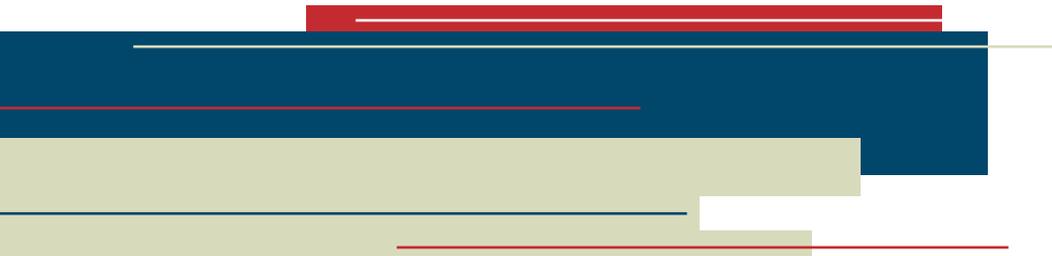


New Era PRC Fund



July 2008 ~ December 2008

NEW ERA PRC FUND

CONTENTS

	Pages
REPORT OF THE MANAGER	1
INVESTMENT PORTFOLIO (UNAUDITED)	2
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)	4
STATEMENT OF NET ASSETS (UNAUDITED)	5
RECONCILIATION BETWEEN NET ASSET VALUE PER THE FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE	6
GENERAL INFORMATION	7

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

REPORT OF THE MANAGER

PERFORMANCE

	1 July 2008 to 31 Dec 2008	1 July 2007 to 31 Dec 2007
New Era PRC Fund	-38.94%	31.39%
Benchmark: MSCI China Free Index	-33.25%	36.71%

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

The Chinese markets declined over the six months to 31 December 2008 with global markets, but outperformed the Asia Pacific ex-Japan region. The MSCI China Index fell by 33.3% in US dollar terms, while the Asia Pacific ex-Japan Index dropped by 41.3%.

The Chinese economy slowed over the period with weakness in car sales and power generation which was reflected in fourth quarter GDP growth of only 6.8%. Investors were encouraged by a 4 trillion renminbi stimulus package and interest rate cuts. There were other government incentives to boost the economy, including favourable loan terms for second property purchases.

Performance was positively impacted by Hengan International (Consumer Staples) and China Mobile (Telecom Services) which both outperformed as investors sought companies with relatively predictable earnings. Beijing Enterprises (Industrials) also outperformed due to its defensive gas distribution business. On the negative side, in the Financials sector China Vanke was weak on concerns about the property market and China Merchants Bank declined on rising worries about asset quality as the economy slows. CNOOC (Energy) fell with the oil price.

Over the six months, significant purchases included China Mobile, the dominant mobile operator in the Chinese market with growing cashflows and a strong balance sheet, and Cafe de Coral (Consumer Discretionary) as we believe that the company can maintain margins at a time of rising food prices. We sold Foxconn International (Industrials) due to the weakening demand environment and Parkson Retail (Consumer Discretionary) on valuation grounds.

We prefer companies with more visible earnings growth and proven management track records like China Communications Services and Hengan International. While weakening global demand is a negative trend, valuations for manufacturers like Kingboard Chemical, Minth and Yue Yuen are low. We plan to use the current market strength to trim the more cyclical stocks in the portfolio which have rallied.

We believe that 2009 will be a challenging year, with rising unemployment and poor external demand exerting pressure on domestic consumption across Greater China. Valuations have become more attractive, especially when comparing earnings or dividend yields to bond yields. We continue to like companies with strong cash flows and dividend yields, and believe a number of them will perform better than cash in 2009. We are positive on companies in the Consumer Staples sector which have defensive revenues and the potential for margin recovery as commodity prices fall.

NEW ERA PRC FUND

INVESTMENT PORTFOLIO (UNAUDITED) AS AT 31 DECEMBER 2008

	Holdings as at 31.12.2008	Market value US\$	% of net asset value
Listed investments (97.81%)			

Listed on the Stock Exchange of Australia (1.31%)

Sino Gold Mining Ltd	23,401	78,567	1.31
-------------------------------	--------	--------	------

Listed on the Stock Exchange of Hong Kong (87.40%)

Anhui Expressway Co Ltd – H.....	194,000	70,090	1.17
ASM Pacific Technology	20,000	64,645	1.08
Beijing Enterprises Holdings Ltd.....	18,000	73,394	1.23
Belle International Holdings Ltd.....	170,000	74,581	1.25
Byd Electronic Co Ltd	92,500	32,345	0.54
Café de Coral Holdings Ltd.....	34,000	68,439	1.14
Chen Hsong Holdings Ltd.....	158,000	28,338	0.47
China Bluechemical Ltd	368,000	150,999	2.52
China Dongxiang Group Co.....	357,000	86,601	1.45
China Mengniu Dairy Co Ltd	110,000	143,071	2.39
China Merchants Bank Co Ltd – H... ..	109,000	201,685	3.37
China Merchants Holdings International Co Ltd	38,000	73,352	1.23
China Mobile Ltd.....	9,000	90,348	1.51
China Oilfield Services Ltd.....	330,000	266,129	4.45
China Resources Power Holdings Co	149,000	282,619	4.72
China Resources Enterprise Ltd	164,667	283,440	4.74
China Shipping Development Co Ltd – H	144,500	140,771	2.35
China Telecom Corp Ltd – H	580,000	215,536	3.60

	Holdings as at 31.12.2008	Market value US\$	% of net asset value
Listed investments (97.81%)			

China Communications Services Corp Ltd – H	577,362	362,062	6.05
CNOOC Ltd.....	280,000	261,213	4.37
Denway Motors Ltd .	206,000	64,059	1.07
Dongfeng Motor Group Co Ltd	196,000	60,444	1.01
Enric Energy Equipment Holdings Ltd	159,000	31,185	0.52
Glorious Sun Enterprises Ltd	107,900	23,529	0.39
GZI Real Estate Investment Trust ..	137,000	31,643	0.53
Haitian International Holdings	159,000	20,516	0.34
Hengan International Group Co Ltd	105,000	332,613	5.56
Hong Kong & China Gas.....	6,000	9,058	0.15
Hopewell Highway Infrastructure Ltd .	347,400	191,855	3.21
Hung Hing Printing Group	296,592	53,578	0.90
IDS Group	66,000	72,387	1.21
Kingboard Chemical Holdings Ltd	102,900	181,635	3.04
Lenovo Group Ltd....	670,000	181,548	3.04
Li & Fung Ltd	37,600	64,429	1.08
Little Sheep Group Ltd	82,000	21,796	0.36
Luk Fook Holdings International Ltd... ..	120,000	30,968	0.52
Minth Group Ltd	296,000	118,400	1.98
Pacific Textiles Holdings Ltd	132,000	11,412	0.19
Ports Design Ltd	77,000	92,698	1.55
Shangri-La Asia Limited (Hong Kong Listing).....	40,000	45,987	0.77
Sino Gold MiningLtd (Hong Kong Listing)	19,946	63,184	1.06
Tencent Holdings Ltd	15,400	99,256	1.66
Times Ltd	221,000	57,032	0.95

NEW ERA PRC FUND

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2008

	Holdings as at 31.12.2008	Market value US\$	% of net asset value
Listed investments (97.81%)			
<i>Listed on the Stock Exchange of Hong Kong (87.40%) (continued)</i>			
Tingyi (Cayman) Holding Corp	64,000	74,157	1.24
Vinda International Holdings	132,000	35,257	0.59
Xiniao Gas Holdings Ltd	184,000	187,086	3.13
Yue Yuen Industrial Holdings Ltd	52,500	<u>103,103</u>	<u>1.72</u>
		<u>5,228,473</u>	<u>87.40</u>
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China (8.74%)</i>			
China International Marine Container Group Co Ltd – B	109,600	58,972	0.99
China Vanke Co Ltd – B	259,389	199,144	3.33
Yantai Changyu Pioneer Wine Co – B	75,626	<u>264,447</u>	<u>4.42</u>
		<u>522,563</u>	<u>8.74</u>
<i>Listed on the Stock Exchange of Singapore (0.36%)</i>			
Guocoland Ltd.....	27,000	<u>21,420</u>	<u>0.36</u>
Total listed investments		<u>5,851,023</u>	<u>97.81</u>
Other net assets		<u>130,753</u>	<u>2.19</u>
Net asset as at 31 December 2008....		<u>5,981,776</u>	<u>100.00</u>
Total listed investments, at historical cost		<u>7,995,999</u>	

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2008**

	Portfolio holdings		Bonus/ Split		Portfolio holdings		Bonus/ Split
	Additions	Disposals			Additions	Disposals	
Equities				Equities			
<i>Listed on the Stock Exchange of Hong Kong</i>							
Anhui Conch Cement Co Ltd – H.....	6,000	14,000	–	Hong Kong Aircraft Engineering Co Ltd.....	–	3,200	–
Anhui Expressway Co Ltd – H.....	10,000	–	–	Hong Kong & China Gas	6,000	–	–
ASM Pacific Technology	1,300	1,500	–	Kerry Properties Ltd	2,500	2,500	–
Beijing Enterprises Holdings Ltd	9,500	5,500	–	Kingboard Chemical Holdings Ltd	37,000	–	–
Belle International Holdings Ltd	46,000	28,000	–	Lenovo Group Ltd	162,000	–	–
Byd Electronic Co Ltd	38,000	15,000	–	Li & Fung Ltd	–	38,000	–
Café de Coral Holdings Ltd ..	34,000	–	–	Little Sheep Group Ltd.....	7,000	–	–
China Bluechemical Ltd	268,000	–	–	Minth Group Ltd	28,000	–	–
China Dongxiang Group Co ..	35,000	–	–	Parkson Retail Group Ltd....	–	10,500	–
China Foods Ltd.....	14,000	14,000	–	Ports Design Ltd	20,000	5,000	–
China Mengniu Dairy Co Ltd	–	101,000	–	Pou Sheng International (Holdings) Ltd.....	–	700	–
China Merchants Bank Co Ltd – H.....	20,000	17,000	–	Shandong Weigao Group Medical Polymer Co Ltd ..	–	16,000	–
China Merchants Holdings International Co Ltd	6,000	20,000	–	Shangri-La Asia Limited (Hong Kong Listing).....	4,000	–	–
China Mobile Ltd	12,000	3,000	–	Tencent Holdings Ltd.....	5,000	12,200	–
China Oilfield Services Ltd ..	96,000	38,000	–	Times Ltd.....	84,000	–	–
China Resources Land Ltd... ..	–	52,000	–	Tingyi (Cayman) Holding Corp	–	44,000	–
China Resources Power Holdings Co	56,000	52,000	–	Xiniao Gas Holdings Ltd	8,000	–	–
China Resources Enterprise Ltd.....	22,000	16,000	–	Yue Yuen Industrial Holdings Ltd	26,000	3,000	–
China Shipping Development Co Ltd – H ..	64,000	52,000	–	<i>Listed on the Stock Exchange of Shanghai, People's Republic of China</i>			
China Telecom Corp Ltd – H.....	184,000	68,000	–	Shanghai Jinqiao Export Processing Zone Development Co Ltd – B ..	–	37,430	–
China Communications Services Corp Ltd – H.....	190,000	66,000	–	<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China</i>			
CNOOC Ltd.....	60,000	48,000	–	China International Marine Container Group Co Ltd – B	20,300	–	–
Denway Motors Ltd	112,000	78,000	–	China Merchants Property Development – B.....	–	39,325	–
Dongfeng Motor Group Co Ltd	22,000	–	–	China Vanke Co Ltd – B	24,200	49,819	–
Fosun International	–	88,000	–	Shenzhen Chiwan Wharf Holdings Ltd – B.....	–	31,062	–
Foxconn International Holdings	–	81,942	–	Yantai Changyuu Pioneer Wine Co – B	15,267	–	–
GZI Real Estate Investment Trust	–	38,000	–				
Harbin Power Equipment Company Ltd – H	36,000	36,000	–				
Hengan International Group Co Ltd	13,000	20,000	–				

NEW ERA PRC FUND

STATEMENT OF NET ASSETS (UNAUDITED)
AS AT 31 DECEMBER 2008

	Dec 2008 US\$	Dec 2007 US\$
Assets		
Investments	5,851,023	14,369,838
Dividends receivable and other receivables	2,235	6,114
Amounts receivable from brokers	17,347	14,264
Cash at banks	<u>153,130</u>	<u>259,727</u>
Total assets	<u>6,023,735</u>	<u>14,649,943</u>
Liabilities		
Accounts payable and accrued expenses	25,336	44,391
Amounts payable to brokers	16,623	43,114
Unrealized loss on a forex foreign exchange contract	<u>—</u>	<u>30</u>
Liabilities (excluding net assets attributable to unitholders) ...	<u>41,959</u>	<u>87,535</u>
Net assets attributable to unitholders	<u>5,981,776</u>	<u>14,562,408</u>
Number of Units in Issue	<u>176,566.48</u>	<u>197,239.73</u>
Net assets attributable to unitholders per unit	<u>33.87</u>	<u>73.83</u>

NEW ERA PRC FUND

RECONCILIATION BETWEEN NET ASSET VALUE PER THE FINANCIAL STATEMENTS AND PUBLISHED NET ASSET VALUE

	2008	2007
	US\$	US\$
Net asset value used for calculating published net asset value per unit.....	6,028,474	14,597,623
Adjustment to fair value of trading securities and trading securities sold, not yet purchased*	<u>(46,698)</u>	<u>(35,215)</u>
Net asset value per the financial statements	<u>5,981,776</u>	<u>14,562,408</u>
Number of units in issue	176,566.48	197,239.73
Published net asset value per unit in issue	34.14	74.00

* The published net asset value per unit issued is calculated using last traded price at the close of business on the balance sheet date in determining the fair value of investment securities, in accordance with the Trust Deed and Explanatory Memorandum, instead of using last bid price for securities held and last ask price for securities to be purchased, as required under International Financial Reporting Standards.

NEW ERA PRC FUND

GENERAL INFORMATION

MANAGER

First State Investments (Hong Kong) Limited
6th Floor, Three Exchange Square
8 Connaught Place, Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

DIRECTORS OF THE MANAGER

Lindsay Robert Mann
Lau Kwok Kit Martin
Hu Ka Lam Ken (resigned on 09 Dec 2008)
Ma So Ping Joann
Robert Keith James

TRUSTEE AND REGISTRAR

HSBC Institutional Trust Services (Asia) Limited
39/F Dorset House, Taikoo Place
979 King's Road
Hong Kong

First State Investments (Hong Kong) Limited

Sixth Floor
Three Exchange Square
8 Connaught Place
Hong Kong

Telephone : (852) 2846 7555

Intermediary Hotline : (852) 2846 7575

Investor Services Hotline : (852) 2846 7566

Fax : (852) 2868 4742

Email : info@firststate.com.hk

www.firststateasia.com