

# 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 2013

**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  
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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 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  
Lo Sai Lai (Resigned on 4 January 2013)  
Rudd Benjamin Jeremy Kenneth  
Tung Hoi  
Wan Fang  
Wang Li ping (Resigned on 9 September 2013)  
Yao Jun  
Yao Bo Jason  
Yu Wenjie  
Tan Sin Yin (Appointed on 18 January 2013 )  
Liu Yuan Sheng (Appointed 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 SFC pursuant to Section 104 of the SFO.

### Bond market review and comment

Since the second half of 2012, gradual stabilization of Euro zone debt crisis, liquidity benefits from Quantitative Easing 3, China’s new leadership change, stabilizing macro readings and higher expected gain from RMB had fueled return of the China theme in CNH bond market. We saw strong recovery of market sentiment. Based on the HSBC Dim Sum bond index, average yields tightened from 4.23% at onset of July 2012 to 3.85% in Dec 2012 and reached the lowest at 3.47% in April 2013.

In terms of technical drivers, from a demand perspective, ample market liquidity and escalating expected gain from RMB appreciation during the period had laid the argument for investors to compete for yields. On the supply front, compression of yields offered issuers lower funding costs. We also saw multinational corporates and international banks to tap the space for investor relations benefits.

However, in late May 2013, the big picture looked a bit different when the Federal Reserve System threw out an unexpectedly implication of an early exit of the Quantitative Easing scheme “QE”. Triggered by market fears that QE could be ended in as early as September, we witnessed drastic sentiment pullback in major global equity, bonds and currency markets. This, together with China’s interbank mini liquidity crunch, had trembled the Asia market during June. HSBC Dim Sum bond index reported monthly capital return of -2.76% in June, and total return of -2.45%. Having said that, CNH bonds still posted a positive total return of 0.41% for the first six months of 2013, with 0.19% and 0.87% in Investment Grade and Non-investment Grade space, respectively.

In the first half of 2013, the gross issuance was RMB 197.9 billion, including RMB 57.4 billion in bonds and RMB 140.5 billion in CDs. This compared to RMB 98 billion in bonds and RMB 124.8 billion in CDs in the full year of 2012. 47.5% of the outstanding bonds are rated by one of the major rating agencies as investment-grade and 10.9% are rated sub-investment grade. Outstanding sovereign bonds stood at RMB 49 billion, accounting for 21.9% of the market. Chinese corporate debts accounted for 25% of the total, with foreign corporate at 13%.

### Investment strategy

During the financial year, we preferred short dated high yield credits with good liquidity, sound business model, strong credit fundamentals and resilient performance. As well, we had been very selective in new issuance since the beginning of 2013, as the tightening bond yield indicated that the new issuance would not necessarily be more attractive than the older ones on a risk-adjusted return basis. Moreover, we were active in switching out the lower yielding bonds into the higher yielding ones with comparable credit risk and upside potential.

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 28 June 2013 (the “last valuation date”), total size of the Sub-Fund was approximately RMB 1.05 billion. Net Asset Value (“NAV”) of our three currency classes are set forth below:

The NAV of Class A RMB per unit was RMB97.56 including dividend distributions of RMB2.45 per unit on 14 June 2013. The total number of units issued was 10,710,368.11.

Total return performance (As at 28 June 2013)	1-month	3-month	6-month	12-month	Since Inception 28 April 2011
Ping An of China SIF – RMB Bond Fund - Class A RMB	-2.16%	-1.75%	0.72%	5.35%	4.07%

The NAV of Class A HKD per unit was HKD96.89 including dividend distributions of HKD3.10 per unit on 14 June 2013. The total number of units issued was 99.25.

Total return performance (As at 28 June 2013)	1-month	3-month	Since Inception 1 March 2013
Ping An of China SIF – RMB Bond Fund - Class A HKD	-1.96%	-0.61%	-0.07%

The NAV of Class A USD per unit was USD9.59 including dividend distributions of USD0.40 per unit on 14 June 2013. The total number of units issued was 198.50.

Total return performance (As at 28 June 2013)	1-month	3-month	Since Inception 1 March 2013
Ping An of China SIF – RMB Bond Fund - Class A USD	-1.93%	-0.57%	-0.17%

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  
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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 2013 in accordance with the provisions of the Trust Deed dated 11 April 2011.

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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25 October 2013

## **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 2013 and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of distribution for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Trustee's and Manager's responsibilities 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 dated 11 April 2011, (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 2013, 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  
25 October 2013

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 2013

	Notes	2013 RMB	2012 RMB
<b>ASSETS</b>			
Prepayments		7,539	13,166
Amount due from brokers	7	24,051,096	5,784,123
Interest receivable on financial assets		13,753,050	12,886,972
Subscription proceeds receivable		720,895	159,293
Financial assets at fair value through profit or loss	8	966,424,093	1,165,778,465
Cash and cash equivalents	9	<u>69,627,687</u>	<u>203,628,083</u>
<b>TOTAL ASSETS</b>		<u><b>1,074,584,360</b></u>	<u><b>1,388,250,102</b></u>
<b>LIABILITIES</b>			
Redemption proceeds payable		1,837,330	4,627,660
Management fee payable	4	834,570	1,114,931
Trustee fee payable	4	110,215	195,113
Distribution payable to unitholders	6	26,633,795	26,312,584
Accrued expenses and other payables		<u>162,790</u>	<u>154,712</u>
<b>TOTAL LIABILITIES</b>		<u><b>29,578,700</b></u>	<u><b>32,405,000</b></u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	10	<u><b>1,045,005,660</b></u>	<u><b>1,355,845,102</b></u>
<b>NUMBER OF UNITS IN ISSUE (CLASS A RMB)</b>			
NUMBER OF UNITS IN ISSUE (CLASS A RMB)	10	10,710,368.11	14,214,218.51
NUMBER OF UNITS IN ISSUE (CLASS A HKD)	10	99.25	-
NUMBER OF UNITS IN ISSUE (CLASS A USD)	10	198.50	-
<b>NET ASSET VALUE PER UNIT (CLASS A RMB)</b>			
NET ASSET VALUE PER UNIT (CLASS A RMB)	10	97.56	95.38
NET ASSET VALUE PER UNIT (CLASS A HKD)	10	96.89	-
NET ASSET VALUE PER UNIT (CLASS A USD)	10	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 COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	Year ended 30 June 2013 RMB	Period from 28 April 2011 (date of inception) to 30 June 2012 RMB
<b>INCOME</b>			
Interest income on financial assets at fair value through profit or loss		53,719,883	50,255,301
Interest income on bank deposits		2,073,472	3,245,522
Net gain/(loss) on financial assets at fair value through profit or loss	8	<u>35,609,772</u>	<u>(47,908,060)</u>
		<u>91,403,127</u>	<u>5,592,763</u>
<b>EXPENSES</b>			
Management fee	4	(12,182,800)	(15,344,656)
Trustee fee	4	( 1,661,447)	( 2,685,315)
Legal and professional fee		( 262,606)	( 48,027)
License fee		( 9,676)	( 14,678)
Custodian fee	4	( 256,861)	( 286,993)
Audit fee		( 136,014)	( 136,397)
Preliminary expenses		-	( 874,996)
Printing and publishing expenses		( 242,283)	( 180,527)
Brokerage fees and other transaction costs		( 75,193)	( 109,250)
Exchange loss		( 99)	-
Other operating expenses		<u>( 37,179)</u>	<u>( 51,007)</u>
		<u>(14,864,158)</u>	<u>(19,731,846)</u>
<b>GAIN/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>		<u>76,538,969</u>	<u>(14,139,083)</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 2013

	Note	Year ended 30 June 2013 RMB	Period from 28 April 2011 (date of inception) to 30 June 2012 RMB
BALANCE BROUGHT FORWARD		<u>1,355,845,102</u>	<u>-</u>
Proceeds on issue of units		314,329,852	1,844,931,391
Payment on redemption of units		( 661,426,142)	( 431,606,795)
Net (decrease)/increase from unit transactions		( 347,096,290)	1,413,324,596
Total comprehensive income for the year/period		76,538,969	( 14,139,083)
Distribution to unitholders	6	( 40,282,121)	( 43,340,411)
Net assets attributable to unitholders at 30 June		<u>1,045,005,660</u>	<u>1,355,845,102</u>

PING AN OF CHINA SIF – RMB BOND FUND  
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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 as of 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 period from 28 April 2011 (date of inception) to 30 June 2012		
Total comprehensive loss for the period		(14,139,083)
Less: Net change in unrealised gain/loss on financial assets at fair value through profit or loss	8	<u>43,430,275</u>
Undistributed income before distribution		29,291,192
Interim distribution distributed on 15 December 2011 (RMB1.0 per unit)	6	(17,027,827)
Final distribution distributed as of 15 June 2012 (RMB1.8 per unit)	6	(26,312,584)
Transfer from capital		<u>14,049,219</u>
Undistributed income at 30 June 2012		<u><u>-</u></u>

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant year ("Total Income") minus any expenses chargeable against income, 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.

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

For the year ended 30 June 2013

	Notes	Year ended 30 June 2013 RMB	Period from 28 April 2011 (date of inception) to 30 June 2012 RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Gain/(loss) for the year/period		76,538,969	( 14,139,083)
Adjustments for:			
Interest income on financial assets at fair value through profit or loss		( 53,719,883)	( 50,255,301)
Interest income on bank deposits		( 2,073,472)	( 3,245,522)
Realised (gain)/loss on investment	8	( 627,055)	4,477,785
Net change in unrealised gain/loss on investments	8	( 34,982,717)	43,430,275
Purchases of financial assets at fair value through profit or loss		(468,406,160)	(1,667,751,500)
Sales of financial assets at fair value through profit or loss		685,103,331	448,280,852
Decrease/(increase) in prepayments		5,627	( 13,166)
(Decrease)/increase in management fee payable		( 280,361)	1,114,931
(Decrease)/increase in trustee fee payable		( 84,898)	195,113
Increase in accrued expenses and other payables		8,078	154,712
Cash generated from/(used in) operations		201,481,459	(1,237,750,904)
Interest received		54,927,277	40,613,851
Net cash flows from/(used in) operating activities		<u>256,408,736</u>	<u>(1,197,137,053)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		313,768,250	1,844,772,098
Payments for redemption of units		(664,216,472)	( 426,979,135)
Distribution to unitholders		( 39,960,910)	( 17,027,827)
Net cash flows (used in)/ from financing activities		<u>(390,409,132)</u>	<u>1,400,765,136</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(134,000,396)	203,628,083
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD</b>		203,628,083	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD</b>		<u>69,627,687</u>	<u>203,628,083</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Bank balance		19,414,667	18,486,446
Short-term deposits		50,213,020	185,141,637
	9	<u>69,627,687</u>	<u>203,628,083</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 2013

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 (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-Funds' 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 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.

IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> <sup>1</sup>
IFRS 13	<i>Fair Value measurement</i> <sup>2</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2012*

<sup>2</sup> *The Sub-Fund has early adopted IFRS 13. The new accounting policy shall be applied prospectively for annual period beginning on 1 July 2012.*

#### *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. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Sub-Fund's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

#### *IFRS 13 Fair Value measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Sub-Fund uses last traded prices as its valuation inputs for listed financial assets and liabilities to be consistent with the inputs prescribed in the Sub-Funds' offering document for the calculation of its per unit trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry.

### 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 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> <sup>1</sup>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
IFRS 9	<i>Financial Instruments</i> <sup>3</sup>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

IAS 32 Amendments                      Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*<sup>2</sup>

<sup>1</sup>     *Effective for annual periods beginning on or after 1 January 2013*

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

<sup>3</sup>     *Effective for annual periods beginning on or after 1 January 2015*

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 Sub-Fund expects to adopt the amendments from 1 July 2013.

*IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial asset. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Funds' financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Sub-Fund will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment affects presentation only and has no impact on the Sub-Fund's financial position or performance. The Sub-Fund expects to adopt the amendments from 1 July 2014.

The *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012 sets out amendments to a number of IFRSs. The Sub-Fund expects to adopt the amendments from 1 July 2013.

- (a) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

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.

- (b) IAS 32 *Financial Instruments, Presentation*: This improvement 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.

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*

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with IAS 39.

##### Financial assets at fair value through profit or loss

Financial assets designated as at fair value through profit or loss upon initial recognition: these include equity securities and debt instruments that are not held for trading. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Sub-Fund (note 10). This category includes listed equity securities and derivative contracts.

##### 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.

##### 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 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 derecognised where:

- 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments(continued)

(v) *Derecognition(continued)*

- 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), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. 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.

Determination of fair value

The Sub-Fund has adopted the IFRS 13, "Fair Value Measurement". Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

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. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has 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. If there is objective evidence that an impairment loss has been incurred, the amount of the loss 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) discounted using the asset's original effective interest rate. 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 as 'Credit loss expense'.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets(continued)

Impaired debts, together with the 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 previous write-off is later recovered, the recovery is credited to the profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment 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 Renminbi ("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 2013

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.

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 2013

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 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes

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 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 2013 was RMB12,182,800 (2012: RMB15,344,656). As at 30 June 2013, management fee of RMB834,570 (2012: RMB1,114,931) was payable to the Manager.



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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 (2012: at a rate of 0.175% per annum of the net asset value of each class of the Sub-Fund calculated), and accrued on each dealing day and is paid monthly in arrears. The trustee fee for the year ended 30 June 2013 was RMB1,661,447 (2012: RMB2,685,315). As at 30 June 2013, trustee fee of RMB110,215 (2012: RMB195,113) 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 2013 was RMB256,861 (2012: RMB286,993). As at 30 June 2013, nil balance of custodian fee was payable to the Custodian (2012: 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

	2013 RMB	2012 RMB
Interim dividend RMB1.10 per unit	13,648,326	17,027,827
Final dividend RMB2.45/HKD3.10/USD0.40 per unit	<u>26,633,795</u>	<u>26,312,584</u>
	<u>40,282,121</u>	<u>43,340,411</u>

The amount available for distribution is the total net amount receivable by the fund in respect of any accounting period or interim accounting period (the "relevant period") ("Total Income") minus any expenses chargeable against income, 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 2013 of the Sub-Fund is arisen from the total income deducted by administrative expenses attributable to income within the relevant period.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

7. AMOUNTS DUE FROM BROKER

	2013 RMB	2012 RMB
Receivables for securities sold but not yet settled	<u>24,051,096</u>	<u>5,784,123</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

	2013 RMB	2012 RMB
Held for trading		
- quoted debt securities	<u>966,424,093</u>	<u>1,165,778,465</u>
Total financial assets at fair value through profit or loss	<u>966,424,093</u>	<u>1,165,778,465</u>
Gains/(losses) recognised in relation to financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of financial assets	627,055	( 4,477,785)
- change in unrealised gain/loss on financial assets	<u>34,982,717</u>	<u>( 43,430,275)</u>
Net gain/(loss)	<u>35,609,772</u>	<u>( 47,908,060)</u>

9. CASH AND CASH EQUIVALENTS

	2013 RMB	2012 RMB
Bank balance	19,414,667	18,486,446
Short-term deposits	<u>50,213,020</u>	<u>185,141,637</u>
Cash and cash equivalents	<u>69,627,687</u>	<u>203,628,083</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  
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

10. THE REDEEMABLE UNITS

The following is the subscription/(redemption) of units of the Sub-Fund during the year ended 30 June 2013:

	Number of Units Class A HKD	Number of Units Class A USD	Number of Units Class A RMB
At 28 April 2011 (date of inception)	-	-	-
Subscription of units	-	-	18,669,304
Redemption of units	-	-	( 4,455,085)
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	<u>99</u>	<u>199</u>	<u>10,710,368</u>

The consideration received or paid for units issued or re-purchased respectively is based on the value of the Sub-Fund's net assets value per unit at the date of the transaction. In accordance with the provisions of the Sub-Fund's investment positions are valued based on the last traded market price for the purpose of determining the trading net asset value per unit for subscriptions and redemptions. The Sub-Fund's net asset value per unit is calculated by dividing the Sub-Fund's net assets with the total number of outstanding unit.

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

	2013 RMB	2012 RMB
Net asset value (calculated in accordance with IFRSs)	1,045,005,660	1,355,845,102
Adjustment from bid market prices to last traded market prices (note a)	-	8,142,935
Net asset value (calculated in accordance with the Sub-Fund's Trust Deed)	<u>1,045,005,660</u>	<u>1,363,988,037</u>

Notes:

a) Adjustment to comply with IAS 39 requirements by using the latest bid/ask price.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

10. THE REDEEMABLE UNITS (continued)

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 as at 30 June 2013. The resultant sum is divided by the total number of units in issue as at 30 June 2013 to give the net asset value per unit and adjusting the resultant sum to the nearest 2 decimal places.

	At bid market prices RMB	At last traded market prices RMB
<u>At 30 June 2012</u>		
Net asset value	<u>1,355,845,102</u>	<u>1,363,988,037</u>
Net asset value per unit	<u>95.38</u>	<u>95.95</u>
<u>At 30 June 2013</u>		
Net asset value	<u>1,045,005,660</u>	<u>1,045,005,660</u>
Net asset value per unit (Class A RMB)	97.56	97.56
Net asset value per unit (Class A HKD)	96.89	96.89
Net asset value per unit (Class A USD)	<u>9.59</u>	<u>9.59</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES

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

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 as at 30 June 2013. 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 +/-
As at 30 June 2013				
Held for trading				
- debt securities	966,424,093	92.48	1	9,664,241
As at 30 June 2012				
Held for trading				
- debt securities	1,165,778,465	85.98	1	11,657,785

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 increase/(decrease)
As at 30 June 2013		
- RMB	+25/-25	(4,582,718)/4,582,718
As at 30 June 2012		
- RMB	+25/-25	(6,220,856)/6,220,856

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 as at 30 June 2013 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 2013

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 where are currently not listed on a stock exchange or a securities market where 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  
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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
Prepayments	7	-	-	-	-	7
Subscription proceeds receivable	-	721	-	-	-	721
<b>Total financial assets</b>	<u>93,686</u>	<u>721</u>	<u>285,558</u>	<u>630,358</u>	<u>64,261</u>	<u>1,074,584</u>
<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>	<u>-</u>	<u>29,440</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>29,579</u>



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

For the year ended 30 June 2013

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 2012</b>						
<u>Assets</u>						
Cash and cash equivalents	203,628	-	-	-	-	203,628
Amount due from brokers	5,784	-	-	-	-	5,784
Financial assets at fair value through profit or loss	-	-	56,546	1,044,977	64,256	1,165,779
Interest receivable on financial assets at fair value through profit or loss	-	-	12,848	-	-	12,848
Interest receivable on bank deposits	-	-	39	-	-	39
Prepayments	13	-	-	-	-	13
Subscription proceeds receivable	-	159	-	-	-	159
<b>Total financial assets</b>	<u>209,425</u>	<u>159</u>	<u>69,433</u>	<u>1,044,977</u>	<u>64,256</u>	<u>1,388,250</u>
<u>Liabilities</u>						
Redemption proceeds payable	-	4,628	-	-	-	4,628
Management fee payable	-	1,115	-	-	-	1,115
Trustee fee payable	-	195	-	-	-	195
Distribution payable to unitholders	-	26,312	-	-	-	26,312
Accrued expenses and other payables	-	-	155	-	-	155
<b>Total financial liabilities</b>	<u>-</u>	<u>32,250</u>	<u>155</u>	<u>-</u>	<u>-</u>	<u>32,405</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 are invested defaults, the performance of the Sub-Fund will be adversely affected.

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

For the year ended 30 June 2013

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

**Credit and counterparty risk** (continued)

The Sub-Fund invested in PRC RMB fixed income securities issued by corporations that carry a credit rating grade of at least BBB-/Baa3 or equivalent assigned by one of the local rating agencies recognised by the relevant authorities in the PRC. 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.

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>As 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
<u>As at 30 June 2012</u>			
<u>Banks</u>			
Bank of China (Hong Kong)	18,486,446	A	S&P
DBS Bank (Hong Kong) Ltd	75,010,500	AA-	S&P
Standard Chartered Bank (Hong Kong) Ltd.	110,131,137	AA-	S&P
<u>Custodian</u>			
Bank of China (Hong Kong)	1,165,778,465	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.

**Fair value estimation**

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the period end date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

***Fair value estimation*** (continued)

The Sub-Fund's early adoption of IFRS 13 utilises the last traded market price for both financial assets and financial liabilities where the last traded prices falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The Sub-Fund fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

When a price for an identical asset or liability is not observable, the Sub-Fund measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Sub-Fund's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a fair value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. That assumed transaction establishes a basis for estimating the price to sell the asset or to transfer the liability.

The Sub-Fund classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

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

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

**Fair value estimation** (continued)

As at 30 June 2013

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets held for trading:				
- Debt securities	<u>-</u>	<u>966,424,093</u>	<u>-</u>	<u>966,424,093</u>

As at 30 June 2012

Financial assets held for trading:				
- Debt securities	<u>-</u>	<u>1,165,778,465</u>	<u>-</u>	<u>1,165,778,465</u>

There are no investments classified within level 3 and no transfer was noted for the year ended 30 June 2013.

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

12. TRANSACTIONS WITH MANAGER AND ITS CONNECTED PERSONS

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 and disclosed in note 4. Connected persons of the Manager are those as defined in the SFC Code. To the best of the Manager's knowledge, the Sub-Fund does not have any transactions with its connected persons.

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 25 October 2013 .

PING AN OF CHINA SIF – RMB BOND FUND  
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INVESTMENT PORTFOLIO

30 June 2013

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>LISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
<i>Austria</i>				
Raiffeisen Bank Intl Ag 4.55% S/A 23Mar2014	18,000,000	17,968,356	215,408	1.72%
<i>Bermuda</i>				
Beijing Enterprises Water 5% S/A 30Jun2016 SER HK	30,000,000	31,523,490	4,110	3.02%
China Windpower 6.375% S/A 04Apr2014 SER HK	37,230,000	36,006,659	533,205	3.44%
IT Ltd 6.25% S/A 15May2018	15,000,000	13,578,600	115,582	1.30%
		<u>81,108,749</u>	<u>652,897</u>	<u>7.76%</u>
<i>Cayman Islands</i>				
China Shanshui Cement Group Ltd 6.5% S/A 22Jul2014	64,000,000	63,364,481	1,800,767	6.07%
Dorsett Hospitality Intl Ltd 6% S/A 03Apr2018	50,000,000	46,927,500	715,068	4.49%
Fantasia Holdings Group Co Ltd 7.875% S/A 27May2016	10,000,000	9,294,300	71,199	0.89%
Far East Consortium Intl Ltd 5.875% S/A 04Mar2016	25,000,000	23,970,750	470,805	2.29%
Golden Wheel Tiandi Holdings Co Ltd 11.25% S/A 25Apr2016	15,000,000	14,219,520	300,514	1.36%
Intime Department Store 4.65% S/A 21Jul2014 SER HK	55,800,000	55,507,050	1,130,294	5.31%
Kaisa Group Holdings Ltd 6.875% S/A 22Apr2016	10,000,000	9,284,000	128,082	0.89%
New World China Land Ltd 5.5% S/A 06Feb2018	37,000,000	36,759,500	797,274	3.52%
New World China Land Ltd 8.5% S/A 11Apr2015	20,000,000	20,881,600	367,945	2.00%
PCD Stores Group Ltd 5.25% S/A 01Feb2014 SER HK	46,000,000	45,735,960	979,233	4.38%
Uni-President China Holdings Ltd 3.5% S/A 06Jun2016	15,000,000	14,591,850	33,082	1.40%
		<u>340,536,511</u>	<u>6,794,263</u>	<u>32.59%</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 2013

	Nominal value	Fair value	Accrued interest	% of net assets
<b>LISTED DEBT SECURITIES (continued)</b>				
<b>Denominated in RMB</b>				
<i>China</i>				
Avic Intl Finance & Investment Ltd 4.8% S/A 09Jul2015 REGS	5,000,000	4,929,700	112,438	0.47%
Baosteel Group Corp Ltd 4.15% S/A 01Mar2017 REGS	10,000,000	9,914,900	136,438	0.95%
Baosteel Group Corp Ltd 4.375% S/A 01Dec2016 REGS	1,000,000	1,036,860	3,116	0.10%
		<u>15,881,460</u>	<u>251,992</u>	<u>1.52%</u>
<i>France</i>				
Alstom SA 4.25% S/A 09Mar2015	7,000,000	7,048,370	89,658	0.68%
Renault SA 4.65% S/A 11Apr2016	25,000,000	24,423,500	251,610	2.34%
Renault SA 5.625% S/A 10Oct2014	27,000,000	27,002,700	332,877	2.58%
Societe Generale SA 4.15% S/A 06Sep2014	10,000,000	9,960,810	130,753	0.95%
Societe Generale SA 5% S/A 19Apr2015	5,000,000	5,010,345	48,630	0.48%
Veolia Environment 4.5% S/A 28Jun2017	5,000,000	5,112,050	616	0.49%
		<u>78,557,775</u>	<u>854,144</u>	<u>7.52%</u>
<i>Hong Kong</i>				
Gemdale Asia Hldg Ltd 5.625% S/A 21Mar2018	15,000,000	13,702,350	231,164	1.31%
Gemdale Intl Hldg 9.15% S/A 26Jul2015	5,000,000	5,144,000	190,521	0.49%
ICBC Asia Ltd 6% S/A 04Nov2021	35,000,000	36,757,350	310,685	3.52%
Singamas Contain 4.75% S/A 14Apr2014 SER HK	46,000,000	45,483,420	448,973	4.35%
Sinotruk Hong Kong Ltd 4.5% S/A 01Aug2014 REGS	24,000,000	23,980,800	437,918	2.29%
		<u>125,067,920</u>	<u>1,619,261</u>	<u>11.97%</u>
<i>India</i>				
ICICI Bank/Sing 4.9% S/A 21Sep2015	10,000,000	9,955,200	134,247	0.95%
<i>Japan</i>				
Mitsui & Co Ltd 4.25% S/A 01Mar2017	5,000,000	5,082,150	69,863	0.49%

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 2013

	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>				
Russian Standard Bank (Russian Standard Finance SA 8% S/A 14Feb2015	8,300,000	8,184,796	245,589	0.79%
VTB Bank OJSC (VTB Capital SA) 4.5% S/A 30Oct2015 REGS	40,000,000	<u>39,409,600</u>	<u>295,890</u>	<u>3.77%</u>
		<u>47,594,396</u>	<u>541,479</u>	<u>4.56%</u>
<i>United Arab Emirates</i>				
Emirates NBD PJSC 4.875% S/A 12Mar2015	20,000,000	20,000,240	291,164	1.91%
<i>Virgin Island, Britain</i>				
Bitronic Ltd 4% S/A 12Dec2015	10,000,000	9,923,600	17,534	0.95%
Central Plaza Development Ltd 7.6% S/A 29Nov2015 Regs	10,000,000	10,053,600	64,548	0.96%
Road King Infrastructure Finance 2011 Ltd 6% S/A 25Feb2014 SER HK	38,300,000	<u>38,173,993</u>	<u>780,690</u>	<u>3.65%</u>
		<u>58,151,193</u>	<u>862,772</u>	<u>5.56%</u>
Total of listed debt securities		<u>799,903,950</u>	<u>12,287,490</u>	<u>76.55%</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 2013

	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	31,000,000	29,799,711	364,568	2.85%
New Focus Auto Tech Holdings Ltd 3.75% S/A 17Aug2013	6,000,000	<u>6,033,252</u>	<u>80,753</u>	<u>0.58%</u>
		<u>35,832,963</u>	<u>445,321</u>	<u>3.43%</u>
<i>China</i>				
China Development Bk 4.2% S/A 19Jan2027	20,000,000	20,470,400	365,918	1.96%
Export Import Bank Of China 4.15% S/A 18Jun2027	7,000,000	<u>7,033,733</u>	<u>8,755</u>	<u>0.67%</u>
		<u>27,504,133</u>	<u>374,673</u>	<u>2.63%</u>
<i>Hong Kong</i>				
BYD Co Ltd/HK 4.5% S/A 28Apr2014 SER HK	17,000,000	16,689,070	127,849	1.60%
Chenming HK 2.95% S/A 13Apr2014 SER HK	43,000,000	<u>41,266,713</u>	<u>260,651</u>	<u>3.94%</u>
		<u>57,955,783</u>	<u>388,500</u>	<u>5.54%</u>
<i>Japan</i>				
Orix Corp 4% S/A 29Nov2014	10,800,000	10,865,988	36,690	1.04%
<i>United States</i>				
Ford Motor Co 4.875% S/A 26Mar2015 REGS	10,000,000	9,914,100	126,884	0.95%
<i>Virgin Island, Britain</i>				
Oct Travel Investment Ltd 3.5% S/A 25May2014 SER HK	25,700,000	<u>24,447,176</u>	<u>81,325</u>	<u>2.34%</u>
Total of unlisted debt securities		<u>166,520,143</u>	<u>1,453,393</u>	<u>15.93%</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 2013

	Nominal value	Fair value	Accrued interest	% of net assets
<b><u>TERM DEPOSITS</u></b>				
Bank of Communications Hong Kong from 21 June 2013 to 3 July 2013 4.6%	15,000,000	15,000,000	15,333	1.44%
Bank of Communications Hong Kong from 25 June 2013 to 2 July 2013 4.6%	10,063,407	10,063,407	5,144	0.97%
Bank of Communications Hong Kong from 28 June 2013 to 5 July 2013 3.85%	15,073,679	15,073,679	1,612	1.44%
DBS Bank (Hong Kong) Ltd from 27 June 2013 to 4 July 2013 3.00%	10,075,934	<u>10,075,934</u>	<u>1,679</u>	<u>0.96%</u>
		<u>50,213,020</u>	<u>23,768</u>	<u>4.81%</u>
<b><u>TOTAL NET ASSETS</u></b>				
Total investment portfolio (Cost: RMB974,871,651)		966,424,093		92.48%
Other net assets		<u>78,581,567</u>		<u>7.52%</u>
Total net assets		<u>1,045,005,660</u>		<u>100%</u>

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

PING AN OF CHINA SIF – RMB BOND FUND  
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MOVEMENTS IN INVESTMENT PORTFOLIO HOLDINGS

For the year ended 30 June 2013

	Holding as at 1 July 2012	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2013
<b><u>LISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
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
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	6,000,000	-	5,000,000	1,000,000
Beijing Enterprises Water 3.75% S/A 30Jun2014 SER HK	47,000,000	-	47,000,000	-
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
Central Plaza Development Ltd 7.6% S/A 29Nov2015 REGS	-	10,000,000	-	10,000,000
China Guangdong Nuclear Power Hldg Corp 3.75% S/A 01Nov2015 REGS	-	17,000,000	17,000,000	-
China Shanshui Cement Group Ltd 6.5% S/A 22Jul2014	67,450,000	-	3,450,000	64,000,000
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	-	50,000,000
Emirates NBD PJSC 4.875% S/A 12Mar2015	20,000,000	-	-	20,000,000
Fantasia Holdings Group Co Ltd 7.875% S/A 27May2016	-	10,000,000	-	10,000,000
Far East Consortium Intl Ltd 5.875% S/A 04Mar2016	-	25,000,000	-	25,000,000
Far East Horizon Ltd 3.9% S/A 03Jun2014 SER HK	55,000,000	-	55,000,000	-
Gemdale Asia Holdings Ltd 5.625% S/A 21Mar2018	-	15,000,000	-	15,000,000
Gemdale Intl Holdings 9.15% S/A 26Jul2015	-	5,000,000	-	5,000,000
Genting Hong Kong Ltd 3.95% S/A 30Jun2014 SER HK	40,000,000	-	40,000,000	-
Global Bio-Chem 7% S/A 16May2014 SER HK	23,000,000	-	23,000,000	-
Golden Wheel Tiandi Holdings Co Ltd 11.25% S/A 25Apr2016	-	15,000,000	-	15,000,000
Hyundai Capital Services Inc 3.25% S/A 04Mar2014	-	10,000,000	10,000,000	-
ICBC Asia Ltd 6% S/A 04Nov2021	35,000,000	-	-	35,000,000
ICICI Bank/Sing 4.9% S/A 21Sep2015	-	10,000,000	-	10,000,000
Intime Department Store 4.65% S/A 21Jul2014 SER HK	65,800,000	-	10,000,000	55,800,000

PING AN OF CHINA SIF – RMB BOND FUND  
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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

For the year ended 30 June 2013

	Holding as at 1 July 2012	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2013
<b>LISTED DEBT SECURITIES (continued)</b>				
<b>Denominated in RMB</b>				
IT Ltd 6.25% S/A 15MAY2018	-	15,000,000	-	15,000,000
Kaisa Group Holdings Ltd 6.875% S/A 22Apr2016	-	10,000,000	-	10,000,000
Lotte Shopping Business Management Hong Kong Ltd 4% S/A 09Feb2015	5,000,000	-	5,000,000	-
Melco Crown Entertainment Ltd 3.75% S/A 09May2013 SER HK (Called)	25,000,000	-	25,000,000	-
Mitsui & Co Ltd 4.25% S/A 01Mar2017	5,000,000	-	-	5,000,000
New World China Land Ltd 5.5% S/A 06Feb2018	-	37,000,000	-	37,000,000
New World China Land Ltd 8.5% S/A 11Apr2015	20,000,000	-	-	20,000,000
Noble Group Ltd 4% S/A 30Jan2016	-	15,000,000	15,000,000	-
PCD Stores Group Ltd 5.25% S/A 01Feb2014 SER HK	53,000,000	8,000,000	15,000,000	46,000,000
Raiffeisen Bank Intl Ag 4.55% S/A 23Mar2014	18,000,000	-	-	18,000,000
Rainbow Days Ltd 3% S/A 30Jun2016 SER HK	35,000,000	-	35,000,000	-
Renault SA 4.65% S/A 11Apr2016	-	25,000,000	-	25,000,000
Renault SA 5.625% S/A 10Oct2014	-	39,000,000	12,000,000	27,000,000
Right Century 1.85% S/A 03Jun2014	20,000,000	-	20,000,000	-
Road King Infrastructure Finance 2011 Ltd 6% S/A 25Feb2014 SER HK	47,300,000	-	9,000,000	38,300,000
Russian Agricultural Bank OJSC (RSHB Capital SA) 3.6% S/A 04Feb2016 REGS	-	7,000,000	7,000,000	-
Russian Standard Bank (Russian Standard Finance SA) 8% S/A 14Feb2015	-	8,300,000	-	8,300,000
Silvery Castle Ltd 2.75% S/A 14Jul2014 SER HK	39,000,000	-	39,000,000	-
Singamas Contain 4.75% S/A 14Apr2014 SER HK	61,000,000	-	15,000,000	46,000,000
Sinotruk Hong Kong Ltd 4.5% S/A 01Aug2014 REGS	-	24,000,000	-	24,000,000
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
Swedish Exp Cred 2.375% S/A 01Jun2015	5,000,000	-	5,000,000	-
Uni-President China Holdings Ltd 3.5% S/A 06Jun2016	-	15,000,000	-	15,000,000
Veolia Environnement 4.5% S/A 28Jun2017	5,000,000	-	-	5,000,000

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

For the year ended 30 June 2013

	Holding as at 1 July 2012	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2013
<b><u>LISTED DEBT SECURITIES (continued)</u></b>				
<b>Denominated in RMB</b>				
Volvo Treasury AB 3.8% S/A 22Nov2015	-	15,000,000	15,000,000	-
VTB Bank (VTB Capital SA) 2.95% S/A 23Dec2013 SER HK	31,400,000	-	31,400,000	-
VTB Bank OJSC (VTB Capital SA) 4.5% S/A 30Oct2015 (Funged)	-	12,000,000	12,000,000	-
VTB Bank OJSC (VTB Capital SA) 4.5% S/A 30Oct2015 REGS	-	40,000,000	-	40,000,000
Zhongsheng Group 4.75% S/A 21Apr2014 SER HK	<u>73,000,000</u>	<u>-</u>	<u>73,000,000</u>	<u>-</u>
Total of listed debt securities	<u>891,180,000</u>	<u>462,300,000</u>	<u>543,850,000</u>	<u>809,630,000</u>

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

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

For the year ended 30 June 2013

	Holding as at 1 July 2012	<u>Movements in nominal value</u>		
		Additions	Disposals	At 30 June 2013
<b><u>UNLISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
Anstock Ltd 4.25% S/A 20Sep2016 REGS	36,000,000	-	5,000,000	31,000,000
BSH Bosch Und Siemens Hausgeraete 3.8% S/A 24Jul2017 REGS	-	20,000,000	20,000,000	-
BYD Co Ltd/HK 4.5% S/A 28Apr2014 SER HK	47,000,000	-	30,000,000	17,000,000
Caterpillar Fin 1.35% S/A 12Jul2013 SER HK	30,000,000	-	30,000,000	-
Chenming HK 2.95% S/A 13Apr2014 SER HK	43,000,000	-	-	43,000,000
China Development Bank 4.2% S/A 19Jan2027	20,000,000	-	-	20,000,000
China Resources Power 3.75% S/A 12Nov15 SER HKB	19,000,000	-	19,000,000	-
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
New Focus Auto Tech Holdings 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	22,800,000	-	12,000,000	10,800,000
Sinotruk Hong Kong Ltd 2.95% S/A 29Oct2012 SER HK	32,000,000	-	32,000,000	-
UA Finance BVI 4% S/A 28Apr2014 SER HK	31,000,000	-	31,000,000	-
Wharf Finance No 1 Ltd 4% S/A 27Mar2018	-	10,000,000	10,000,000	-
Total of unlisted debt securities	<u>329,500,000</u>	<u>30,000,000</u>	<u>189,000,000</u>	<u>170,500,000</u>
Total debt securities	<u>1,220,680,000</u>	<u>492,300,000</u>	<u>732,850,000</u>	<u>980,130,000</u>

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

PERFORMANCE TABLE

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
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
As at 30 June 2012		
Class A (RMB)	95.95	1,363,988,037

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
Period from 28 April 2011 (date of inception) to 30 June 2012		
Class A (RMB)	100	94.98