

New Era PRC Fund

July 2007 ~ December 2007

NEW ERA PRC FUND

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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.

MANAGER'S REPORT

PERFORMANCE

	1 July 2007 to 31 Dec 2007	1 July 2006 to 29 Dec 2006
New Era PRC Fund	31.39%	39.88%
Benchmark: MSCI China Free Index	36.71%	47.83%

The Chinese markets continued to perform very strongly in the second half of 2007 as investor sentiment remained positive despite concerns stemming from the impact of the sub-prime debacle on credit markets.

Markets rose from July to October as liquidity remained plentiful despite rising local interest rates and higher reserve requirements for the banking sector. However, in November and December the Chinese markets corrected as investors became increasingly concerned about the impact of the credit crunch on the global economy and whether the US economy would slip into recession in 2008, impacting Chinese exports. Domestic interest rates were raised further to control significant inflationary pressures, particularly in food prices, which contributed to the sell-off.

In December the Chinese government changed its monetary stance from 'neutral' to 'biased towards tightening'. Subsequently, the central bank hiked the one-year deposit rate by another 27 basis points (bps) and the reserve requirement ratio by a further 1%. They also cut the current account interest rate by 9 bps to 0.81%, the first reduction since 2002, in an attempt to encourage more long-term deposits.

The Chinese economy remained robust over the period with retail sales of +18.8% in November, while auto sales were up +23.2% for the 11 months to November. Economic prospects also remained positive in Hong Kong where the property sector benefited from falling interest rates.

The very strong performance of the A-share market in 2007 is unlikely to be repeated in 2008 as valuations are expensive. We remain positive on China's economic outlook as rising wages are positive for domestic consumption which we believe will become the key economic driver as investment and exports slow. A market pull-back would be viewed as an opportunity to add.

The government's austerity measures may have a short-term negative impact on sentiment. However, longer term a more moderate rate of growth is preferred. Also, stronger market leaders will emerge as weaker industry participants exit the market. Valuations for exporters and manufacturers are generally more attractive, and those with technological leadership and cost advantages will benefit from the long-term outsourcing trend to China and market share gains.

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INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2007

	Holdings as at 31.12.2007	Market value US\$	% of net asset value
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Listed investments (98.70%)

Listed on the Stock Exchange of Hong Kong (89.05%)

Anhui Conch Cement Co Ltd – H.....	12,000	104,270	0.72
Anhui Expressway Co Ltd – H.....	184,000	170,257	1.17
ASM Pacific Technology	22,500	165,662	1.14
Beijing Enterprises Holdings Ltd	14,000	64,861	0.45
Belle International Holdings Ltd	152,000	227,918	1.57
Byd Electronic Co Ltd	60,500	117,235	0.81
Chen Hsong Holdings Ltd	158,000	94,361	0.65
China Dongxiang Group Co.....	286,000	211,857	1.45
China Infrastructure Machinery Holdings Ltd	90,000	138,643	0.95
China Mengniu Dairy Co Ltd	228,000	834,239	5.73
China Merchants Bank Co Ltd – H...	86,500	354,744	2.44
China Merchants Holdings International Co Ltd	78,000	483,327	3.32
China Oilfield services Ltd	264,000	600,892	4.13
China Resources Land Ltd.....	52,000	114,626	0.79
China Resources Power Holdings Co	285,000	1,002,621	6.88
China Resources Enterprise Ltd	124,667	531,242	3.65
China Shenhua Energy Co Ltd	24,244	144,635	0.99
China Shipping Development Co Ltd – H	154,500	405,912	2.79
China Telecom Corp Ltd–H	400,000	317,322	2.18

	Holdings as at 31.12.2007	Market value US\$	% of net asset value
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Listed investments (98.70%)

Listed on the Stock Exchange of Hong Kong (89.05%)

China Communications Services Corp Ltd– H	573,362	568,747	3.91
CNOOC Ltd	388,000	660,358	4.53
Denway Motors Ltd .	172,000	108,453	0.74
Enric Energy Equipment Holdings Ltd	159,000	179,524	1.23
Foxconn International Holdings	106,942	239,300	1.64
Glorious Sun Enterprises Ltd	107,900	63,610	0.44
Golden Eagle Retail Group Ltd	96,000	100,887	0.69
GZI Real Estate Investment Trust ..	175,000	69,078	0.47
Haitian International Holdings	116,000	83,252	0.57
Hengan International Group Co Ltd	78,000	349,874	2.40
Hong Kong Aircraft Engineering Co Ltd	6,800	184,580	1.27
Hong Kong & China Gas	52,000	159,276	1.09
Hopewell Highway Infrastructure Ltd .	338,900	290,568	2.00
Hung Hing Printing Group	296,592	118,594	0.81
IDS Group	66,000	203,004	1.39
Kerry Properties Ltd	9,001	72,270	0.50
Kingboard Chemical Holdings Ltd	79,900	475,132	3.26
Kingboard Laminates Hldg Ltds	90,500	60,892	0.42
Li & Fung Ltd	111,600	449,815	3.09
Li Ning Co Ltd	22,655	84,200	0.58
Luk Fook Holdings International Ltd...	120,000	110,114	0.76
Minth Group Ltd	266,000	392,720	2.70
Parkson Retail Group Ltd	23,000	273,985	1.88

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INVESTMENT PORTFOLIO (CONTINUED) AS AT 31 DECEMBER 2007

	Holdings as at 31.12.2007	Market value US\$	% of net asset value
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Listed investments (98.70%)

Listed on the Stock Exchange of Hong Kong (89.05%) (continued)

Pacific Textiles Holdings Ltd	132,000	35,695	0.25
Ping An Insurance (Group) Co Of China Ltd – H	26,500	283,584	1.95
Ports Design Ltd	46,000	158,584	1.09
Shandong Weigao Group Medical Polymer Co Ltd	20,000	46,086	0.32
Shangri-La Asia Limited (Hong Kong Listing)	48,000	151,945	1.04
Sino Gold Ltd	10,200	62,355	0.43
Tencent Holdings Ltd	36,000	277,285	1.90
Times Ltd	137,000	65,315	0.45
Tingyi (Cayman) Holding Corp	70,000	111,242	0.76
Vinda International Holdings	132,000	71,390	0.49
Xiniao Gas Holdings Ltd	132,000	260,522	1.79
Yue Yuen Industrial Holdings Ltd	16,500	58,787	0.40
		<u>12,965,647</u>	<u>89.05</u>

Listed on the Stock Exchange of New York, America (0.08%)

Wuxi Pharmatech Cayman Inc	400	11,696	0.08
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Listed on the Stock Exchange of Shanghai, People's Republic of China (0.13%)

Shanghai Jinqiao Export Processing Zone Development Co Ltd – B	11,248	19,178	0.13
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	Holdings as at 31.12.2007	Market value US\$	% of net asset value
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Listed investments (98.70%)

Listed on the Stock Exchange of Shenzhen, People's Republic of China (7.92%)

China International Marine Container Group Co Ltd – B	124,700	231,251	1.59
China Merchants Property Development – B	11,875	33,482	0.23
China Vanke Co Ltd – B	146,801	380,041	2.61
Yantai Changyu Pioneer Wine Co – B	67,759	508,010	3.49
		<u>1,152,784</u>	<u>7.92</u>

Listed on the Stock Exchange of Singapore (1.52%)

Guocoland Ltd	27,000	105,846	0.73
Yanlord Land Group Ltd	50,000	114,687	0.79
		<u>220,533</u>	<u>1.52</u>

Total listed investments		<u>14,369,838</u>	<u>98.70</u>
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Total Forex Forward Contract		(30)	0.00
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Other net Assets		192,600	1.30
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Total listed investments		<u>14,562,408</u>	<u>100.00</u>
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Total listed investments, at historical cost		<u>7,975,171</u>	
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**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS
FOR THE PERIOD FROM 1 JULY 2007 TO 31 DECEMBER 2007**

	Portfolio holdings		Bonus/ Split		Portfolio holdings		Bonus/ Split
	Additions	Disposals			Additions	Disposals	
(I) Equities							
<i>Listed on the Stock Exchange of Hong Kong</i>							
Alibaba.Com Ltd	3,500	3,500	-	Enric Energy Equipment Holdings Ltd	-	120,000	-
Anhui Conch Cement Co Ltd - H	-	8,000	-	Foxconn International Holdings	41,000	-	-
Anhui Expressway Co Ltd - H	-	22,000	-	Geely Automobile Holdings Ltd	-	695,000	-
ASM Pacific Technology	22,500	-	-	Glorious Sun Enterprises Ltd	-	-	-
Beijing Enterprises Holdings Ltd	14,000	-	-	Golden Eagle Retail Group Ltd	-	29,000	-
Belle International Holdings Ltd	152,000	-	-	GZI Real Estate Investment Trust	-	63,000	-
Byd Electronic Co Ltd	60,500	-	-	Haitian International Holdings	116,000	-	-
Chen Hsong Holdings Ltd	12,000	-	-	Harbin Power Equipment Company Ltd - H	36,000	36,000	-
China Aoyuan Property Group	12,000	12,000	-	Hengan International Group Co Ltd	18,000	8,000	-
China Dongxiang Group Co. Ltd	-	162,000	-	Hidili Industry Intl Development Ltd	5,000	5,000	-
China Infrastructure Machinery Holdings Ltd	40,000	12,000	-	Hong Kong Aircraft Engineering Co Ltd	6,800	-	-
China Mengniu Dairy Co Ltd	135,000	14,000	-	Hong Kong & China Gas	109,000	57,000	-
China Merchants Bank Co Ltd - H	-	110,500	-	Hopewell Highway Infrastructure Ltd	142,000	-	-
China Merchants Holdings International Co Ltd	36,000	-	-	Huaneng Power International Inc - H	-	112,000	-
China Oilfield services Ltd..	36,000	218,000	-	Hung Hing Printing Group ..	38,000	-	-
China Resources Land Ltd..	32,000	24,000	-	IDS Group	-	-	-
China Resources Power Holdings Co	92,000	68,000	-	Kerry Properties Ltd	-	18,500	-
China Resources Enterprise Ltd	38,000	28,000	-	Kingboard Chemical Holdings Ltd	-	31,000	-
China Shenhua Energy Co Ltd	-	17,500	-	Kingboard Laminates Hldg Lts	-	33,000	-
China Shipping Development Co Ltd - H ..	28,000	82,000	-	KWG Property	54,000	67,000	-
China Telecom Corp Ltd - H	50,000	460,000	-	Li & Fung Ltd	16,000	6,000	-
China Communications Services Corp Ltd- H	394,922	52,167	-	Li Ning Co Ltd	-	38,000	-
China High Speed Transmission Equipment Group Co Ltd	78,000	78,000	-	Luk Fook Holdings International Ltd	120,000	-	-
CNOOC Ltd	-	264,000	-	Minth Group Ltd	94,000	-	-
Denway Motors Ltd	58,000	114,000	-	Parkson Retail Group Ltd ...	-	28,500	-
				Pacific Textiles Holdings Ltd	33,000	-	-
				Ping An Insurance (Group) Co Of China Ltd - H	-	39,500	-
				Ports Design Ltd	4,000	-	-

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED)
FOR THE PERIOD FROM 1 JULY 2007 TO 31 DECEMBER 2007**

	Portfolio holdings		Bonus/ Split		Portfolio holdings		Bonus/ Split
	Additions	Disposals			Additions	Disposals	
(I) Equities (continued)							
<i>Listed on the Stock Exchange of Hong Kong (continued)</i>				<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China</i>			
Prime Success International Group Ltd	–	182,000	–	China International Marine Container Group Co Ltd – B	86,400	–	–
Shandong Weigao Group Medical Polymer Co Ltd ..	–	8,000	–	China Merchants Property Development -B	–	39,325	–
Shangri-La Asia Limited (Hong Kong Listing).....	52,000	4,000	–	China Vanke Co Ltd – B ...	–	77,300	–
Sino Gold Ltd.....	200	–	–	Shenzhen Chiwan Wharf Holdings Ltd – B.....	–	31,062	–
Sino-Ocean Land Holdings Ltd.....	17,000	17,000	–	Yantai Changyu Pioneer Wine Co – B	20,550	11,000	–
Tencent Holdings Ltd	11,000	25,000	–	<i>Listed on the Stock Exchange of Singapore</i>			
Times Ltd.....	137,000	–	–	<i>Cosco Corp (Singapore)</i>			
Tingyi (Cayman) Holding Corp	16,000	26,000	–	Ltd	21,000	21,000	–
Vinda International Holdings	301,000	169,000	–	Guocoland Ltd.....	27,000	–	–
Wumart Stores Inc – H.....	–	423,200	–	Yanlord Land Group Ltd.....	50,000	–	–
Xinao Gas Holdings Ltd	8,000	64,000	–	(II) Bonds			
Xinjiang Xinxin Mining Ind Co Ltd.....	7,000	7,000	–	<i>Listed on the Stock Exchange of New York, USA</i>			
Yue Yuen Industrial Holdings Ltd	–	19,000	–	<i>JP Morgan Intl Derivatives</i>			
<i>Listed on the Stock Exchange of NASDAQ, USA</i>				<i>MTN Conv 0% 12/06/2009</i>			
Perfect World Co Ltd.....	2,400	2,400	–	–	92,949	–	–
<i>Listed on the Stock Exchange of New York, USA</i>							
Wuxi Pharmatech Cayman Inc	400	–	–				
<i>Listed on the Stock Exchange of Shanghai, People's Republic of China</i>							
Shanghai Jinqiao Export Processing ZoneDevelopment Co Ltd – B	–	37,430	–				

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STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT 31 DECEMBER 2007

	Dec 2007 US\$	Dec 2006 US\$
ASSETS		
Investments	14,369,838	46,015,249
Bank Balances	259,727	1,706,443
Dividends receivable and other receivables	6,114	26,401
Amounts due from brokers	<u>14,264</u>	<u>75,961</u>
TOTAL ASSETS	<u>14,649,943</u>	<u>47,824,054</u>
LIABILITIES		
Other payables	44,391	74,749
Amounts due to brokers	43,114	–
Amounts due to unitholders	–	35,918
Unrealized loss on a forex foreign exchange contract	<u>30</u>	<u>–</u>
TOTAL LIABILITIES	<u>87,535</u>	<u>110,667</u>
NET ASSETS	<u>14,562,408</u>	<u>47,713,387</u>
Financial by:		
Capital account	<u>14,562,408</u>	<u>47,713,387</u>
Units in issue	<u>197,239.73</u>	<u>1,139,078.59</u>
Net asset value per unit	<u>73.83</u>	<u>41.88</u>

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

	2007	2006
	US\$	US\$
Net asset value used for calculating published net asset value per unit.....	14,597,623	47,900,302
Adjustment to fair value of trading securities and trading securities sold, not yet purchased*	<u>(35,215)</u>	<u>(186,915)</u>
Net asset value per the financial statements.....	<u>14,562,408</u>	<u>47,713,387</u>
Number of units in issue.....	197,239.73	1,139,078.59
Published net asset value per unit in issue.....	74.00	42.05

* 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.

ADMINISTRATION AND MANAGEMENT

MANAGER

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