

DBS Strategic Series
DBS 策略基金系列

Interim Report 30th April 2011

中期報告書二零一一年四月三十日

DBS STRATEGIC SERIES
DBS 策略基金系列
DBS China Multi Access Opportunities Fund
星展中國全方位機會基金

Interim Report 30th April 2011
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DBS 策略基金系列
DBS China Multi Access Opportunities Fund
星展中國全方位機會基金

MANAGEMENT AND ADMINISTRATION
行政管理

Directors of the Manager 基金經理董事

Teo Chon Kiat 張俊杰先生
J. E. Sebastian Paredes Muirragui

Manager 基金經理

DBS Asset Management (Hong Kong) Limited
11th Floor, The Center
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Central
Hong Kong

星展資金管理(香港)有限公司
香港中環皇后大道中 99 號中環中心 11 樓

Investment Sub-Manager 投資副經理

DBS Asset Management Limited
6 Shenton Way
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Singapore 068809

Investment Adviser 投資顧問

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21st Floor, Block A
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18 Beitaipingzhuang Road
Haidian District
Beijing 100088, PRC
長盛基金管理有限公司
中國北京市郵編 100088
海澱區
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Auditors 核數師

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Trustee and Registrar 信託人及過戶處

HSBC Trustee (Cayman) Limited
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KY1-1106
Cayman Islands

Service Provider to the Trustee
信託人的服務提供者

HSBC Institutional Trust Services (Asia) Limited
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1 Sham Mong Road, Kowloon, Hong Kong
滙豐機構信託服務(亞洲)有限公司
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Solicitors to the Manager 基金經理代表律師

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歷山大廈 5 樓

Solicitors to the Manager as to Cayman Law
基金經理代表律師 (有關開曼群島法律)

Campbells
Scotia Centre
P.O. Box 884
George Town, Grand Cayman
KY1-1103
Cayman Islands

DBS STRATEGIC SERIES
 DBS 策略基金系列
 DBS China Multi Access Opportunities Fund
 星展中國全方位機會基金

STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 財務狀況表 (未經審核)

AS AT 30TH APRIL 2011
 於 2011 年 4 月 30 日

| | (Unaudited) (未經審核) | (Audited) (經審核) |
|--|------------------------------------|---------------------------------------|
| | 30th April 2011 2011 年 4 月 30 日 | 31st October 2010 2010 年 10 月 31 日 |
| | US\$ 美元 | US\$ 美元 |
| Assets 資產 | | |
| Financial assets at fair value through profit or loss 按公平價值釐定盈虧之金融資產 | 10,430,263 | 13,105,159 |
| Interest and other receivables 利息及其他應收款 | 51,921 | 4,632 |
| Cash at bank 銀行結餘 | 443,544 | 300,150 |
| Total assets 總資產 | 10,925,728 | 13,409,941 |
| Liabilities 負債 | | |
| Amounts payable on redemptions 應付贖回款項 | 22,228 | 66,590 |
| Accrued expenses and other liabilities 其他應付款 | 35,407 | 52,839 |
| Total liabilities 總負債 | 57,635 | 119,429 |
| Equity 股東權益 | | |
| Net assets attributable to unitholders (at bid market prices) 單位持有人應佔的資產淨值 (按買入市價計算) | 10,868,093 | 13,290,512 |
| Note 備註: | | |
| Net assets attributable to unitholders (at bid market prices) 單位持有人應佔的資產淨值 (按買入市價計算) | 10,868,093 | 13,290,512 |
| Adjustment from bid market prices to last traded market prices 將買入市價調整至最後交易市價 | 19,616 | 20,462 |
| Net assets attributable to unitholders (at last traded market prices) 單位持有人應佔的資產淨值 (按最後交易市價計算) | 10,887,709 | 13,310,974 |
| Units in issue 已發行單位 | 12,288,007 | 14,897,968 |
| Net asset attributable to unitholders per unit (at last traded market prices) 單位持有人應佔的每單位資產淨值 (按最後交易市價計算) | 0.886 | 0.893 |

DBS STRATEGIC SERIES
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星展中國全方位機會基金

INVESTMENT PORTFOLIO (UNAUDITED)
投資組合(未經審核)

AS AT 30TH APRIL 2011
於 2011 年 4 月 30 日

| | Holdings 持有投資 | Fair value (US\$) 公平價值 (美元) | % of net assets 佔淨資產 百分比 |
|---|------------------|--------------------------------|-----------------------------------|
| Listed/Quoted investments 上市/掛牌投資 | | | |
| HONG KONG | | | |
| Agricultural Bank of China H SHS | 470,000 | 277,627 | 2.55 |
| Air China Ltd H SHS | 232,000 | 234,075 | 2.15 |
| Anta Sports Products Ltd | 141,000 | 226,819 | 2.09 |
| Beijing Enterprises Holdings Ltd | 33,500 | 176,758 | 1.63 |
| China Construction Bank H SHS | 942,000 | 889,812 | 8.19 |
| China Everbright Ltd | 100,000 | 220,321 | 2.03 |
| China Life Insurance Co Ltd H SHS | 153,000 | 542,456 | 4.99 |
| China Minsheng Banking Corp Ltd H SHS | 301,000 | 286,648 | 2.64 |
| China Mobile Ltd | 83,500 | 765,636 | 7.04 |
| China Overseas Land & Investment Ltd | 152,760 | 293,705 | 2.70 |
| China Pacific Insurance Group Co Ltd H SHS | 38,000 | 163,580 | 1.50 |
| China Petroleum & Chemical H SHS | 268,000 | 269,017 | 2.48 |
| China Resources Cement Holdings Ltd | 128,000 | 129,804 | 1.19 |
| China Rongsheng Heavy Industries Group Co Ltd | 270,000 | 226,897 | 2.09 |
| China Shenhua Energy Co Ltd H SHS | 109,500 | 510,826 | 4.70 |
| Citic Pacific Ltd | 55,000 | 163,857 | 1.51 |
| CNOOC Ltd | 292,000 | 717,740 | 6.60 |
| COSCO Pacific Ltd | 96,000 | 197,918 | 1.82 |
| CSR Corp Ltd H SHS | 102,000 | 112,495 | 1.04 |
| Dongfang Electric Co Ltd H SHS | 80,200 | 263,188 | 2.42 |
| Golden Eagle Retail Group Ltd | 72,000 | 187,169 | 1.72 |
| Hengan Intl Group Co Ltd | 31,000 | 240,564 | 2.21 |
| Hidili Industry International Development Ltd | 169,000 | 170,294 | 1.57 |
| Industrial & Commerical Bank of China H SHS | 1,219,000 | 1,029,102 | 9.47 |
| Nine Dragons Paper Holdings Ltd | 165,000 | 187,710 | 1.73 |
| PCD Stores Ltd | 672,000 | 179,880 | 1.66 |
| Petrochina Co Ltd H SHS | 344,000 | 492,282 | 4.53 |
| Ping An Insurance Group Co of China H SHS | 38,500 | 419,658 | 3.86 |
| Poly (Hong Kong) Investment Ltd | 287,000 | 228,994 | 2.11 |
| Sinotrans Shipping Ltd | 537,500 | 166,704 | 1.53 |
| Tencent Holdings Ltd | 16,100 | 458,727 | 4.22 |
| Total listed/quoted investments 投資總額 | | 10,430,263 | 95.97 |
| Total investments at cost 總投資 (按成本) | | 9,362,634 | |

DBS STRATEGIC SERIES
DBS 策略基金系列
DBS China Multi Access Opportunities Fund
星展中國全方位機會基金

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
投資組合變動表 (未經審核)

FOR THE PERIOD FROM 1ST NOVEMBER 2010 TO 30TH APRIL 2011
2010年11月1日至2011年4月30日

| | 1st November 2010 2010年11月1日 | Holdings 持有投資 Additions 購入 | Disposals 出售 | 30th April 2011 2011年4月30日 |
|--|---------------------------------|-------------------------------------|-----------------|-------------------------------|
| Listed/quoted investments 上市/掛牌投資 | | | | |
| <u>Hong Kong</u> | | | | |
| Agricultural Bank of China H SHS | - | 526,000 | 56,000 | 470,000 |
| Air China Ltd H SHS | - | 232,000 | - | 232,000 |
| Aluminum Corp of China Ltd | 196,000 | - | 196,000 | - |
| Angang Steel Co Ltd H SHS | - | 106,000 | 106,000 | - |
| Anhui Conch Cement Co Ltd H SHS | 54,000 | - | 54,000 | - |
| Anhui Expressway Company Ltd H SHS | 292,000 | 46,000 | 338,000 | - |
| Anta Sports Products Ltd | - | 141,000 | - | 141,000 |
| Beijing Enterprises Holdings Ltd | 27,500 | 6,000 | - | 33,500 |
| Belle International Holdings Ltd | - | 114,000 | 114,000 | - |
| China CITIC Bank H SHS | 432,000 | - | 432,000 | - |
| China Construction Bank H SHS | 1,250,000 | - | 308,000 | 942,000 |
| China Construction Bank H SHS Rts (Nov2010) | - | 87,500 | 87,500 | - |
| China Dongxiang Group Co | 332,000 | - | 332,000 | - |
| China Everbright Ltd | 58,000 | 42,000 | - | 100,000 |
| China Life Insurance Co Ltd H SHS | 186,000 | - | 33,000 | 153,000 |
| China Mengniu Dairy Co Ltd | 86,000 | - | 86,000 | - |
| China Minsheng Banking Corp Ltd H SHS | - | 397,500 | 96,500 | 301,000 |
| China Mobile Ltd | 101,000 | 11,000 | 28,500 | 83,500 |
| China Oilfield Services Ltd | 182,000 | 28,000 | 210,000 | - |
| China Overseas Land & Investment Ltd | 218,760 | - | 66,000 | 152,760 |
| China Pacific Insurance Group Co Ltd H SHS | - | 45,400 | 7,400 | 38,000 |
| China Petroleum & Chemical H SHS | 356,000 | - | 88,000 | 268,000 |
| China Railway Construction Corp H SHS | 228,500 | - | 228,500 | - |
| China Resources Cement Holdings Ltd | - | 210,000 | 82,000 | 128,000 |
| China Resources Power Holdings Co Ltd | - | 68,000 | 68,000 | - |

DBS STRATEGIC SERIES

DBS 策略基金系列

DBS China Multi Access Opportunities Fund

星展中國全方位機會基金

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED) (UNAUDITED)

投資組合變動表 (續) (未經審核)

FOR THE PERIOD FROM 1ST NOVEMBER 2010 TO 30TH APRIL 2011

2010年11月1日至2011年4月30日

| | 1st November 2010 2010年11月1日 | Holdings 持有投資 Additions 購入 | Disposals 出售 | 30th April 2011 2011年4月30日 |
|--|---------------------------------|-------------------------------------|-----------------|-------------------------------|
| Listed/quoted investments (continued) 上市/掛牌投資 (續) | | | | |
| <u>Hong Kong (continued)</u> | | | | |
| China Rongsheng Heavy Industries Group Co Ltd | - | 270,000 | - | 270,000 |
| China Shenhua Energy Co Ltd H SHS | 162,500 | - | 53,000 | 109,500 |
| China Taiping Insurance Holdings Co Ltd | 62,600 | 18,000 | 80,600 | - |
| China Telecom Corp Ltd H SHS | - | 500,000 | 500,000 | - |
| China Unicom Hong Kong Ltd | 186,000 | - | 186,000 | - |
| Citic Pacific Ltd | 79,000 | - | 24,000 | 55,000 |
| CNOOC Ltd | 283,000 | 25,000 | 16,000 | 292,000 |
| COSCO Pacific Ltd | 230,000 | - | 134,000 | 96,000 |
| CSR Corp Ltd H SHS | - | 102,000 | - | 102,000 |
| Dongfang Electric Co Ltd H SHS | - | 80,200 | - | 80,200 |
| Evergrande Real Estate Group Ltd | - | 254,000 | 254,000 | - |
| Fushan Intl Energy Group Ltd | 352,000 | - | 352,000 | - |
| Golden Eagle Retail Group Ltd | - | 72,000 | - | 72,000 |
| Guangzhou Automobile Group Co Ltd H SHS | - | 166,000 | 166,000 | - |
| Hengan Intl Group Co Ltd | - | 31,000 | - | 31,000 |
| Hidili Industry International Development Ltd | - | 169,000 | - | 169,000 |
| Industrial & Commerical Bank of China H SHS | 1,476,000 | - | 257,000 | 1,219,000 |
| Industrial & Commerical Bank of China H SHS Rts (Nov2010) | - | 66,420 | 66,420 | - |
| iShares Asia Trust-iShares FTSE/Xinhua A50 China Index | 223,400 | 22,600 | 246,000 | - |
| Lee & Man Paper Manufacturing Ltd | 320,400 | - | 320,400 | - |
| Nine Dragons Paper Holdings Ltd | - | 194,000 | 29,000 | 165,000 |
| PCD Stores Ltd | 496,000 | 672,000 | 496,000 | 672,000 |
| Petrochina Co Ltd H SHS | 428,000 | - | 84,000 | 344,000 |
| Ping An Insurance Group Co of China H SHS | 33,000 | 8,500 | 3,000 | 38,500 |

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED) (UNAUDITED)
投資組合變動表 (續) (未經審核)

FOR THE PERIOD FROM 1ST NOVEMBER 2010 TO 30TH APRIL 2011
2010年11月1日至2011年4月30日

| | 1st November 2010 2010年11月1日 | Holdings 持有投資 Additions 購入 | Disposals 出售 | 30th April 2011 2011年4月30日 |
|---|---------------------------------|-------------------------------------|-----------------|-------------------------------|
| Listed/quoted investments (continued) 上市/掛牌投資 (續) | | | | |
| <u>Hong Kong (continued)</u> | | | | |
| Poly (Hong Kong) Investment Ltd | 287,000 | - | - | 287,000 |
| Shanghai Electric Group Co Ltd H SHS | 280,000 | - | 280,000 | - |
| Sinotrans Shipping Ltd | 633,500 | - | 96,000 | 537,500 |
| Tencent Holdings Ltd | 26,300 | - | 10,200 | 16,100 |
| Xinjiang Goldwind Science & Tech H SHS | 63,400 | 16,800 | 80,200 | - |

DBS Strategic Series

Report And Financial Statements For The Year Ended 31st October 2010

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST OCTOBER 2010

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**REPORTS AND FINANCIAL STATEMENTS**

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DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND

MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Amy Yok Tak Yip (resigned on 1st Oct 2010)
Jimmy Jack Man Woo (resigned on 14th May 2010)
Chan Kum Kong (appointed on 14th May 2010 and resigned on 14th Sep 2010)
Teo Chon Kiat (appointed on 14th Sep 2010)
Juan Eugenio Sebastian Paredes Muirragui (appointed on 1st Oct 2010)

Trustee and Registrar

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

Manager

DBS Asset Management (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
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Hong Kong

Service Provider to the Trustee

HSBC Institutional Trust Services (Asia) Limited
17th Floor, Tower 2&3, HSBC Center
1 Sham Mong Road, Kowloon, Hong Kong

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Hong Kong

Investment Advisor

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Haidian District
Beijing 100088, PRC

As to matters of Cayman Islands law:

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Scotia Centre
P.O. Box 884
George Town, Grand Cayman
KY1-1103
Cayman Islands

Auditor

PricewaterhouseCoopers
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George Town
Grand Cayman KY1-1104
Cayman Islands

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**REPORT OF THE MANAGER****Performance**

The net return as of 31st October 2010 was 7.2%. The China market was one of the worst performers in Asia for most of the year on the back of consistent policy tightening measures by the Chinese Government. The market only started to perform well in the months of September and October when the Chinese PMI bottomed and showed signs of a rebound.

While the market was generally rangebound for most of the year, there were a few exceptional stocks which contributed to the performance of the Fund. The top 5 contributors to the Fund were CNOOC(+42%), Lee&Man Paper(+84.6%), Tencent(+31.2%), China Construction Bank(+12.2%) and China Mobile(+10.8%).

Outlook

While the Chinese Government continues to add new policy measures to control housing prices and inflation, the macro data has been generally positive. The Chinese PMI has already bottomed and inflation should hopefully peak in the near future albeit remain at a higher level than previous years. In the past, interest rate hike cycles has been neutral to positive for Chinese equity performance especially in the initial rate hike phase. We expect the Government to continue to hike interest rates at a measured pace and allow the CNY to gradually strengthen. We therefore expect Chinese market performance in 2011 to be better than in 2010.

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND

REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed the DBS Strategic Series - DBS China Multi Access Opportunities Fund in accordance with the provisions of the Trust Deed dated 30th January 2004, as subsequently amended in the Supplemental Deed on 12th September 2007 as amended, for the year ended 31st October 2010.

On behalf of HSBC Trustee (Cayman) Limited, 10th February 2011

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DBS STRATEGIC SERIES

Report on the financial statements

We have audited the financial statements of DBS China Multi Access Opportunities Fund (the "Sub-Fund"), a sub-fund of DBS Strategic Series (the "Fund"), set out on pages 6 to 26, which comprise the statement of financial position as at 31st October 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 30th January 2004, as amended (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the Sub-Fund's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, 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 AUDITOR'S REPORT
TO THE UNITHOLDERS OF DBS STRATEGIC SERIES (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31st October 2010, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Report on other legal and regulatory disclosure requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers

Cayman Islands, 10th February 2011

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**STATEMENT OF FINANCIAL POSITION****AS AT 31ST OCTOBER 2010**

| | Note | 31st October 2010 US\$ | 31st October 2009 US\$ | 31st October 2008 US\$ |
|--|------|------------------------------|------------------------------|------------------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | 3(a) | 13,105,159 | 16,617,103 | 9,067,286 |
| Due from brokers | | - | - | 221,355 |
| Interest and other receivables | | 4,632 | 5,854 | 6,523 |
| Cash at banks | | 300,150 | 501,329 | 1,904,717 |
| Total assets | | <u>13,409,941</u> | <u>17,124,286</u> | <u>11,199,881</u> |
| Liabilities | | | | |
| Due to brokers | | - | - | 194,870 |
| Amount payable on redemptions | | 66,590 | - | 93,760 |
| Accrued expenses and other liabilities | | 52,839 | 57,567 | 40,431 |
| Total liabilities | | <u>119,429</u> | <u>57,567</u> | <u>329,061</u> |
| Equity | | | | |
| Net assets attributable to unitholders (at bid market prices) | | <u>13,290,512</u> | <u>17,066,719</u> | <u>10,870,820</u> |

.....
Trustee.....
Manager

The notes on pages 10 to 26 form an integral part of these financial statements.

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST OCTOBER 2010**

| | Note | Year ended 31st October 2010 US\$ | Year ended 31st October 2009 US\$ |
|--|------|--|--|
| Income | | | |
| Interest income | | - | 10 |
| Dividend income | | 282,179 | 366,240 |
| Net foreign currency (losses)/gains on cash and cash equivalents | | (10,959) | 33,482 |
| Net changes in fair value on financial assets at fair value through profit or loss | 4 | 1,061,147 | 8,343,442 |
| Total investment income | | <u>1,332,367</u> | <u>8,743,174</u> |
| Expenses | | | |
| Preliminary expenses | | - | (639) |
| Management fee | 5(a) | (218,085) | (215,173) |
| Trustee fee | 5(b) | (51,345) | (46,053) |
| Administration fee | | (5,232) | (6,932) |
| Auditor's fee | | (30,140) | (50,661) |
| Transaction costs | | (116,699) | (133,115) |
| Other operating expenses | | (12,598) | (13,332) |
| Total operating expenses | | <u>(434,099)</u> | <u>(465,905)</u> |
| Total comprehensive income | | <u><u>898,268</u></u> | <u><u>8,277,269</u></u> |

The notes on pages 10 to 26 form an integral part of these financial statements.

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST OCTOBER 2010**

| | Note | Year ended 31st October 2010 US\$ | Year ended 31st October 2009 US\$ |
|--|------|--|--|
| Balance at the beginning of the year (at bid market prices), as reported previously | | - | - |
| Changes in accounting policy | 2(a) | 17,066,719 | 10,870,820 |
| Balance at the beginning of the year (at bid market prices), as restated | | <u>17,066,719</u> | <u>10,870,820</u> |
| Proceeds from subscription | | 24,500 | 758 |
| Payments on redemption | | (4,698,975) | (2,082,128) |
| Net decrease from unit transactions | | <u>(4,674,475)</u> | <u>(2,081,370)</u> |
| Total comprehensive income | | <u>898,268</u> | <u>8,277,269</u> |
| Balance at the end of the year (at bid market prices) | 7 | <u><u>13,290,512</u></u> | <u><u>17,066,719</u></u> |

The notes on pages 10 to 26 form an integral part of these financial statements.

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST OCTOBER 2010**

| | Year ended 31st October 2010 US\$ | Year ended 31st October 2009 US\$ |
|--|--|--|
| Operating activities | | |
| Total comprehensive income | 898,268 | 8,277,269 |
| Adjustments to reconcile total comprehensive income to net cash generated from/(used in) operating activities | | |
| Dividends income | (282,179) | (366,240) |
| Interest income | - | (10) |
| Net decrease/(increase) in financial assets at fair value through profit or loss | 3,511,944 | (7,549,817) |
| Decrease in amount due from brokers | - | 221,355 |
| Decrease in interest and other receivables | - | 477 |
| Decrease in amount due to brokers | - | (194,870) |
| (Decrease)/increase in accrued expenses and other liabilities | (4,728) | 17,136 |
| Cash generated from/(used in) operating activities | 3,225,037 | (7,871,969) |
| Dividends received | 283,401 | 365,827 |
| Interest received | - | 615 |
| Net cash generated from/(used in) operating activities | 3,508,438 | (7,505,527) |
| Financing activities | | |
| Proceeds from issue of units | 24,500 | 758 |
| Payments on redemption of units | (4,632,385) | (2,175,888) |
| Net cash used in financing activities | (4,607,885) | (2,175,130) |
| Net decrease in cash and cash equivalents | (201,279) | (1,403,388) |
| Cash and cash equivalents at the beginning of the year | 501,329 | 1,904,717 |
| Cash and cash equivalents at the end of the year | 300,150 | 501,329 |
| Representing | | |
| Cash at banks | 300,150 | 501,329 |

The notes on pages 10 to 26 form an integral part of these financial statements.

DBS STRATEGIC SERIES

(An umbrella unit trust established in the Cayman Islands)

DBS CHINA MULTI ACCESS OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2010

1 General

DBS Strategic Series (the “Fund”) is an umbrella unit trust governed by its Trust Deed dated 30th January 2004, as amended. The Fund has only one separate sub-fund, DBS China Multi Access Opportunities Fund (the “Sub-Fund”) in respect of which a separate class of units was issued. The Sub-Fund was established on 25th October 2007 and its units were issued on 4th December 2007. The Fund is registered as an Exempted Trust under Section 74 of the Cayman Islands Trust Law 6 of 1967 (2003 Revision) and is regulated by the Cayman Islands Monetary Authority under the Cayman Islands Mutual Funds Law.

The Fund is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC.

The investment objective of the Sub-Fund is to achieve long-term capital appreciation and seek to deliver absolute returns. The investment focus of the Sub-Fund is to invest directly and/or indirectly in securities issued by:

- (a) companies/entities domiciled in or listed on the stock exchange in the People’s Republic of China (the “PRC”); and
- (b) companies/entities domiciled in or listed on a stock exchange outside the PRC whose:
 - (i) operations or assets are based mainly in the PRC;
 - (ii) management or ownership is mainly controlled by an entity that is established or incorporated in the PRC; or
 - (iii) revenues or profits are mainly derived from the PRC, including, but not limited to H-Shares, Red-Chips, S-Chips, P-Chips, interests in exchange traded funds and real estate investment trusts.

DBS Asset Management (Hong Kong) Limited, a company incorporated under the laws of Hong Kong, is the manager of the Fund (the “Manager”). The Manager is responsible for, among other things, providing investment management services, investment advice and administrative services to the Fund and arranging for the execution of the Fund’s securities transactions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss (including derivative financial instruments).

The preparation of financial statements in conformity with HKFRS requires the use of accounting estimates. It also requires the Trustee and the Manager to exercise their judgement in the process of applying the Fund's accounting policies. As at 31st October 2010, there was no significant judgment or estimates involved in the determination of the values of assets and liabilities reported in the financial statements.

All references to net assets throughout this document refer to net assets attributable to unitholders unless otherwise stated.

New and amended standards that are effective in the current year and have been adopted by the Fund

HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (that is, non-owner changes in equity) in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning of the comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. The Fund has applied HKAS 1 (Revised) from 1st November 2009, and has elected to present solely a statement of comprehensive income. The adoption of the revised standard has not resulted in a significant change to the presentation of the Fund's performance statement, as the Fund has no elements of other comprehensive income.

HKAS 1 (Amendment), "Presentation of Financial Statements". The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, "Financial Instruments: Recognition and Measurement", are examples of current assets and liabilities respectively. This amendment did not have a significant impact on the Fund's financial statements.

DBS STRATEGIC SERIES
(An umbrella unit trust established in the Cayman Islands)
DBS CHINA MULTI ACCESS OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New and amended standards that are effective in the current year and have been adopted by the Fund (Continued)

HKAS 39 (Amendment), "Financial Instruments: Recognition and Measurement". The definition of financial asset or liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. This amendment did not have a significant impact on the Fund's financial statements.

HKFRS 7 (Amendment), "Financial Instruments: Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Fund's financial position or performance.

HKAS 32 (Amendment), "Financial Instruments: Presentation", and HKAS 1 (Amendment), "Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation". Previously the Fund has classified its puttable instruments as liabilities in accordance with HKAS 32, "Financial Instruments: Presentation". However, the amendment requires puttable financial instruments that meet the definition of a financial liability to be classified as equity where certain strict criteria are met. Those criteria include: the puttable instruments must entitle the holder to a pro-rata share of net assets; the puttable instruments must be the most subordinated class and that class's features must be identical; there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer.

The amendment has been applied retrospectively.

As a result of adoption of the amendment, the Sub-Fund total comprehensive income for the year has increased from US\$Nil (2008: US\$Nil) to US\$898,268 (2009: US\$8,277,269) corresponding to the increase in net asset attributable to holders of redeemable units from operations of US\$888,493 (2009: US\$8,227,127) before adjustments from bid market prices to last traded market prices of US\$9,775 (2009: US\$50,142). The Sub-Fund's equity as at 31st October 2010 has increased by US\$13,290,512 (2009: US\$17,066,719) and the financial liabilities have decreased by US\$13,290,512 (2009: US\$17,066,719).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations that are not yet effective in 2010 and have not been early adopted by the Fund

Certain new standards, amendments to published standards and interpretations that have been published are mandatory for accounting periods on or after 1st November 2010. The Fund has not early adopted any of these new standards, amendments or interpretations. The following are considered as relevant to the Fund but the impact is not discussed in detail as the impact is under the assessment by the Trustee and the Manager:

* HKAS 24 (Amendment), "Related Party Disclosures" (effective from 1st January 2011)

* HKAS 32 (Amendment), "Classification of Right Issues" (effective from 1st February 2010)

* HKFRS 9, "Financial Instruments" (effective from 1st January 2013)

(b) Financial assets and liabilities at fair value through profit or loss

(i) Classification

The Fund currently classifies all of its investments in equity securities as financial assets at fair value through profit or loss. These financial assets are classified as held for trading.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's investment strategy. The Fund's policy is for the Manager and the Trustee to evaluate the information about these financial assets on a fair value basis together with other related financial information. All the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

(ii) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

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FOR THE YEAR ENDED 31ST OCTOBER 2010

2 Summary of significant accounting policies (Continued)

(b) Financial assets and liabilities at fair value through profit or loss (Continued)

(iii) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs, which are costs incurred to acquire financial assets at fair value through profit or loss, are expensed as incurred in the statement of comprehensive income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

(iv) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the year end date. The quoted market price used for financial assets held by the Fund is the current bid price.

(c) Income and expenses

Interest income and expense are recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Fund's right to receive payment is established.

Expenses other than interest expense are accounted for on an accruals basis in the statement of comprehensive income.

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars, the Fund's functional and presentation currency.

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NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies (Continued)

(ii) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at exchange rates in effect at the date of the financial statements. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the statement of comprehensive income as foreign currency gains and losses except where they relate to equity investments where such amounts are included within realised and unrealised gains and losses on investments. The cost of investments, and income and expense are translated into United States dollars based on exchange rates on the date of the transaction.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less from the date of placement net of bank overdrafts, if any.

(f) Proceeds and payments on issue and redemption of units

All proceeds and payments for units issued and redeemed are shown as movements in the statement of changes in equity. The net asset value of the Fund is computed daily. Prices for issues and redemptions are based on the latest available preceding valuation.

The Fund issues units, which are redeemable at the holder's option and are classified as equity in accordance with HKAS 32 (Amendment) and HKAS 1 (Amendment). Units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value.

Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units. In accordance with the provisions of the Fund's explanatory memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

(g) Amounts due from/to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered by the end of the year respectively.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010

2 Summary of significant accounting policies (Continued)

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(i) Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

3 Financial risk management

The Sub-Fund's activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit/custody risk and liquidity risk.

The Sub-Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The risk management policies employed by the Manager to manage these risks are discussed below:

(a) Market price risk

Financial assets at fair value through profit or loss comprise:

| | 2010 US\$ | 2009 US\$ |
|----------------------|-------------------|-------------------|
| - Hong Kong equities | <u>13,105,159</u> | <u>16,617,103</u> |

Price risk is the risk of loss to the value of a financial instrument resulting from movements in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The Sub-Fund's equity securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Sub-Fund's overall market positions are monitored on a daily basis and reviewed formally on a regular basis by the Manager.

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DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010****3 Financial risk management (Continued)****(a) Market price risk (Continued)**

The Sub-Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures to different industries. The equity securities are selected mainly from the Hong Kong Stock Exchange. The Manager considers that the MSCI China is the most relevant market index to benchmark the market price risk.

At 31st October 2010, a 10% (2009: 10%) fall or rise in the MSCI China, with all other variables held constant, would have decreased or increased the net assets attributable to unitholders by US\$1,072,795 (2009: US\$1,349,829).

There is no exposure to individual investments/issuers representing over 10% of the Sub-Fund's net asset value at the year end date.

The following tables disclose the financial assets at fair value through profit or loss of the Sub-Fund by sector:

| | 2010 | | 2009 | |
|------------------------------|-------------------|-----------------|-------------------|-----------------|
| | US\$ | % of NAV | US\$ | % of NAV |
| Auto manufacturing | - | - | 348,290 | 2.04 |
| Banking | 2,691,245 | 20.25 | 3,383,863 | 19.83 |
| Building material | 225,904 | 1.70 | 504,082 | 2.95 |
| Coal | 960,222 | 7.23 | 1,326,207 | 7.77 |
| Commercial services | 577,219 | 4.35 | 275,657 | 1.62 |
| Diversified financials | 150,667 | 1.13 | - | - |
| Electrical and electronics | - | - | 407,040 | 2.39 |
| Engineering and construction | 285,446 | 2.15 | 570,531 | 3.34 |
| Equity fund | 394,565 | 2.97 | 596,697 | 3.50 |
| Food | 245,022 | 1.84 | - | - |
| Forest products | 266,420 | 2.00 | 409,569 | 2.40 |
| Diversified | 396,681 | 2.98 | 275,296 | 1.61 |
| Insurance | 1,395,398 | 10.50 | 1,713,523 | 10.04 |
| Internet | 601,823 | 4.53 | 404,802 | 2.37 |
| Iron/steel | - | - | 412,856 | 2.42 |
| Machinery-diversified | 186,983 | 1.41 | - | - |
| Mining | 185,973 | 1.40 | 220,781 | 1.29 |
| Miscellaneous Mfr | 163,877 | 1.23 | - | - |
| Oil and gas | 1,439,187 | 10.83 | 2,729,613 | 15.99 |
| Oil and gas service | 293,289 | 2.21 | - | - |
| Real estate | 753,647 | 5.67 | 1,181,856 | 6.93 |
| Retail | 344,547 | 2.59 | 273,077 | 1.60 |
| Telecommunication | 1,292,234 | 9.72 | 1,583,363 | 9.28 |
| Transportation | 254,810 | 1.92 | - | - |
| | 13,105,159 | 98.61 | 16,617,103 | 97.37 |

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**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST OCTOBER 2010**

3 Financial risk management (Continued)

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Sub-Fund may invest in assets denominated in currencies other than its functional currency, the United States dollar. Consequently, the Sub-Fund is exposed to risks that the exchange rate of the United States dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Sub-Fund's assets which is denominated in currencies other than the United States dollar.

To minimise currency risk, the Sub-Fund holds its excess cash mainly in its functional currency and execute foreign exchange contracts to facilitate trade settlements. For hedging purposes, the Sub-Fund may enter into forward foreign exchange contracts.

The table below summarises the Sub-Fund's net foreign monetary and non-monetary currency risk exposures. All exposures are stated in United States dollar equivalents.

| | RMB | HKD |
|-------------------------|-------|------------|
| As at 31st October 2010 | | |
| Assets | | |
| Monetary | 4,632 | - |
| Non-monetary | - | 13,105,159 |
| Liabilities | | |
| Monetary | - | 861 |
| Non-monetary | - | - |
| As at 31st October 2009 | | |
| Assets | | |
| Monetary | - | 5,854 |
| Non-monetary | - | 16,617,103 |
| Liabilities | | |
| Monetary | - | 862 |
| Non-monetary | - | - |

As the majority of the Sub-Fund's transactions are denominated in Hong Kong dollars which is pegged to the United States dollar within a narrow range, the Manager does not consider the Sub-Fund's exposure to foreign currency to be significant and no sensitivity analysis is prepared.

In accordance with the Sub-Fund's policy, the Manager monitors the Sub-Fund's currency position on a daily basis and reviews it formally on a regular basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2010

3 Financial risk management (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing except for the cash and cash equivalents. As a result, the Manager considers that the Sub-Fund is not currently subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any temporary excess cash and cash equivalents are invested at short-term market interest rates where appropriate.

At 31st October 2010, the Sub-Fund's net cash balance was US\$300,150 (2009: US\$501,329). A change in interest rate levels within the range foreseen by the Manager for the next twelve months is considered not to have a material impact on the Sub-Fund.

(d) Credit/custody risk

Credit/custody risk is the risk a counterparty to a financial instrument will cause the Sub-Fund financial loss by failing to discharge its obligations. The Sub-Fund seeks to minimise this risk of loss by careful choice of counterparties and by minimising the reliance placed on individual counterparties.

All trade settlements with approved counterparties are on delivery versus payment and/or receipt versus payment basis, with exceptions of IPOs, new issues and placement transactions. Hence, the risk of default is minimized, as delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The counterparty risk is minimised as all the investments and cash are held with institutions that the Manager considers as reputable.

In accordance with the Fund's policy, the Manager has put in place limits and controls to identify and assess the creditworthiness of counterparties and reviews this risk management formally on a semi-annual basis.

Credit/custody risk arises from cash and cash equivalents, and credit exposures to brokers arising from outstanding and committed transactions. The Fund is also exposed to the risk that its assets held with the custodian may not be recoverable in the event of default by the custodian. The table below summarizes the credit rating of banks and custodians in which the Sub-Fund's assets are held:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010

3 Financial risk management (Continued)

(d) Credit/custody risk (Continued)

| | 2010 | | 2009 | |
|---|------------|---------------|------------|---------------|
| | US\$ | Credit rating | US\$ | Credit rating |
| <u>Custodian</u> | | | | |
| The Hongkong and Shanghai Banking Corporation Limited | 13,105,159 | Aa2 | 16,617,103 | Aa2 |
| <u>Bank</u> | | | | |
| The Hongkong and Shanghai Banking Corporation Limited | 300,150 | Aa2 | 501,329 | Aa2 |

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The Sub-Fund is exposed to daily cash redemption from unitholders. Under the Sub-Fund's rules, the Manager with the approval of the Trustee may restrict redemptions to 10% of the Sub-Fund's net asset value in any dealing day. The Sub-Fund has the ability to borrow up to 25% of its net asset value to enhance its liquidity in meeting redemptions. The Manager manages liquidity risk by maintaining sufficient cash and marketable securities to meet the normal operating commitments. Cash and cash equivalents have maturity of less than 3 months and the majority of the Sub-Fund's investments are traded in active markets and can be readily disposed of.

Notwithstanding, certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the components of the underlying assets of the Sub-Fund and may therefore affect the value of those assets and the ability of unitholders to realize their units. The Sub-Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the Sub-Fund's net asset value.

In accordance with the Sub-Fund's policy, the Manager monitors the Sub-Fund's liquidity position on a daily basis and reviews it formally on a regular basis. To manage the liquidity risk, a cash buffer is maintained in the Sub-Fund and monitored for minimum cash balances so as to guard against any extensive disposition of assets which may occur at lower prices and for overdraft situations to meet trade settlements and obligations.

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DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010****3 Financial risk management (Continued)****(e) Liquidity risk (Continued)**

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| | Less than 1 month US\$ | More than 1 month and less than 1 year US\$ |
|--|------------------------------|---|
| At 31st October 2010 | | |
| Amount payable on redemption | 66,590 | - |
| Accrued expenses and other liabilities | 6,312 | 46,527 |
| | <u>72,902</u> | <u>46,527</u> |
| At 31st October 2009 | | |
| Accrued expenses and other liabilities | <u>5,790</u> | <u>51,777</u> |

The Fund manages its liquidity risk by investing in securities that it expects to be able to realise within 1 month or less. The following table illustrates the expected liquidity of assets held:

| | Less than 1 month US\$ | More than 1 month and less than 1 year US\$ |
|---|------------------------------|---|
| Financial assets at fair value through profit or loss | 13,105,159 | - |
| Interest and other receivables | - | 4,632 |
| Cash at banks | 300,150 | - |
| | <u>13,405,309</u> | <u>4,632</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010

3 Financial risk management (Continued)

(f) Fair value estimation

The carrying values of assets and liabilities are reasonable approximations of their fair values.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Sub-Fund is the current bid price; while the quoted market price used for financial liabilities is the current asking price. When the Sub-Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Sub-Fund classifies 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized 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. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes observable requires significant judgement by the Manager of the Sub-Fund. The Manager 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.

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3 Financial risk management (Continued)

(f) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value as at 31st October 2010:

| | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total US\$ |
|---|-------------------|-----------------|-----------------|-------------------|
| Financial assets at fair value through profit or loss | 13,105,159 | - | - | 13,105,159 |
| | <u>13,105,159</u> | <u>-</u> | <u>-</u> | <u>13,105,159</u> |

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

As at 31st October 2010, the Sub-Fund did not hold any investments classified in level 2 and level 3.

(g) Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

4 Net changes in fair value on financial assets at fair value through profit or loss

| | Year ended 31st October 2010 US\$ | Year ended 31st October 2009 US\$ |
|--|--|--|
| Net realised gain on sales of investments | 1,737,444 | 377,394 |
| Net unrealised (loss)/gain in value of investments | (676,297) | 7,966,048 |
| | <u>1,061,147</u> | <u>8,343,442</u> |

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5 Fees

(a) Management fee

In accordance with the explanatory memorandum, the Manager is entitled to receive a management fee of up to 2% per annum of the net asset value of the Sub-Fund, calculated and accrued on each dealing day and payable quarterly in arrears. In respect of the Sub-Fund, the Manager currently charges a rate of 1.5% per annum.

Management fee charged for the year was US\$218,085 (2009: US\$215,173) of which US\$16,235 (2009: US\$21,485) was outstanding at 31st October 2010.

(b) Trustee fee

In accordance with the explanatory memorandum, the maximum Trustee fee is 0.20% per annum of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of 0.125% per annum on the first US\$40 million of the net asset value of the Sub-Fund and 0.10% per annum thereafter. The fee is calculated and accrued on each dealing day and payable quarterly in arrears.

The Trustee is also entitled to receive valuation, registration, safekeeping and processing fees.

Trustee fee charged for the year was US\$51,345 (2009: US\$46,053) of which US\$3,251 (2009: US\$3,479) was outstanding at 31st October 2010.

The Trustee is entitled to receive transaction fees of US\$20 for each subscription, redemption and transfer of units of the Sub-Fund. Transaction fee charged for the year by the Trustee was US\$2,140 (2009: US\$1,500), which is recorded as part of the trustee fee in the statement of comprehensive income, of which US\$300 (2009: US\$160) was outstanding at 31st October 2010.

Annual fee for acting as Trustee, Administrator and Custodian of the Sub-Fund is subject to a minimum of US\$22,500 per annum.

6 Related party transactions

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. All such transactions entered into during the period were carried out in the normal course of business and on normal commercial terms.

Refer to note 5 for transactions with the Manager and its connected persons during the period.

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7 Number of units in issue and net assets attributable to unitholders

In accordance with the provisions of the Trust Deed dated 30th January 2004, as amended, and explanatory memorandum, listed investments are stated at the last traded price on the valuation day for the purpose of determining the net asset value per unit for subscriptions and redemptions and for various fee calculations. However, as stated in note 2(b), the accounting policy of the Sub-Fund for the purpose of financial statements preparation in compliance with HKFRS is to value its investments at the relevant bid market prices at the year end date. As at 31st October 2010, the difference between the valuation of these investments as disclosed in note 2(b) and the valuation methodology indicated in the constitutive documents resulted in a decrease in value of investments of the Sub-Fund of US\$20,462 (2009: US\$30,237).

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.

| | 2010 US\$ | 2009 US\$ |
|--|-------------------|-------------------|
| Net assets attributable to unitholders as per statement of financial position (at bid market prices) | 13,290,512 | 17,066,719 |
| Adjustments from bid market prices to last traded market prices | 20,462 | 30,237 |
| | <hr/> | <hr/> |
| Net assets attributable to unitholders (at last traded market prices) | <u>13,310,974</u> | <u>17,096,956</u> |

The movement in units for the year were as follows:

| | Year ended 31st October 2010 Units | Year ended 31st October 2009 Units |
|--|---|---|
| Units outstanding at the beginning of the year | 20,511,931 | 23,431,680 |
| Units issued | 29,097 | 1,034 |
| Units redeemed | (5,643,060) | (2,920,783) |
| | <hr/> | <hr/> |
| Units outstanding at the end of the year | <u>14,897,968</u> | <u>20,511,931</u> |

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DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2010****7 Number of units in issue and net assets attributable to unitholders (Continued)**

| | As at 31st October 2010 US\$ | As at 31st October 2009 US\$ |
|---|---------------------------------------|---------------------------------------|
| Net assets attributable to unitholders per unit (at bid market prices) | <u>0.892</u> | <u>0.832</u> |
| Net assets attributable to unitholders per unit (at last traded market prices) | <u>0.893</u> | <u>0.834</u> |

8 Taxation

No provision for Hong Kong profits tax has been made as any interest income and realised gains on sale of investments of the Sub-Fund are excluded from the charge to profits tax under either Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

The Fund has obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands that for a period of 20 years from 24th February 2004, no law which is enacted in the Cayman Islands imposing any tax or duty to be levied on income, profits, gains or appreciation shall apply to the Fund. Accordingly, in the opinion of the Manager, under the system of taxation presently in force in the Cayman Islands, no taxes will be chargeable on any income, profits or capital gains of the Fund.

9 Soft commission arrangements

During the year, the Manager and its connected persons did not enter into any soft commission arrangements with brokers relating to dealings in the investments of the Sub-Fund.

10 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 10th February 2011.

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DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31ST OCTOBER 2010****Listed/Quoted investments**

| | Holdings | Fair value US\$ | % of net assets |
|---|-----------|--------------------|--------------------|
| HONG KONG | | | |
| Aluminum Corp of China Ltd | 196,000 | 185,973 | 1.40% |
| Anhui Conch Cement Co Ltd H Shares | 54,000 | 225,904 | 1.70% |
| Anhui Expressway Company Ltd H SHS | 292,000 | 220,218 | 1.66% |
| Beijing Enterprises Holdings Ltd | 27,500 | 187,898 | 1.41% |
| China CITIC Bank H SHS | 432,000 | 312,993 | 2.36% |
| China Construction Bank H SHS | 1,250,000 | 1,190,883 | 8.96% |
| China Dongxiang Group Co | 332,000 | 185,328 | 1.39% |
| China Everbright Ltd | 58,000 | 150,667 | 1.13% |
| China Life Insurance Co Ltd H SHS | 186,000 | 812,882 | 6.12% |
| China Mengniu Dairy Co Ltd | 86,000 | 245,022 | 1.84% |
| China Mobile Ltd | 101,000 | 1,027,988 | 7.73% |
| China Oilfield Services Ltd | 182,000 | 293,289 | 2.21% |
| China Overseas Land & Investment Ltd | 218,760 | 459,131 | 3.45% |
| China Petroleum & Chemical H SHS | 356,000 | 334,574 | 2.52% |
| China Railway Construction Corp H SHS | 228,500 | 285,446 | 2.15% |
| China Shenhua Energy Co Ltd H SHS | 162,500 | 723,796 | 5.45% |
| China Taiping Insurance Holdings Co Ltd | 62,600 | 229,196 | 1.72% |
| China Unicom Hong Kong Ltd | 186,000 | 264,246 | 1.99% |
| Citic Pacific Ltd | 79,000 | 208,783 | 1.57% |
| CNOOC Ltd | 283,000 | 583,742 | 4.39% |
| COSCO Pacific Ltd | 230,000 | 357,001 | 2.69% |
| Fushan Intl Energy Group Ltd | 352,000 | 236,426 | 1.78% |
| Industrial & Commercial Bank of China H SHS | 1,476,000 | 1,187,369 | 8.93% |
| iShares Asia Trust-iShares FTSE/Xinhua A50 China Index | 223,400 | 394,565 | 2.97% |
| Lee & Man Paper Manufacturing Ltd | 320,400 | 266,420 | 2.00% |
| PCD Stores Ltd | 496,000 | 159,219 | 1.20% |
| Petrochina Co Ltd H SHS | 428,000 | 520,871 | 3.92% |
| Ping An Insurance Group Co of China H SHS | 33,000 | 353,320 | 2.66% |
| Poly (Hong Kong) Investment Ltd | 287,000 | 294,516 | 2.22% |
| Shanghai Electric Group Co Ltd H SHS | 280,000 | 186,983 | 1.41% |
| Sinotrans Shipping Ltd | 633,500 | 254,810 | 1.92% |
| Tencent Holdings | 26,300 | 601,823 | 4.53% |
| Xinjiang Goldwind Science & Tech H SHS | 63,400 | 163,877 | 1.23% |
| Total listed/quoted investments | | <u>13,105,159</u> | <u>98.61%</u> |
| Total investments at cost | | <u>11,227,058</u> | |

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DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 31ST OCTOBER 2010**

| | % | % |
|--|---------------------|---------------------|
| | of net assets | of net assets |
| | 31st October | 31st October |
| | 2010 | 2009 |
| | % | % |
| Listed/Quoted investments | | |
| Equities | | |
| Hong Kong | 98.61 | 97.37 |
| | <u>98.61</u> | <u>97.37</u> |
| Total listed/quoted investments | <u><u>98.61</u></u> | <u><u>97.37</u></u> |

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DBS CHINA MULTI ACCESS OPPORTUNITIES FUND**PERFORMANCE TABLE (UNAUDITED)****FOR THE YEAR ENDED 31ST OCTOBER 2010****1. Net asset values**

| | US\$ |
|---|------------|
| Net asset value (at last traded market prices) | |
| 2010 | 13,310,974 |
| 2009 | 17,096,956 |
| 2008 | 10,951,199 |
| Net asset value per unit (at last traded market prices) | |
| 2010 | 0.893 |
| 2009 | 0.834 |
| 2008 | 0.467 |
| Net asset value (at bid market prices) | |
| 2010 | 13,290,512 |
| 2009 | 17,066,719 |
| 2008 | 10,870,820 |
| Net asset value per unit (at bid market prices) | |
| 2010 | 0.892 |
| 2009 | 0.832 |
| 2008 | 0.464 |

2. Performance record since inception

| | US\$ |
|-----------------------------------|-------|
| Highest issue price per unit | |
| 2010 | 0.922 |
| 2009 | 0.870 |
| 2008 | 1.000 |
| Lowest realisation price per unit | |
| 2010 | 0.733 |
| 2009 | 0.441 |
| 2008 | 0.404 |