

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 2018

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

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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 2301, 23/F
Two International Finance Centre
8 Finance Street, Central
Hong Kong

DIRECTORS OF THE MANAGER

Tung Hoi
Chan Tak Yin
Lau Chun Fai (Resigned on 12 April 2018)
Choy Siu Kam David
Zhuang Yan
Li Wen
Chai Chi Kit (Appointed on 12 April 2018)
Wong Chak Kei Jack (Appointed on 23 April 2018)

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

AUDITOR

PricewaterhouseCoopers
21/F, Edinburgh Tower
15 Queen's Road Central
Hong Kong

CUSTODIAN

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

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

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 both onshore or offshore RMB denominated debt securities issued or distributed by the government, quasi-government organizations, financial institutions, and multinational organizations. The Sub-Fund has been authorized by the SFC pursuant to Section 104 of the SFO.

Bond market review and comment

Macro fundamentals of China showed signs of gradual moderation from last year with credit growth and investments both softened on the delayed effect of earlier deleveraging effort, and added uncertainties due to trade war escalation with the United States. CNY started weaken against the USD on the back of a broad base USD strength since April caused by monetary policy divergence, resulting in a -1.67% depreciation in the 1H 2018. Both manufacturing and service PMI remain steady within expansionary zone at 51.5 and 55 respectively in June. 2Q GDP YoY at 6.7% a touch softer than 4Q 2017.

While focusing effort externally in tackling trade war with the US, the Chinese government and the PBOC have attempted to minimize the potential negative impact to the economy by shifting towards a more accommodative policy stance. Tax cuts have been announced for affected import sectors, addition liquidity was being injected into the financial system via multiple MLFs and RRR cuts (-1.5% up till June) in order to lend support to the financial markets and the actual economy.

As a result of the monetary easing, onshore and offshore CNY bond markets rallied in a bull steepening pattern. Onshore yield curve lowered by 25-80bps with 1-3 years outperformed the rest of the curve. 10 years government bond yield lowered from 3.89% to 3.62%. Dim sum bond market also enjoyed the rally as the FTSE BOCHK Offshore RMB Bond Index reported a total return of +2.57% for 1H 2018.

Investment strategy

RMB bonds have performed well with positive gain despite the rising market volatility and a weaker CNY during the 1H of the year. Monetary policies divergence between the US and China will persist to be the trend for the coming year and hence interest rate differential between the two countries will continue to narrow. However chance is low for an aggressive depreciation of the CNY against USD or a competitive depreciation against other emerging market currencies, as that is countering the government’s long term objective of RMB internationalization.

With inflation remains subdued and a structurally higher growth rate (forecasted 6.5% for 2018 YoY) as compare to the developed markets, the Chinese government still have a lot of dry powder for policy maneuvering in order to buffer softening economic activities and more volatile external environment, With PBOC turning more accommodative into easing mode, onshore as well as offshore RMB bonds will likely be benefited. On market development front, the announcement of Chinese bonds inclusion in major global bond indices i.e. Citi and Bloomberg are all very positive development driving international demand into both offshore and onshore bond markets. The “delivery vs payment” settlement in Bond Connect trading, as well as the official confirmation on income tax exemption for foreign investors in the China Interbank Bond Market are both positive steps for internationalization of the RMB and the opening up of onshore capital markets.

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

As at 29 June 2018 (the “last valuation date”), total size of the Sub-Fund was approximately RMB194.30million. Net Asset Value (“NAV”) of our two currency classes are set forth below:

The NAV of Class A RMB per unit was RMB103.55 including dividend distributions of RMB1.60 per unit on 11 June 2018. The total number of units issued was 1,816,254.16.

Total return performance (As at 29 June 2018)	1-month	3-month	6-month	12-month	Since Inception 28 April 2011
Ping An of China SIF – RMB Bond Fund - Class A RMB	0.14%	0.78%	1.67%	3.69%	34.23%

The NAV of Class A USD per unit was USD9.42 including dividend distributions of USD0.15 per unit on 11 June 2018. The total number of units issued was 99,472.96.

Total return performance (As at 29 June 2018)	1-month	3-month	6-month	12-month	Since Inception 1 March 2013
Ping An of China SIF – RMB Bond Fund - Class A USD	-3.19%	-4.54%	-0.05%	6.17%	19.14%

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 Asset Management (Hong Kong) Company Limited
31 October 2018

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 2018 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, 25 April 2014 and 21 July 2016 (together the “Trust Deed”).

On behalf of
BOCI-Prudential Trustee Limited, the Trustee

31 October 2018

**Independent Auditor's 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)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Ping An of China SIF – RMB Bond Fund (the “Sub-Fund”) set out on pages 8 to 34, which comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our 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 2018, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Trustee and the Manager (the “Management”) of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor’s report thereon, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's 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,
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Other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 11 April 2011, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

Independent Auditor's 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,
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Auditor's responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and the SFC Code

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 October 2018

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 2018

	Notes	2018 RMB	2017 RMB
ASSETS			
Financial assets at fair value through profit or loss	7	171,410,327	208,862,330
Prepayments		5,071	5,445
Interest receivable on financial assets		3,225,166	4,004,499
Dividend receivable on financial assets		-	400,438
Subscription proceeds receivable		-	380,000
Cash and cash equivalents	8	<u>31,156,960</u>	<u>10,342,166</u>
TOTAL ASSETS		<u><u>205,797,524</u></u>	<u><u>223,994,878</u></u>
LIABILITIES			
Amounts due to brokers		8,138,000	-
Redemption proceeds payable		-	1,027,637
Management fee payable	4	154,963	558,802
Trustee fee payable	4	38,667	40,000
Distribution payable to unitholders		3,007,761	3,611,631
Accrued expenses and other payables		<u>161,232</u>	<u>160,627</u>
TOTAL LIABILITIES		<u><u>11,500,623</u></u>	<u><u>5,398,697</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u><u>194,296,901</u></u>	<u><u>218,596,181</u></u>

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 Manager

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 Trustee

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	2018 RMB	2017 RMB
INCOME			
Interest income on financial assets at fair value through profit or loss		11,533,240	16,969,012
Dividend income on financial assets at fair value through profit or loss		-	514,192
Interest income on bank deposits		28,558	258,892
Net losses on financial assets at fair value through profit or loss	7	(786,266)	(941,247)
Other income		-	60,000
		<u>10,775,532</u>	<u>16,860,849</u>
EXPENSES			
Management fee	4	(2,139,615)	(2,504,796)
Trustee fee	4	(478,667)	(480,000)
Legal and professional fee		(72,553)	-
License fee		(13,678)	(10,320)
Custodian fee	4	(58,603)	(65,146)
Audit fee		(151,195)	(179,411)
Printing and publishing expenses		(15,347)	(35,973)
Brokerage fees and other transaction costs		(5,540)	(6,650)
Exchange gain/(loss)		694	(15,153)
Other operating expenses		(5,764)	(10,074)
		<u>(2,940,268)</u>	<u>(3,307,523)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>7,835,264</u></u>	<u><u>13,553,326</u></u>

PING AN OF CHINA SIF – RMB BOND FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 June 2018

	Note	2018 RMB	2017 RMB
BALANCE BROUGHT FORWARD		<u>218,596,181</u>	<u>290,678,228</u>
Proceeds on issue of units		30,900,488	6,891,165
Payment on redemption of units		<u>(55,020,863)</u>	<u>(83,037,315)</u>
Net decrease from unit transactions		(24,120,375)	(76,146,150)
Profit and total comprehensive income for the year		7,835,264	13,553,326
Distribution to unitholders	6	<u>(8,014,169)</u>	<u>(9,489,223)</u>
Net assets attributable to unitholders at the year end		<u><u>194,296,901</u></u>	<u><u>218,596,181</u></u>

PING AN OF CHINA SIF – RMB BOND FUND
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STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	2018 RMB	2017 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		7,835,264	13,553,326
Adjustments for:			
Interest income on financial assets at fair value through profit or loss		(11,533,240)	(16,969,012)
Dividend income on financial assets at fair value through profit or loss		-	(514,192)
Interest income on bank deposits		(28,558)	(258,892)
Other income		-	(60,000)
Net losses on financial assets at fair value through profit or loss	7	786,266	941,247
Purchases of financial assets at fair value through profit or loss		(95,457,964)	(82,070,500)
Proceeds from sales of financial assets at fair value through profit or loss		140,261,701	152,100,996
Decrease/(increase) in prepayments		374	(333)
(Decrease)/increase in management fee payable		(403,839)	316,677
Decrease in trustee fee payable		(1,333)	-
Increase in accrued expenses and other payables		605	19,864
Cash generated from operations		41,459,276	67,059,181
Dividend received		-	348,494
Interest received		12,741,569	17,162,254
Net cash flows from operating activities		<u>54,200,845</u>	<u>84,569,929</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		31,280,488	6,560,725
Payments for redemption of units		(56,048,500)	(83,533,946)
Distribution to unitholders		(8,618,039)	(10,521,932)
Net cash flows used in financing activities		<u>(33,386,051)</u>	<u>(87,495,153)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,814,794	(2,925,224)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>10,342,166</u>	<u>13,267,390</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>31,156,960</u></u>	<u><u>10,342,166</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	8	<u><u>31,156,960</u></u>	<u><u>10,342,166</u></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 2018

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 (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 mainly of RMB denominated fixed 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”) 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.

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE SUB-FUND

The Sub-Fund has applied the following standards and amendments for the first time to their annual reporting period commencing 1 July 2017:

- Disclosure initiative – amendments to IAS 7.

The adoption of the amendment did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

PING AN OF CHINA SIF – RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Sub-Fund. The Sub-Fund's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Management does not expect the new guidance to affect the classification and measurement of these financial assets. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Management does not expect the new impairment model to affect the measurement of these financial assets.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Sub-Fund will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives will not be restated.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IFRS 18 which covers contracts for goods and services and IFRS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard on the Sub-Fund's financial statements and considered that there will be no significant impact.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Sub-Fund intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 30 June 2019 and that comparatives will not be restated.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Management has assessed the effects of applying the new standard on the Sub-Fund's financial statements and considered that there will be no significant impact.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Sub-Fund does not intend to adopt the standard before its effective date. The Sub-Fund intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other IASs, IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Sub-Fund.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Sub-Fund commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

PING AN OF CHINA SIF – RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive and negative net changes in fair value presented as net gain or loss on financial assets at fair value through profit or loss in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

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.

Derecognition of financial assets

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 Sub-Fund’s 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 has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Sub-Fund continues to recognise the transferred asset 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Sub-Fund could be required to repay.

PING AN OF CHINA SIF – RMB BOND FUND
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Sub-Fund measures its 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.

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 10 to the financial statements.

Impairment of financial assets

The Sub-Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. An impairment exists if one or more events that 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 classified as loans and receivables 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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

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).

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.

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 recognised 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- (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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Redeemable units (continued)

Transaction costs incurred by the Sub-Fund in issuing 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 recognised 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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Sub-Fund's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Interest income

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

Dividend income

Dividend income is recognised when the Sub-Fund's right to receive the payment is established, which is generally when shareholders approve the dividend.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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);
 - (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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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.

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 2018 was RMB2,139,615 (2017: RMB2,504,796). At 30 June 2018, management fee of RMB154,963 (2017: RMB558,802) was payable to the Manager.

Trustee fee

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Sub-Fund, effective from 1 January 2015 at a rate of 0.15% per annum on the first 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 2018 was RMB478,667 (2017: RMB480,000). At 30 June 2018, trustee fee of RMB38,667 (2017: RMB40,000) 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 is paid monthly in arrears.

The custodian fee for the year ended 30 June 2018 was RMB58,603 (2017: RMB65,146). At 30 June 2018, there was no custodian fee payable to the Custodian (2017: Nil).

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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

	2018 RMB	2017 RMB
Interim distribution RMB2.40/USD0.22 per unit (2017: RMB2.40/USD0.21 per unit)	5,009,818	5,877,364
Final distribution RMB1.60/USD0.15 per unit (2017: RMB1.70/USD0.15 per unit)	<u>3,004,351</u>	<u>3,611,859</u>
	<u>8,014,169</u>	<u>9,489,223</u>

It is the current intention of the Manager to make distributions out of the net income (the income net expenses), 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 or paying all or part of the Sub-Fund's fees and expenses to or out of the capital of the Sub-Fund. Where distributions are paid out of gross income, this will result in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. The distributions are composed of the relative amounts or percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months would be made available by the Manager on request.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 RMB	2017 RMB
Debt securities, at fair value	171,410,327	196,580,090
Preference shares, at fair value	<u>-</u>	<u>12,282,240</u>
Total financial assets at fair value through profit or loss	<u>171,410,327</u>	<u>208,862,330</u>

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

- realised gains on sale of financial assets	1,301,927	2,427,140
- change in unrealised losses on financial assets	<u>(2,088,193)</u>	<u>(3,368,387)</u>
Net losses on financial assets at fair value through profit or loss	<u>(786,266)</u>	<u>(941,247)</u>

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NOTES TO THE FINANCIAL STATEMENTS

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8. CASH AND CASH EQUIVALENTS

	2018 RMB	2017 RMB
Bank balance	<u>31,156,960</u>	<u>10,342,166</u>
Cash and cash equivalents	<u>31,156,960</u>	<u>10,342,166</u>

The bank balance is the cash at bank held with Bank of China (Hong Kong) Limited, an affiliate company of the Trustee. Short-term deposits were made for less than one month depending on the immediate cash requirements of the Sub-Fund, and earn interest at the respective short-term deposit rates.

9. THE REDEEMABLE UNITS

The following is the subscription/(redemption) of units of the Sub-Fund during the year ended 30 June 2018:

	Number of Units Class A HKD	Number of Units Class A USD	Number of Units Class A RMB
Units in issue at 1 July 2016	1,955	124,306	2,768,077
Issue of units	-	271	67,199
Redemption of units	<u>(1,955)</u>	<u>(15,250)</u>	<u>(794,717)</u>
Units in issue at 30 June 2017 & 1 July 2017	-	109,327	2,040,559
Issue of units	-	86	296,030
Redemption of units	<u>-</u>	<u>(9,940)</u>	<u>(520,335)</u>
Units in issue at 30 June 2018	<u>-</u>	<u>99,473</u>	<u>1,816,254</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 2018. The resultant sum is divided by the total number of units in issue at 30 June 2018 to give the net asset value per unit and adjusting the resultant sum to the nearest 2 decimal places.

	2018 RMB	2017 RMB
Net asset value	<u>194,296,901</u>	<u>218,596,181</u>
Net asset value per unit (Class A RMB)	103.55	103.77
Net asset value per unit (Class A USD)	<u>9.42</u>	<u>9.22</u>

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NOTES TO THE FINANCIAL STATEMENTS

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10. 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.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market risk (continued)

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 2018. The analysis is based on the assumption that the underlying investments 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 2018				
Financial assets at fair value through profit or loss	171,410,327	88.22	1	1,714,103
At 30 June 2017				
Financial assets at fair value through profit or loss	208,862,330	95.55	1	2,088,623

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

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 2018		
- RMB	+25/-25	(103,674)/104,137
At 30 June 2017		
- RMB	+25/-25	(499,612)/499,637

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 2018 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.

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.

For the RMB income instruments in which the Sub-Fund invests are not listed on a stock exchange or a securities market, 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.

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10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Liquidity risk (continued)

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.

	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
At 30 June 2018						
<u>Assets</u>						
Cash and cash equivalents	31,157	-	-	-	-	31,157
Financial assets at fair value through profit or loss	-	32,004	38,101	83,150	18,155	171,410
Interest receivable on financial assets at fair value through profit or loss	-	1,034	2,191	-	-	3,225
	<u>31,157</u>	<u>33,038</u>	<u>40,292</u>	<u>83,150</u>	<u>18,155</u>	<u>205,792</u>
Total financial assets	<u>31,157</u>	<u>33,038</u>	<u>40,292</u>	<u>83,150</u>	<u>18,155</u>	<u>205,792</u>

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10. 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
At 30 June 2018						
<u>Liabilities</u>						
Amounts due to brokers	-	8,138	-	-	-	8,138
Redemption proceeds payable	-	-	-	-	-	-
Management fee payable	-	155	-	-	-	155
Trustee fee payable	-	39	-	-	-	39
Distribution payable to unitholders	-	3,008	-	-	-	3,008
Accrued expenses and other payables	-	-	161	-	-	161
Net assets attributable to unitholders	194,297	-	-	-	-	194,297
	<u>194,297</u>	<u>11,340</u>	<u>161</u>	<u>-</u>	<u>-</u>	<u>205,798</u>
Total financial liabilities	<u>194,297</u>	<u>11,340</u>	<u>161</u>	<u>-</u>	<u>-</u>	<u>205,798</u>
At 30 June 2017						
<u>Assets</u>						
Cash and cash equivalents	10,342	-	-	-	-	10,342
Financial assets at fair value through profit or loss	-	31,020	79,194	86,365	12,283	208,862
Interest receivable on financial assets at fair value through profit or loss	-	2,342	1,662	-	-	4,004
Dividend receivable on financial assets at fair value through profit or loss	-	-	400	-	-	400
Subscription proceeds receivable	-	380	-	-	-	380
Total financial assets	<u>10,342</u>	<u>33,742</u>	<u>81,256</u>	<u>86,365</u>	<u>12,283</u>	<u>223,988</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 2018

10. 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
At 30 June 2017						
<u>Liabilities</u>						
Amount due to brokers	-	-	-	-	-	-
Redemption proceeds payable	-	1,028	-	-	-	1,028
Management fee payable	-	559	-	-	-	559
Trustee fee payable	-	40	-	-	-	40
Distribution payable to unitholders	-	3,612	-	-	-	3,612
Accrued expenses and other payables	-	-	161	-	-	161
Net assets attributable to unitholders	218,596	-	-	-	-	218,596
	<u>218,596</u>	<u>5,239</u>	<u>161</u>	<u>-</u>	<u>-</u>	<u>223,996</u>
Total financial liabilities	<u>218,596</u>	<u>5,239</u>	<u>161</u>	<u>-</u>	<u>-</u>	<u>223,996</u>

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 invested are default, the performance of the Sub-Fund will be adversely affected.

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 2018</u>			
<u>Banks</u>			
Bank of China (Hong Kong)	31,156,960	A+	S&P
<u>Custodian</u>			
Bank of China (Hong Kong)	171,410,327	A+	S&P

PING AN OF CHINA SIF – RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Credit and counterparty risk (continued)

	RMB	Credit rating	Source of credit rating
<u>At 30 June 2017</u>			
<u>Banks</u>			
Bank of China (Hong Kong)	10,342,166	A	S&P
<u>Custodian</u>			
Bank of China (Hong Kong)	208,862,330	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.

The table below summarizes the issue or issuer credit rating of the debt securities as of 30 June 2018 and 2017:

	2018 % of net assets	2017 % of net assets
S&P(A+)/Moody's(A1)	5.17	-
S&P(A-1)/Moody's(A1)	22.78	9.75
Moody's(AA-)	1.54	1.36
Moody's(AAA)	5.08	-
Moody's(AA)	5.66	-
S&P(AA-)/Moody's(Aa3)	1.56	-
S&P(A-1+)/Moody's(Aaa)	5.16	-
S&P(A-1)/Moody's(BBB)	-	5.05
S&P(A-3)/Moody's(Baa3)	2.09	-
S&P(AA+)	1.02	9.20
S&P(AAA)	1.54	-
S&P(B+)/Moody's(B1)	-	20.17
S&P(B+)/Moody's(B2)	-	6.12
S&P(B)/Moody's(B2)	4.11	-
S&P(BB)/Moody's(Ba3)	1.51	-
S&P(BB+)/Moody's(Ba2)	5.10	-
S&P(BBB+)/Moody's(Baa1)	11.52	8.04
S&P(BBB-)/Moody's(BBB)	-	1.88
Unrated	14.38	33.98
	<u>88.22</u>	<u>95.55</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 2018

10. 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 2018

	Fair value measurement using			Total RMB
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets	inputs	inputs	
Level 1	Level 2	Level 3		
RMB	RMB	RMB	RMB	
Financial assets at fair value through profit or loss:				
-Listed bond securities	-	171,410,327	-	171,410,327
-Listed equity securities	-	-	-	-
	<u>-</u>	<u>171,410,327</u>	<u>-</u>	<u>171,410,327</u>

At 30 June 2017

	Fair value measurement using			Total RMB
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets	inputs	inputs	
Level 1	Level 2	Level 3		
RMB	RMB	RMB	RMB	
Financial assets at fair value through profit or loss:				
-Listed bond securities	-	196,580,090	-	196,580,090
-Listed equity securities	-	12,282,240	-	12,282,240
	<u>-</u>	<u>208,862,330</u>	<u>-</u>	<u>208,862,330</u>

There are no investments classified within level 3 and no transfer was noted for the year ended 30 June 2018 (2017: Nil).

PING AN OF CHINA SIF – RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

11. TRANSACTIONS WITH THE TRUSTEE AND ITS AFFILIATES, THE MANAGER AND ITS CONNECTED PERSONS

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund and the Trustee and its affiliates, the Manager and its 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 RMB31,156,960 (2017: RMB10,342,166), RMB171,410,327 (2017: RMB208,862,330) and RMB28,558 (2017: RMB33,611) respectively. Further details of the balances held are described in note 8 to the financial statements.

Management fee

The Manager of the Sub-Fund is entitled to receive a fee, calculated at an annual rate of 1% on the net asset value of Sub-Fund at each dealing day and payable monthly in arrears. The management fee for the year ended 30 June 2018 was RMB2,139,615 (2017: RMB2,504,796). As at 30 June 2018, a management fee of RMB154,963 (2017: RMB558,802) was payable to the Manager of the Sub-Fund.

Trustee fee

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Sub-Fund, effective from 1 January 2015 at a rate of 0.15% per annum on the first RMB200 million of the net asset value of each class of the Sub-Fund, 0.125% per annum on the next RMB200 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 is also entitled to an inception fee of RMB30,000 for setting up the umbrella Trust and a fixed fee of RMB20,000 per sub-fund is charged for setting up each sub-fund.

Under the terms of the Explanatory Memorandum, the unitholders shall be given not less than one month's prior notice should there be any increase of the Trustee Fee from the current level up to the maximum level.

The trustee fee for the year ended 30 June 2018 was RMB478,667 (2017: RMB480,000) for the Sub-Fund. As at 30 June 2018, a trustee fee of RMB38,667 (2017: RMB40,000) was payable to the Trustee by the Sub-Fund.

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 is paid monthly in arrears. The custodian fee for the year ended 30 June 2018 was RMB58,603 (2017: RMB65,146). At 30 June 2018, there was no custodian fee payable to the Custodian (2017: Nil).

Bank charges paid to the related party of the Trustee

Bank charges pertains to the amount charged by Bank of China (Hong Kong) Limited to Sub-Fund. The bank charges for the year ended 30 June 2018 were RMB1,206 (2017: RMB2,331).

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 2018

11. TRANSACTIONS WITH THE TRUSTEE AND ITS AFFILIATES, THE MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

Brokerage fee

	Aggregate value of purchases and sales of investments RMB	Commission paid RMB	% of the Sub-Fund's total commission paid in the year	Average commission rate %
<u>2018</u>				
Bank of China (Hong Kong) Limited	33,500,321	600	10.83%	0.002%
Bank of China Limited	10,083,852	100	1.81%	0.001%
<u>2017</u>				
Bank of China (Hong Kong) Limited	79,320,715	700	10.53%	0.001%
Bank of China Limited	-	-	-	-

Financial assets at fair value through profit or loss

The Sub-Fund invests in the bonds issued by the group company of the Trustee, i.e. Bank of China Limited and these balances are summarised below:

	Holding as at 1 July 2017	Addition	Disposal	Holding as at 30 June 2018	Market Value as at 30 June 2018 RMB
<u>2018</u>					
Bank of China Ltd/Johannesburg 4.88% S/A 20Apr2020	4,000,000	6,000,000	-	10,000,000	10,096,700
Bank Of China Ltd/New York 3.6% S/A 12Jul2018	5,000,000	-	(5,000,000)	-	-
					<hr/> <hr/>
	Holding as at 1 July 2016	Addition	Disposal	Holding as at 30 June 2017	Market Value as at 30 June 2017 RMB
<u>2017</u>					
Bank of China Ltd/Johannesburg 4.88% S/A 20Apr2020	-	4,000,000	-	4,000,000	4,070,400
Bank Of China Ltd/New York 3.6% S/A 12Jul2018	-	5,000,000	-	5,000,000	4,967,150
					<hr/> <hr/>

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 2018

11. TRANSACTIONS WITH THE TRUSTEE AND ITS AFFILIATES, THE MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

Interest income from financial assets at fair value through profit or loss

During the year ended 30 June 2018, the Sub-Fund earned RMB608,024 (2017: RMB213,080) as interest income from the financial assets issued by the group company of the Trustee, Bank of China Limited. As at 30 June 2018, interest income of RMB94,926 (2017: RMB122,341) remains receivable.

12. 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 (and its Connected Persons) had not received any soft dollar commission or participated in any soft dollar arrangements in respect of the management of the Sub-Fund. The Manager (and its Connected Persons) has not retained any cash rebates from any broker or dealer.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Trustee and the Manager on 31 October 2018.

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

INVESTMENT PORTFOLIO (UNAUDITED)

30 June 2018

	Nominal value	Fair value	Accrued interest /Dividend	% of net assets
<u>Financial assets at fair value through profit or loss</u>				
Listed investments				
Denominated in RMB				
<i>Australia</i>				
National Australia Bank Ltd 5.23% A 23Mar2020	3,000,000	<u>3,026,250</u>	<u>42,556</u>	<u>1.56%</u>
<i>Cayman Islands</i>				
Car Inc 6.5% S/A 04Apr2021	3,000,000	2,934,630	46,479	1.51%
Cni Capital Ltd 4.3% S/A 11Nov2019	7,000,000	6,953,310	41,233	3.58%
Fantasia Hldgs Group Co Ltd 9.5% S/A 04May2019	8,000,000	7,987,680	118,685	4.11%
Shimao Property Hldgs Ltd 5.75% S/A 15Mar2021	2,000,000	1,983,980	33,542	1.02%
Shimao Property Hldgs Ltd 5.75% S/A 15arR2021	8,000,000	7,929,840	138,001	4.08%
Shui On Development Hldg Ltd 6.875% S/A 02Mar2021	2,000,000	1,980,500	45,205	1.02%
Tingyi (Cayman Islands) Hldg Corp 4.375% A 06Aug2018	5,000,000	<u>5,000,550</u>	<u>196,575</u>	<u>2.57%</u>
		<u>34,770,490</u>	<u>619,720</u>	<u>17.89%</u>
<i>China</i>				
Bank of China Ltd/Johannesburg 4.88% S/A 20Apr2020	10,000,000	10,096,700	94,926	5.20%
China Development Bank Corp 4.14% A 11Sep2020 CDC	10,000,000	10,020,930	331,200	5.16%
China Govt Bond 3.57% A 22Jun2024 CDC	6,000,000	6,022,398	4,695	3.10%
China National Petroleum Corp 4.75% A 25Mar2020	10,000,000	10,047,050	126,233	5.17%
Chong Qing Grain Group Co Ltd 4.02% Q 14Jul2019	3,000,000	2,986,456	24,781	1.54%
Industrial & Commercial Bank of China Ltd 6% A Perp Regs (Preference Shares)	12,000,000	12,132,480	398,466	6.24%
Industrial & Commercial Bank Of China Ltd/Sydney 3.65% S/A 27Oct2018	6,000,000	5,987,820	38,400	3.08%
Petrochina Co Ltd 3.85% A 12Oct2020 Shch	10,000,000	<u>9,870,320</u>	<u>275,301</u>	<u>5.08%</u>
		<u>67,164,154</u>	<u>1,294,002</u>	<u>34.57%</u>
<i>Hong Kong</i>				
Lenovo Group Ltd 4.95% S/A 10Jun2020	3,000,000	2,985,480	7,730	1.54%
Ocean Wealth II Ltd 5.5% S/A 08Jun2019	5,000,000	5,047,750	16,575	2.60%
Ocean Wealth II Ltd 6.5% S/A 27Feb2020	12,000,000	<u>12,335,280</u>	<u>262,850</u>	<u>6.35%</u>
		<u>20,368,510</u>	<u>287,155</u>	<u>10.49%</u>
<i>Hungary</i>				
Hungary Government Intl Bond 6.25% S/A 25Apr2019	4,000,000	<u>4,057,440</u>	<u>45,206</u>	<u>2.09%</u>

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

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

30 June 2018

	Nominal value	Fair value	Accrued interest /Dividend	% of net assets
<u>Financial assets at fair value through profit or loss (continued)</u>				
Listed investments (continued)				
Denominated in RMB				
<i>Netherlands</i>				
BANK NEDERLANDSE GEMEENTEN NV 3.65% A 26Apr2019	10,000,000	<u>10,019,593</u>	<u>65,000</u>	<u>5.16%</u>
<i>Virgin ISL, BT</i>				
Lai Sun Garment Intl Finance 2014 Ltd 7.7% S/A 24Jul2018	13,000,000	13,010,790	430,567	6.69%
Rosy Capital Global Ltd 5.25% S/A 30Jul2018	11,000,000	10,998,460	238,911	5.66%
Unican Ltd 5.15% S/A 02Jul2018	8,000,000	<u>7,994,640</u>	<u>202,049</u>	<u>4.11%</u>
		<u>32,003,890</u>	<u>871,527</u>	<u>16.46%</u>
Total of listed financial assets at fair value through profit or loss		<u>171,410,327</u>	<u>3,225,166</u>	<u>88.22%</u>

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

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

30 June 2018

	Nominal value	Fair value	Accrued interest /Dividend	% of net assets
<u>TOTAL NET ASSETS</u>				
Total investment portfolio (Cost: RMB170,710,502)		171,410,327		88.22%
Other net assets		<u>22,886,574</u>		<u>11.78%</u>
Total net assets		<u>194,296,901</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 (UNAUDITED)

For the year ended 30 June 2018

	Holding as at 1 July 2017	Additions	<u>Movements in nominal value</u>	
			Disposals	At 30 June 2018
<u>Financial assets at fair value through profit or loss</u>				
Listed investments				
Denominated in RMB				
Bank Nederlandse Gemeenten Nv3.65% A 26Apr2019	-	10,000,000	-	10,000,000
Bank Of China Ltd/Johannesburg 4.88% S/A 20Apr2020	4,000,000	6,000,000	-	10,000,000
Bank Of China Ltd/New York 3.6% S/A 12Jul2018	5,000,000	-	(5,000,000)	-
Car Inc 6.5% S/A 04Apr2021	-	3,000,000	-	3,000,000
China Development Bank Corp 4.14% A 11Sep2020 CDC	-	10,000,000	-	10,000,000
China Govt Bond 3.57% A 22JUN2024 CDC	-	6,000,000	-	6,000,000
China National Petroleum Corp 4.75% A 25Mar2020 CDC	-	10,000,000	-	10,000,000
Chong Qing Grain Group 4.02% Q 14Jul2019	3,000,000	-	-	3,000,000
Cni Capital Ltd 4.3% S/A 11NOV2019	7,000,000	-	-	7,000,000
Export-Import Bank Of Korea 4.5% A 25Feb2018	-	10,000,000	(10,000,000)	-
Fantasia Hldgs Group Co Ltd 9.5% S/A 04May2019	13,000,000	-	(5,000,000)	8,000,000
Haikou Meilan Intl Airport Investment Ltd 7.25% S/A 18Jun2018	20,000,000	-	(20,000,000)	-
Hungary government Intl Bond 6.25% S/A 25Apr2019	4,000,000	-	-	4,000,000
Industrial & Commercial Bank of China Ltd 6% A Perp REGS (Preference Shares)	12,000,000	-	-	12,000,000
Industrial & Commercial Bank of China Ltd/Sydney 3.65% S/A 27Oct2018	-	6,000,000	-	6,000,000
Intl Offshore Two Pte Ltd 7.5% S/A 01Apr2018	10,000,000	-	(10,000,000)	-
It Ltd 6.25% S/A 15May2018	5,000,000	-	(5,000,000)	-
Itnl Intl Pte Ltd 8% S/A 17Jul2017	10,000,000	-	(10,000,000)	-
Korea Development Bank4.04% A 08Jun2018	-	10,000,000	(10,000,000)	-
Lai Fung Hldgs Ltd 6.875% S/A 25Apr2018	21,000,000	-	(21,000,000)	-
Lai Sun Garment Intl Finance 2014 Ltd 7.7% S/A 24Jul2018	13,000,000	-	-	13,000,000
Lenovo Group Ltd 4.95% S/A 10Jun2020	-	3,000,000	-	3,000,000
National Australia Bank Ltd 5.23% A 23Mar2020	-	3,000,000	-	3,000,000
New World China Land Ltd 5.5% S/A 06Feb2018	21,000,000	-	(21,000,000)	-
Ocean Wealth II Ltd 5.5% S/A 08Jun2019	5,000,000	-	-	5,000,000
Ocean Wealth II Ltd 6.5% S/A 27Feb2020	12,000,000	-	-	12,000,000
Petrochina Co Ltd 3.85% A 12Oct2020 Shch	-	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 (UNAUDITED) (CONTINUED)

For the year ended 30 June 2018

	Holding as at 1 July 2017	Additions	<u>Movements in nominal value</u>	
			Disposals	At 30 June 2018
<u>Financial assets at fair value through profit or loss (continued)</u>				
Listed investments (continued)				
Denominated in RMB				
Powerlong Real Estate Hldgs Ltd 10.75% S/A 18Sep2017	2,000,000	-	(2,000,000)	-
Rosy Capital Global Ltd 5.25% S/A 30Jul2018	11,000,000	-	-	11,000,000
Shimao Property Hldgs Ltd 5.75% S/A 15Mar2021	-	2,000,000	-	2,000,000
Shimao Property Hldgs Ltd 5.75% S/A 15Mar2021	-	8,000,000	-	8,000,000
Shui On Development Hldg 6.875% S/A 02Mar2021	-	2,000,000	-	2,000,000
Times Property Hldgs Ltd 10.375% S/A 16Jul2017	21,000,000	-	(21,000,000)	-
Tingyi (Cayman Islands) Hldg Corp 4.375% A 06Aug2018	-	5,000,000	-	5,000,000
Unican Ltd 5.15% S/A 02Jul2018	8,000,000	-	-	8,000,000

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

PERFORMANCE RECORD (UNAUDITED)

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 2018		
Class A (RMB)	103.55	188,084,981
Class A (USD)	9.42	6,211,920
As at 30 June 2017		
Class A (RMB)	103.77	211,754,369
Class A (USD)	9.22	6,841,812
As at 30 June 2016		
Class A (RMB)	102.18	282,859,980
Class A (HKD)	93.31	156,707
Class A (USD)	9.24	7,661,541

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 2018		
Class A (RMB)	105.76	103.29
Class A (USD)	10.07	9.19
For the year ended 30 June 2017		
Class A (RMB)	105.10	101.34
Class A (HKD)	95.01	92.94
Class A (USD)	9.42	8.77
For the year ended 30 June 2016		
Class A (RMB)	103.15	97.13
Class A (HKD)	97.65	89.47
Class A (USD)	9.68	8.85
For the year ended 30 June 2015		
Class A (RMB)	101.26	96.12
Class A (HKD)	100.41	93.94
Class A (USD)	9.95	9.31
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

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

PERFORMANCE RECORD (UNAUDITED) (CONTINUED)

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 2013		
Class A (RMB)	102.33	95.99
Class A (HKD)	102.58	96.89
Class A (USD)	10.24	9.59
For the year ended 28 April 2011 (date of inception) to 30 June 2012		
Class A (RMB)	100	94.98