014 SER HK	-	5,000,000	( 5,000,000)	-
Total of listed debt securities	<u>809,630,000</u>	<u>517,540,000</u>	<u>(535,470,000)</u>	<u>791,700,000</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

For the year ended 30 June 2014

	Holding as at 1 July 2013	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2014
<b><u>UNLISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
Anstock Ltd 4.25% S/A 20Sep2016 REGS	31,000,000	-	( 5,000,000)	26,000,000
Bank of China Ltd/Sydney 3.25% S/A 17Apr2016	-	15,000,000	( 15,000,000)	-
BK OF China/HK 2.78% A 25Nov2013 FXCD	-	20,000,000	( 20,000,000)	-
BYD Co Ltd/HK 4.5% S/A 28Apr2014 SER HK	17,000,000	-	( 17,000,000)	-
Chenming HK 2.95% S/A 13Apr2014 SER HK	43,000,000	1,000,000	( 44,000,000)	-
China Development Bank 4.2% S/A 19Jan2027	20,000,000	-	( 20,000,000)	-
China Merchants Bank Co Ltd 4.1% S/A 10Apr2017	-	10,000,000	-	10,000,000
Export Import Bank Of China 4.15% S/A 18Jun2027	7,000,000	-	( 7,000,000)	-
Ford Motor Co 4.875% S/A 26Mar2015 REGS	10,000,000	-	-	10,000,000
Huaxia Bank Co Ltd 4.95% S/A 30Jun2017	-	12,000,000	-	12,000,000
Industrial 7 Commercial Bank of China Ltd 3.35% S/A 19Nov2016	-	10,000,000	( 10,000,000)	-
New Focus Auto Tech Hldgs Ltd 3.75% S/A 17Aug2013	6,000,000	-	( 6,000,000)	-
OCT Travel Investment Ltd 3.5% S/A 25May2014 SER HK	25,700,000	-	( 25,700,000)	-
ORIX Corp 4% S/A 29Nov2014	10,800,000	-	( 10,800,000)	-
Total of unlisted debt securities	<u>170,500,000</u>	<u>68,000,000</u>	<u>(180,500,000)</u>	<u>58,000,000</u>
Total debt securities	<u>980,130,000</u>	<u>585,540,000</u>	<u>(715,970,000)</u>	<u>849,700,000</u>

PING AN OF CHINA SIF – RMB BOND FUND  
(a sub-fund of Ping An of China Select Investment Fund Series)

PERFORMANCE RECORD

Net asset value attributable to unitholders  
(Calculated in accordance with the Sub-Fund's Trust Deed)

	Net asset value per unit	Total net asset value RMB
As at 30 June 2014		
Class A (RMB)	99.72	907,288,951
Class A (HKD)	97.71	1,111,072
Class A (USD)	9.69	11,308,572
As at 30 June 2013		
Class A (RMB)	97.56	1,045,102,082
Class A (HKD)	96.89	7,604
Class A (USD)	9.59	11,685

Highest issue price and lowest redemption price per unit

	Highest issue price per unit	Lowest redemption price per unit
For the year ended 30 June 2014		
Class A (RMB)	101.57	97.19
Class A (HKD)	101.58	96.46
Class A (USD)	10.06	9.55
For the year ended 30 June 2013		
Class A (RMB)	102.33	95.99
Class A (HKD)	102.58	96.89
Class A (USD)	10.24	9.59