

Annual Report

GUOTAI JUNAN INVESTMENT FUNDS

A unit trust constituted by a Trust Deed dated
29 August 2007 under the laws of the Cayman Islands

31 December 2014



GUOTAI JUNAN INVESTMENT FUNDS

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GUOTAI JUNAN INVESTMENT FUNDS

ADMINISTRATION AND MANAGEMENT

Investment Manager

Guotai Junan Assets (Asia) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Directors of the Manager

YIM Fung
YUAN Junping

Trustee and Registrar

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

Service Provider to Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Auditors

Ernst & Young Ltd.
Suite 6401
62 Forum Lane
Camana Bay
P.O. Box 510
Grand Cayman KY1-1106
Cayman Islands
British West Indies

Legal Adviser

Sidley Austin
39th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Cayman Islands Legal Advisers to the Manager

Conyers Dill & Pearman (Cayman) Limited
Cricket Square
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Grand Cayman KY1-1111
Cayman Islands

INVESTMENT MANAGER'S REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2014

GUOTAI JUNAN INVESTMENTS FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND**
- GUOTAI JUNAN EQUITY INCOME FUND**
- GUOTAI JUNAN HONG KONG DOLLAR BOND FUND**
- GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND**

MARKET REVIEW

Global equity markets recorded decent gains in year of 2014 thanks to US solid economic growth and the supportive monetary policies from major central banks. The market consensus was that global monetary policy will stay easy for a long time, which helped to bolster the investors' sentiment.

China's domestic equity market recorded significant growth in year 2014 thanks to the central government's accommodative monetary policy and supportive fiscal stimulus plans. In 2014, China tackled some of the more difficult aspects on its reform agenda, such as raising SOE (state-owned enterprise) profitability and efficiency. SOE reform measures are expected to continue, notably in the areas of asset divestment, industry consolidation, mixed ownership and equity incentive schemes. Reform on the financial markets, especially the development of the Shanghai-Hong Kong Stock Connect, helped to bolster the market too.

In review of the captioned period, major equity indices of the United States, Europe and Japan represented by S&P 500, MSCI Europe and MSCI Japan recorded total returns of 13.7%, 7.6% and 10.9% respectively. On the same basis, MSCI Emerging Market recorded a negative return of 1.9%. Specifically, CSI300 Index hiked by 55.8%, HSCEI Index increased by 15.5%. Hang Seng Index recorded positive gain at 5.3%.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

GUOTAI JUNAN INVESTMENTS FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND**
- GUOTAI JUNAN EQUITY INCOME FUND**
- GUOTAI JUNAN HONG KONG DOLLAR BOND FUND**
- GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND**

MARKET OUTLOOK

We expect that divergence in economic conditions and monetary policies to be the overarching theme for the year 2015. The U.S. economy is expected to continue its recovery, while the sovereign risk from countries such as Greece putting pressure on European Union, and the recent crash in commodities prices also placed deflation risk of derailing global economic growth. And the U.S. Federal Reserve is moving closer to an interest rate increase, while other central banks are searching for ways, such as quantitative easing from Bank of Japan and European Central Bank and various interest rate cut from a handful of other countries, to stimulate the economies of their respective countries. We expect the volatility of asset prices will rise considerably in 2015 from the extraordinary low level we observed in past years.

The major indexes of developed markets break into historic high levels, the valuations for developed markets are becoming stretched across markets, this may set the markets up for more volatility throughout 2015, especially with the market worrying the timing and magnitude of U.S. interest rate hikes, and the crash of oil prices placed significant risk to some oil exporting countries, the turmoil in sovereign debt and currency market may set off an capital exodus from risky assets in general.

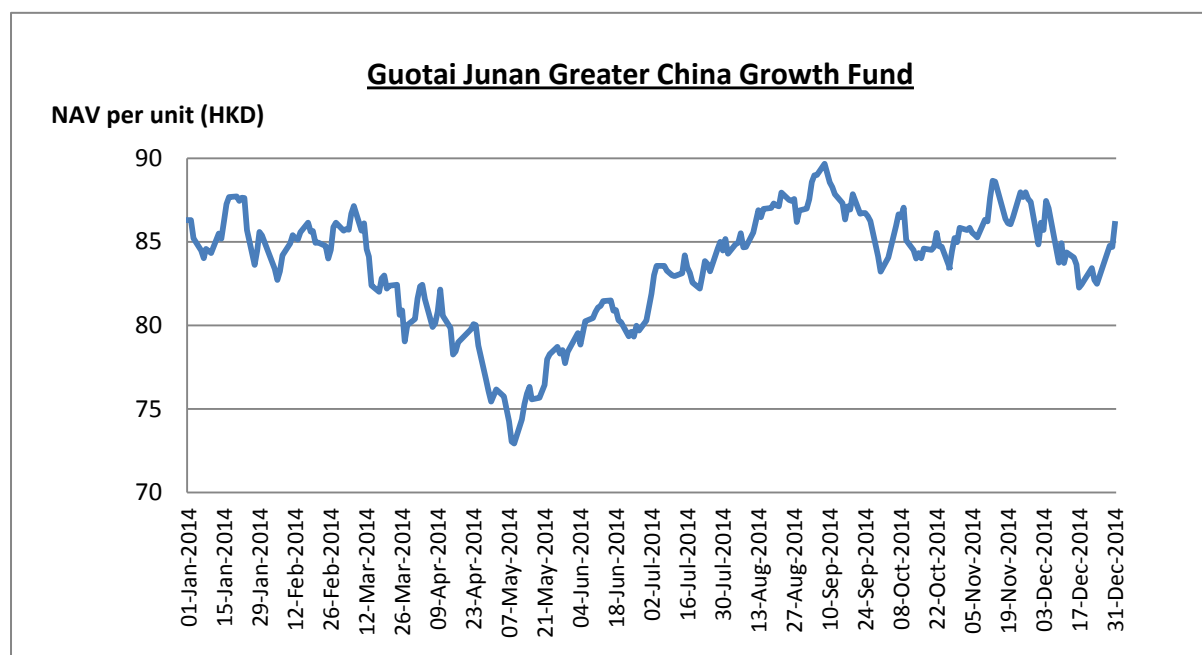
And for the greater China markets, although expectation on China's GDP growth has been edged down, the worries about a credit blowout has been shrugged off somehow. As widely believed that the investment-fueled economic model cannot be sustainable, therefore China is engineering for a market-oriented structural reform, the confidence boost from the determination and commitment of the government lifted the A and H shares market up from a distressed valuation level. In 2015 it is expected that Shenzhen-Hong Kong Connect would be implemented, which would bode well for mid-small caps in Hong Kong market, as those are trading at significant discount of their A peers.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund



Index / Fund's Name	2014 Rate of Return (%)*	Since Inception Rate of Return (%)
Hang Seng China Enterprises Total Return Index	15.5%	-9.6%
Taiwan Taiex Total Return Index	11.4%	38.0%
MSCI Golden Dragon Total Return Index	9.9%	11.1%
MSCI China Daily Total Return Index	8.3%	-5.4%
Hang Seng Total Return Index	5.5%	9.6%
Guotai Junan Greater China Growth Fund	1.4%	-13.9%
Hang Seng China-Affiliated Total Return Index	-2.1%	-11.4%

* Ranked by the total returns of indices or the Fund for year 2014.

The total return of the Guotai Junan Greater China Growth Fund (“GJGC”) increased by 1.4% in the year 2014, and recorded a decrease of 13.9% since inception i.e. 19 Nov 2007.

In the year 2014, GJGC underperformed the total returns of the Hang Seng Index (“HSI”) and Hang Seng China Enterprises Index (“HSCEI”) by 4.1% and 14.1% respectively. GJGC’s portfolio had overweighted mid-small cap stocks which have worse performance compared to the big-cap Hang Seng Index constituents.

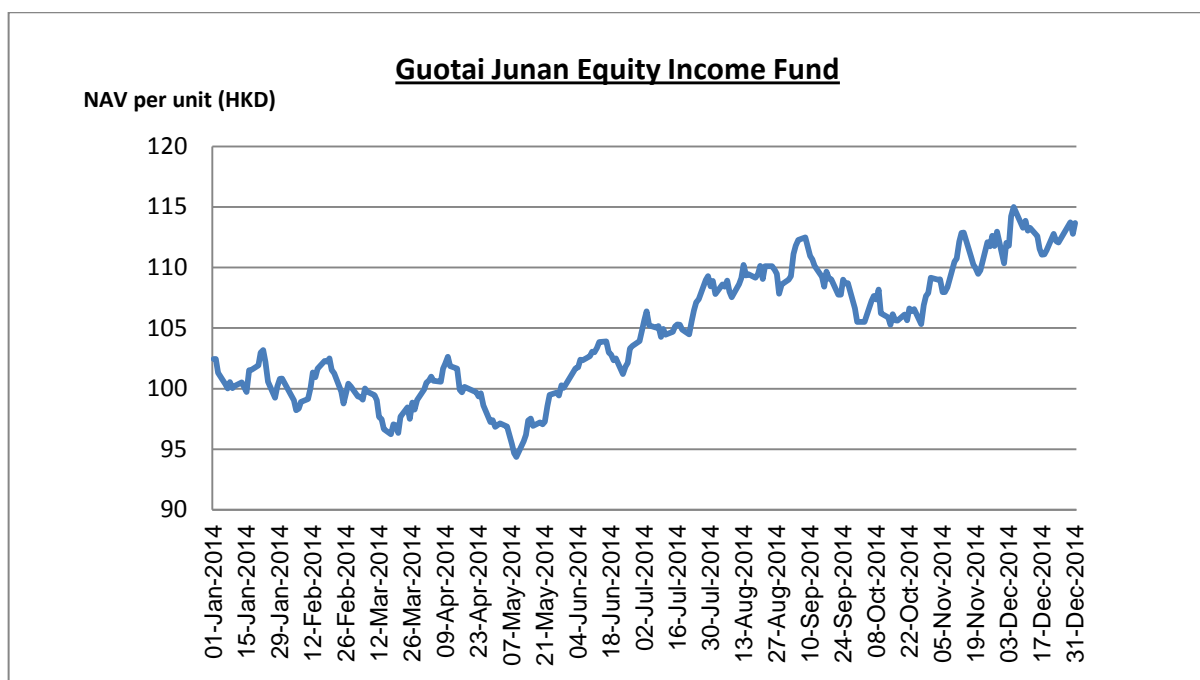
As of the end of year 2014, the portfolio was well diversified. Amongst all exposure, financials, utilities and health care were the top weighed sectors, which made up of 38.7%, 13.3% and 11.9% of the NAV respectively.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

SUB-FUNDS' PERFORMANCE

B. Guotai Junan Equity Income Fund



Index / Fund's Name	2014	Since Inception
	Rate of Return (%)*	Rate of Return (%)
Hang Seng China Enterprises Total Return Index	15.5%	14.6%
Guotai Junan Equity Income Fund	12.1%	18.6%
Taiwan Taiex Total Return Index	11.4%	26.1%
MSCI Golden Dragon Total Return Index	9.9%	23.0%
MSCI China Daily Total Return Index	8.3%	17.4%
Hang Seng Total Return Index	5.5%	21.8%
Dow Jones Hong Kong Select Dividend 30 Total Return	1.9%	9.2%
Hang Seng China-Affiliated Total Return Index	-2.1%	11.0%

* Ranked by the total returns of indices or the Fund for year 2014.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

SUB-FUNDS' PERFORMANCE (CONTINUED)

B. Guotai Junan Equity Income Fund (continued)

The NAV of the Guotai Junan Equity Income Fund (“GJEI”) had a total return of 12.1% in the full year of 2014, and recorded a total return of 18.6% since its inception on 29 Feb 2012. GJEI outperformed the total return of the Dow Jones Hong Kong Select Dividend 30 Index (“DJHKSD”) and the HSI by 10.2% and 6.6% respectively, but underperformed the total return of HSCEI by 3.4%. We believe the GJEI’s strategy of investing in companies with brighter prospect, reasonable valuation, good cash flows and willingness to share profits with shareholders through high dividends, contributed to the outperformance against HSI and DJHKSD.

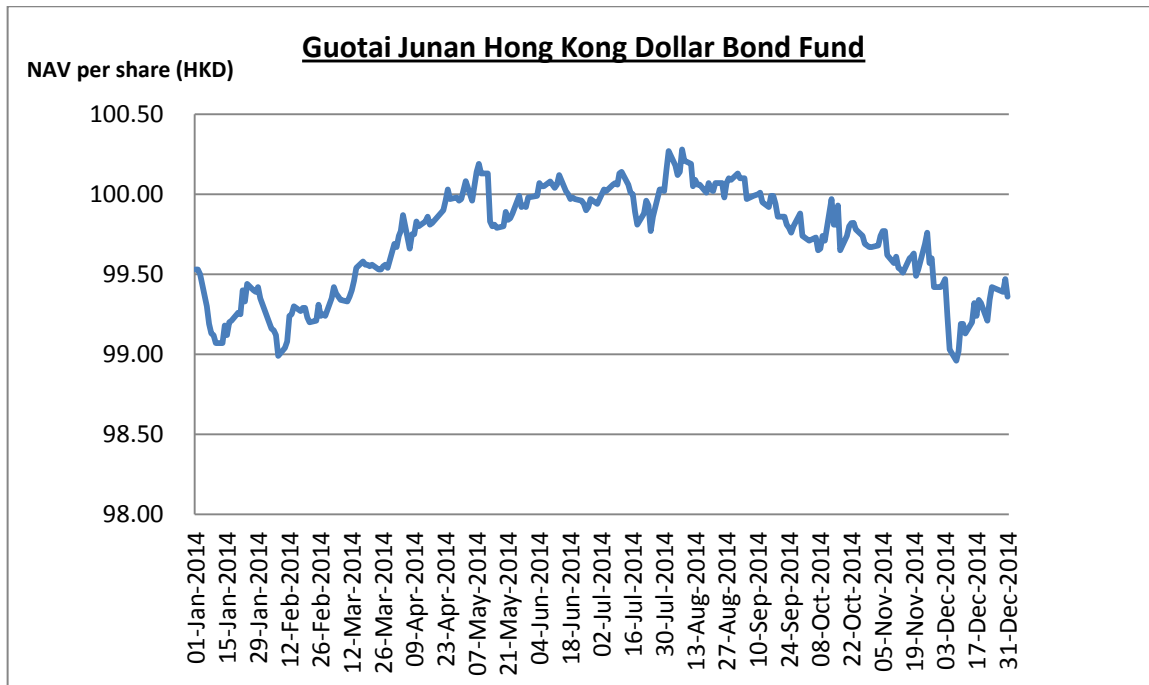
As of 31 December 2014, the portfolio of GJEI tilted more exposure to financials, which provided higher dividend yields. Financials, utilities and industrials are the top weighted sectors representing 29.7%, 27.6% and 12.2% of the fund’s NAV respectively.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

SUB-FUNDS' PERFORMANCE

C. Guotai Junan Hong Kong Dollar Bond Fund



The NAV of the Guotai Junan Hong Kong Dollar Bond Fund (“GJHB”) had a total return of -0.38% in full year of 2014, and recorded a total return of -0.62% since the inception of the fund. The fund was launched in 25 November 2013, and the NAV was 99.98 on that day. The NAV of GJHB was 98.50 in 31 December 2014.

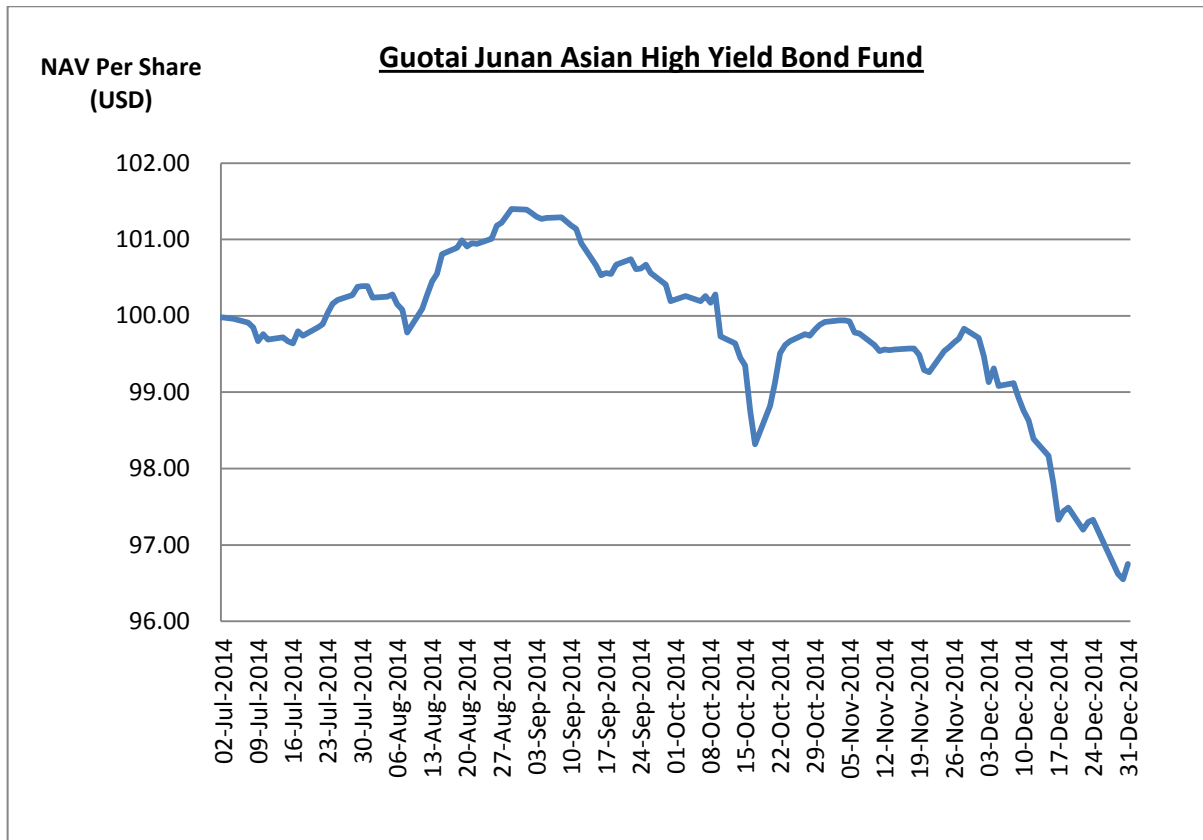
As of the 31 December 2014, the portfolio tilted most exposure to very short duration Hong Kong sovereign bonds. The consequent portfolio’s yield was too low to cover the related fund expenses, and it was the main reason to cause GJHB performed not well.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

SUB-FUNDS' PERFORMANCE

D. Guotai Junan Asian High Yield Bond Fund



The NAV of the Guotai Junan Asian High Yield Bond Fund (“GJAB”) had a total return of -3.23% since the inception of the fund. The fund was launched in 02 July 2014, and the NAV was 99.98 on that day. The NAV of GJAB was 95.76 in 31 December 2014.

As of the 31 December 2014, the portfolio tilted more exposure to the sector of China property, which was going downside risk. Meanwhile, the country risk of the fund was too focused on China. What’s more, the relatively small fund size incurred the relatively higher expense rate and the difficulties of portfolio diversification. All factors mentioned above were the reasons why GJAB underperformed in 2014. Unfortunately, the global credit market crashed since October 2014, it also weighed on the performance of GJAB in 2014. The reasons incurred the crash on the credit market in late of 2014 included the dramatic drop in oil prices, the consequent Russian default risk, and the melting confidence on China property due to the KAISAG event.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

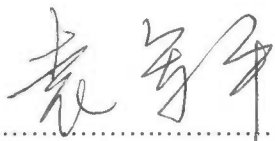
FOR THE YEAR ENDED 31 DECEMBER 2014

GUOTAI JUNAN INVESTMENTS FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND**
- GUOTAI JUNAN EQUITY INCOME FUND**
- GUOTAI JUNAN HONG KONG DOLLAR BOND FUND**
- GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND**

INVESTMENT STRATEGY

We are relatively optimistic on Hong Kong and China equity markets in year 2015. We believe that with the implementation of the reforms and further development in the economy transformation, there would be certain emerging sectors that would benefit and prosper under the new paradigm, i.e., new energy, healthcare, technology and internet. We would position ourselves accordingly with the outperforming sectors.



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Guotai Junan Assets (Asia) Limited

28 April 2015


REPORT OF THE TRUSTEE

FOR THE YEAR ENDED 31 DECEMBER 2014

GUOTAI JUNAN INVESTMENTS FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND**
- GUOTAI JUNAN EQUITY INCOME FUND**
- GUOTAI JUNAN HONG KONG DOLLAR BOND FUND**
- GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND**

We hereby confirm that, in our opinion, the Manager of the Trust has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 29 August 2007, for the year ended 31 December 2014.



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HSBC Trustee (Cayman) Limited

28 April 2015

Independent Auditors' Report

To the Manager and the Trustee of
Guotai Junan Greater China Growth Fund,
Guotai Junan Equity Income Fund,
Guotai Junan Hong Kong Dollar Bond Fund and
Guotai Junan Asian High Yield Bond Fund
(collectively, the sub-funds of Guotai Junan Investment Funds)
(A unit trust constituted by a Trust Deed dated 29 August 2007 under the laws
of the Cayman Islands)

We have audited the accompanying financial statements of Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund, Guotai Junan Hong Kong Dollar Bond Fund and Guotai Junan Asian High Yield Bond Fund (sub-funds of Guotai Junan Investment Funds (the "Trust") and referred to collectively and individually as the "Sub-Funds") set out on pages 13 to 52, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity, distribution statement and statement of cash flows for the year then ended 31 December 2014 for Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund and Guotai Junan Hong Kong Dollar Bond Fund, and the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity, distribution statement and statement of cash flows for the period from 30 June 2014 (date of inception) to 31 December 2014 for Guotai Junan Asian High Yield Bond Fund, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Manager and the Trustee of the Sub-Funds are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the Manager and the Trustee also have a responsibility to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-Funds of the Trust (the "Trust Deed") and the disclosure requirements specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

Auditors' Responsibility

Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E of the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee, as well as evaluating the overall presentation of the financial statements.

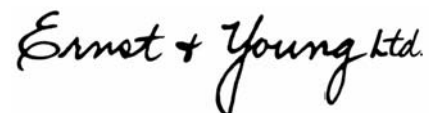
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of each of the Sub-Funds as at 31 December 2014, and each of their profits and cash flows for the year then ended for Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund and Guotai Junan Hong Kong Dollar Bond Fund, and for the period from 30 June 2014 (date of inception) to 31 December 2014 for Guotai Junan Asian High Yield Bond Fund in accordance with Hong Kong Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E of the SFC Code.



28 April 2015

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

STATEMENT OF COMPREHENSIVE INCOME

31 December 2014

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
		Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	For the period from 22 November 2013 (date of inception) to 31 December 2013 HK\$	For the period from 30 June 2014 (date of inception) to 31 December 2014 US\$
Income								
Dividend income		2,578,091	2,172,013	2,921,272	2,422,260	-	-	-
Interest income		-	-	-	-	1,094,445	236,615	176,644
Total income		<u>2,578,091</u>	<u>2,172,013</u>	<u>2,921,272</u>	<u>2,422,260</u>	<u>1,094,445</u>	<u>236,615</u>	<u>176,644</u>
Expenses								
Trustee fee	3	412,000	412,000	420,000	420,000	420,000	42,000	27,090
Bank charges		57,030	67,511	21,894	20,114	6,887	-	411
Valuation fee		95,769	94,631	135,850	134,200	134,862	13,650	8,820
Audit fee		330,000	255,000	231,000	211,000	229,864	60,000	19,347
Brokerage and handling fees	3	1,446,967	632,024	332,708	480,560	-	-	-
Management fee	3	1,986,836	1,912,210	949,062	952,825	149,567	15,166	26,098
Transaction fees		166,528	83,193	28,300	40,327	1,357	1,551	2,578
Registrar fee	3	43,405	39,000	39,000	39,600	40,000	4,250	2,624
Preliminary expenses		-	-	-	-	-	550,000	71,060
Miscellaneous expenses		145,331	107,759	112,259	88,321	71,163	1,188	8,809
Total expenses		<u>4,683,866</u>	<u>3,603,328</u>	<u>2,270,073</u>	<u>2,386,947</u>	<u>1,053,700</u>	<u>687,805</u>	<u>166,837</u>

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

STATEMENT OF COMPREHENSIVE INCOME (continued)

31 December 2014

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
		Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	For the period from 22 November 2013 (date of inception) to 31 December 2013 HK\$	For the period from 30 June 2014 (date of inception) to 31 December 2014 US\$
(Loss)/gain before investment gain/ (loss) and exchange differences		(2,105,775)	(1,431,315)	651,199	35,313	40,745	(451,190)	9,807
Investment gain/(loss) and exchange differences								
Net unrealised gain/(loss) on investments		(16,592,280)	19,973,281	3,943,081	(2,758,272)	(247,399)	(77,631)	(216,629)
Net realised gain/(loss) on investments		18,450,807	(3,474,644)	2,867,333	2,842,304	(13,816)	-	(65,817)
Foreign exchange differences, net		624,625	319,868	158,128	236,842	(62)	-	(915)
		<u>2,483,152</u>	<u>16,818,505</u>	<u>6,968,542</u>	<u>320,874</u>	<u>(261,277)</u>	<u>(77,631)</u>	<u>(283,361)</u>
Profit/(loss) before tax		377,377	15,387,190	7,619,741	356,187	(220,532)	(528,821)	(273,554)
Withholding tax	4	<u>(74,067)</u>	<u>(102,371)</u>	<u>(165,328)</u>	<u>(121,059)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year/period		303,310	15,284,819	7,454,413	235,128	(220,532)	(528,821)	(273,554)
Other comprehensive income for the year/period, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year/period		<u>303,310</u>	<u>15,284,819</u>	<u>7,454,413</u>	<u>235,128</u>	<u>(220,532)</u>	<u>(528,821)</u>	<u>(273,554)</u>

The notes on pages 24 – 52 form an integral part of these financial statements.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian
		2014	2013	2014	2013	2014	2013	High Yield Bond Fund
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	2014 US\$
Assets								
Financial assets at fair value								
through profit or loss	5	121,720,700	114,677,543	49,820,325	44,561,198	45,375,258	43,610,669	6,027,050
Due from brokers	6	2,055,952	2,000,000	14,245,023	115,367	-	-	-
Dividend receivable		44,422	-	17,187	-	-	-	-
Interest receivable		-	-	-	-	209,182	262,263	88,993
Cash and bank balances	7	<u>9,764,908</u>	<u>21,931,735</u>	<u>17,494,838</u>	<u>17,914,320</u>	<u>3,954,882</u>	<u>6,235,653</u>	<u>91,029</u>
Total assets		<u>133,585,982</u>	<u>138,609,278</u>	<u>81,577,373</u>	<u>62,590,885</u>	<u>49,539,322</u>	<u>50,108,585</u>	<u>6,207,072</u>
Liabilities								
Accounts payable and accruals		553,342	466,618	373,699	353,508	288,675	637,406	30,626
Distributions payable	8	-	-	2,117,785	-	-	-	-
Due to brokers	6	<u>879,328</u>	-	<u>12,419,507</u>	-	-	-	-
Total liabilities		<u>1,432,670</u>	<u>466,618</u>	<u>14,910,991</u>	<u>353,508</u>	<u>288,675</u>	<u>637,406</u>	<u>30,626</u>
Equity								
Net assets attributable to unitholders		<u>132,153,312</u>	<u>138,142,660</u>	<u>66,666,382</u>	<u>62,237,377</u>	<u>49,250,647</u>	<u>49,471,179</u>	<u>6,176,446</u>
Total liabilities and equity		<u>133,585,982</u>	<u>138,609,278</u>	<u>81,577,373</u>	<u>62,590,885</u>	<u>49,539,322</u>	<u>50,108,585</u>	<u>6,207,072</u>

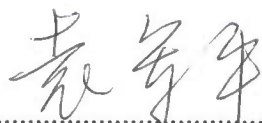
GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Hong Kong Dollar Bond Fund
 -Guotai Junan Asian High Yield Bond Fund

STATEMENT OF FINANCIAL POSITION (continued)

31 December 2014

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 US\$
Number of units in issue	9	<u>1,535,254.46</u>	<u>1,626,092.52</u>	<u>605,081.51</u>	<u>605,081.51</u>	<u>500,000.00</u>	<u>500,000.00</u>	<u>64,500.00</u>
Net asset value per unit	10	<u>86.08</u>	<u>84.95</u>	<u>110.18</u>	<u>102.86</u>	<u>98.50</u>	<u>98.94</u>	<u>95.76</u>

The notes on pages 24 – 52 form an integral part of these financial statements.



.....
 Guotai Junan Assets (Asia) Limited



.....
 HSBC Trustee (Cayman) Limited

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Hong Kong Dollar Bond Fund
 -Guotai Junan Asian High Yield Bond Fund

STATEMENT OF CHANGES IN EQUITY

Guotai Junan Greater China Growth Fund

	Note	Total equity HK\$
At 1 January 2013		124,454,000
Subscription of units		20,202,693
Redemption of units		(21,798,852)
Total comprehensive income for the year		<u>15,284,819</u>
At 31 December 2013 and 1 January 2014		138,142,660
Subscription of units		37,945,879
Redemption of units		(44,238,537)
Total comprehensive income for the year		<u>303,310</u>
At 31 December 2014		<u><u>132,153,312</u></u>

Guotai Junan Equity Income Fund

		Total equity HK\$
At 1 January 2013		62,198,479
Subscription of units		605,400
Redemption of units		(801,630)
Total comprehensive income for the year		<u>235,128</u>
At 31 December 2013 and 1 January 2014		62,237,377
Total comprehensive income for the year		7,454,413
Distribution to unitholders	8	<u>(3,025,408)</u>
At 31 December 2014		<u><u>66,666,382</u></u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Hong Kong Dollar Bond Fund
 -Guotai Junan Asian High Yield Bond Fund

STATEMENT OF CHANGES IN EQUITY (continued)

Guotai Junan Hong Kong Dollar Bond Fund

Total equity
HK\$

At 22 November 2013 (date of inception)	-
Subscription of units	50,000,000
Total comprehensive loss for the period	(528,821)
At 31 December 2013 and 1 January 2014	49,471,179
Total comprehensive loss for the year	(220,532)
At 31 December 2014	<u>49,250,647</u>

Guotai Junan Asian High Yield Bond Fund

Total equity
US\$

At 30 June 2014 (date of inception)	-
Subscription of units	6,450,000
Total comprehensive loss for the period	(273,554)
At 31 December 2014	<u>6,176,446</u>

The notes on pages 24 – 52 form an integral part of these financial statements.

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Hong Kong Dollar Bond Fund
 -Guotai Junan Asian High Yield Bond Fund

DISTRIBUTION STATEMENT

Guotai Junan Greater China Growth Fund

	Note	Total equity HK\$
Undistributed income at 1 January 2013		-
Total comprehensive income for the year		15,284,819
Transfer to capital		<u>(15,284,819)</u>
Undistributed income at 31 December 2013 and 1 January 2014		-
Total comprehensive income for the year		303,310
Transfer to capital		<u>(303,310)</u>
Undistributed income at 31 December 2014		<u><u>-</u></u>

Guotai Junan Equity Income Fund

		Total equity HK\$
Undistributed income at 1 January 2013		-
Total comprehensive income for the year		235,128
Transfer to capital		<u>(235,128)</u>
Undistributed income at 31 December 2013 and 1 January 2014		-
Total comprehensive income for the year		7,454,413
Distribution to unitholders	8	(3,025,408)
Transfer to capital		<u>(4,429,005)</u>
Undistributed income at 31 December 2014		<u><u>-</u></u>

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
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- Guotai Junan Asian High Yield Bond Fund

DISTRIBUTION STATEMENT (continued)

Guotai Junan Hong Kong Dollar Bond Fund

Total equity
HK\$

Undistributed loss at 22 November 2013 (date of inception)	-
Total comprehensive loss for the period	(528,821)
Transfer to capital	<u>528,821</u>
Undistributed loss at 31 December 2013 and 1 January 2014	-
Total comprehensive loss for the year	(220,532)
Transfer to capital	<u>220,532</u>
Undistributed loss at 31 December 2014	<u><u>-</u></u>

Guotai Junan Asian High Yield Bond Fund

Total equity
US\$

Undistributed loss at 30 June 2014 (date of inception)	-
Total comprehensive loss for the period	(273,554)
Transfer to capital	<u>273,554</u>
Undistributed loss at 31 December 2014	<u><u>-</u></u>

The notes on pages 24 – 52 form an integral part of these financial statements

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

STATEMENT OF CASH FLOWS

31 December 2014

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund For the period from 22 November 2013 (date of inception) to 31 December		Guotai Junan Asian High Yield Bond Fund For the period from 30 June 2014 (date of inception) to 31 December
	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	2014 US\$
Cash flows from operating activities							
Profit/(loss) before tax for the year/period	377,377	15,387,190	7,619,741	356,187	(220,532)	(528,821)	(273,554)
Adjustments for:							
Net unrealised (gain)/loss on disposal of investments	16,592,280	(19,973,281)	(3,943,081)	2,758,272	247,399	77,631	216,629
Net realised loss/(gain) on investments	(18,450,807)	3,474,644	(2,867,333)	(2,842,304)	13,816	-	65,817
	(1,481,150)	(1,111,447)	809,327	272,155	40,683	(451,190)	8,892
Purchase of financial assets at fair value through profit or loss	(253,529,694)	(111,673,807)	(59,689,151)	(91,692,850)	(15,373,638)	(43,688,300)	(17,564,152)
Proceeds from disposals of financial assets at fair value through profit or loss	248,345,064	120,431,433	61,240,438	90,190,301	13,347,834	-	11,254,656
Increase in amounts due from brokers	(55,952)	-	(14,129,656)	(115,367)	-	-	-
(Increase)/decrease in dividend receivable	(44,422)	20,071	(17,187)	163,480	-	-	-
Decrease/(increase) in interest receivable	-	-	-	-	53,081	(262,263)	(88,993)
Increase/(decrease) in accounts payable and accruals	86,724	41,360	20,191	7,946	(348,731)	637,406	30,626
Increase in amounts due to brokers	879,328	-	12,419,507	-	-	-	-
Withholding tax paid on dividends received	(74,067)	(102,371)	(165,328)	(121,059)	-	-	-
Net cash flows (used in)/from operating activities	(5,874,169)	7,605,239	488,141	(1,295,394)	(2,280,771)	(43,764,347)	(6,358,971)

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

STATEMENT OF CASH FLOWS (continued)

31 December 2014

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund For the period from 22 November 2013 (date of inception) to 31 December		Guotai Junan Asian High Yield Bond Fund For the period from 30 June 2014 (date of inception) to 31 December
	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	2014 US\$
Cash flows from financing activities							
Proceeds from issue of units	37,945,879	20,202,693	-	605,400	-	50,000,000	6,450,000
Payments on redemption of units	(44,238,537)	(21,798,852)	-	(801,630)	-	-	-
Distributions paid	-	-	(907,623)	(1,820,963)	-	-	-
Net cash flows (used in)/ from financing activities	(6,292,658)	(1,596,159)	(907,623)	(2,017,193)	-	50,000,000	6,450,000
Net (decrease)/increase in cash and cash equivalents	(12,166,827)	6,009,080	(419,482)	(3,312,587)	(2,280,771)	6,235,653	91,029
Cash and cash equivalents at beginning of the year/period	21,931,735	15,922,655	17,914,320	21,226,907	6,235,653	-	-
Cash and cash equivalents at end of the year/period	<u>9,764,908</u>	<u>21,931,735</u>	<u>17,494,838</u>	<u>17,914,320</u>	<u>3,954,882</u>	<u>6,235,653</u>	<u>91,029</u>
Analysis of balances of cash and cash equivalents							
Bank balances	<u>9,764,908</u>	<u>21,931,735</u>	<u>17,494,838</u>	<u>17,914,320</u>	<u>3,954,882</u>	<u>6,235,653</u>	<u>91,029</u>

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

STATEMENT OF CASH FLOWS (continued)

31 December 2014

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund For the period from 22 November 2013 (date of inception) to 31 December		Guotai Junan Asian High Yield Bond Fund For the period from 30 June 2014 (date of inception) to 31 December
	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 US\$
Supplementary cash flow information:							
Cash received in dividend income	2,533,669	2,192,084	2,904,085	2,585,740	-	-	-
Cash received in interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,147,526</u>	<u>236,615</u>	<u>87,651</u>

The notes on pages 24 – 52 form an integral part of these financial statements

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. THE TRUST AND THE SUB-FUNDS

Guotai Junan Investment Funds (the "Trust"), is a unit trust established under the Laws of Cayman Islands and governed by a Trust Deed dated 29 August 2007 (the "Trust Deed") between Guotai Junan Assets (Asia) Limited (the "Manager") and HSBC Trustee (Cayman) Limited (the "Trustee"). The Trust will continue for a period of 100 years from the date of the Trust Deed or until it is terminated by the Manager or the Trustee. The Trust is a regulated mutual fund under the Cayman Islands Mutual Funds Law and is registered with Cayman Islands Monetary Authority on 3 September 2007. The Trust currently consists of four sub-funds which are Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund, Guotai Junan Hong Kong Dollar Bond Fund and Guotai Junan Asian High Yield Bond Fund (collectively the "Sub-Funds") which has been authorised by the Hong Kong Securities and Future Commission (the "SFC").

The Sub-Funds are established as separate and distinct trusts pursuant their respective supplemental trust deed to the Trust Deed. Accordingly, the assets of each Sub-Fund should be effectively segregated from each other and none of them may be used to discharge the liabilities of or claims against any other Sub-Fund.

Authorisation by the SFC does not imply official approval or recommendation.

The investment objectives of the Sub-Funds are as follows:

- Guotai Junan Greater China Growth Fund ("GJGC")

The investment objective of the Sub-Fund seeks to provide investors with medium to long term capital appreciation through investment in securities listed in Greater China, which includes People's Republic of China (PRC), the Special Administrative Regions of Hong Kong and Macau and Taiwan. The Sub-Fund invests its assets in Hong Kong listed stocks including "H" shares and "Red Chips", Shanghai and Shenzhen listed "B" shares, Taiwan listed shares, although the Manager may in its absolute discretion determine to invest on behalf of the Sub-Fund in investments listed on other stock exchanges. Depending upon market conditions, the Manager may invest in securities not falling within the above descriptions such as bonds and financial derivatives.

- Guotai Junan Equity Income Fund ("GJEI")

The Guotai Junan Equity Income Fund seeks to provide capital appreciation to investors by investing in high yielding equity securities of companies established in Greater China or which derive a majority of their revenue from business related to Greater China, whether in the form of direct investment in, or trade with, Greater China. This includes companies incorporated and/or listed outside Greater China. The Sub-Fund will not invest in or have any exposure to Shanghai and Shenzhen listed "A" shares.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. THE TRUST AND THE SUB-FUNDS (continued)

- Guotai Junan Hong Kong Dollar Bond Fund ("GJHB")

The Guotai Junan Hong Kong Dollar Bond Fund seeks to provide investors with a medium to long term return of capital growth and interest income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in Hong Kong dollars that are issued or guaranteed by the securities issuers. The types of debt securities that the Sub-Fund primarily intends to invest into include government bonds, corporate bonds/debentures, floating rate notes, bills and certificates of deposit.

- Guotai Junan Asian High Yield Bond Fund ("GJAB")

The Guotai Junan Asian High Yield Bond Fund seeks to generate interest income and capital gain through investing in high yield bonds and debt securities issued or guaranteed by Asian Entities in Asian Markets. The Sub-Fund may also invest in bond funds and physical bond Exchange Traded Funds ("ETFs")

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Funds of the Trust have been prepared on the basis of the relevant disclosure provisions of the Trust Deed, the relevant disclosure provisions as set out in Appendix E to the Hong Kong Code on Unit Trusts and Mutual Funds established by the SFC (the "Code") and Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention, except for investments which have been measured at fair value. The financial statements of GJGC, GJEL, GJHB are presented in Hong Kong dollars ("HK\$") while, GJAB is presented in United States dollars (US\$).

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.2 IMPACT OF CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to HKFRS effective as of 1 January 2014:

HKAS 32 Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Sub-Funds upon adoption on 1 January 2014.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Sub-Funds have not early applied any of the new and revised HKFRSs that have been issued but are not yet effective in the financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Sub-Funds' financial statements upon them becoming effective:

- HKFRS 9 *Financial Instruments*²
- HKAS 24 *Related Party Disclosures*¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Sub-Funds expects to adopt HKFRS 9 from 1 January 2018. The Sub-Funds expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Sub-Funds' financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKAS 24 Related Party Disclosures The amendment clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

Financial instruments

(i) **Classification**

The Sub-Funds classify its financial assets and financial liabilities into the categories below in accordance with HKAS 39.

The category of financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities securities and debt securities. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Funds include in this category amounts relating to due from brokers and short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Sub-Funds include in this category amounts relating to due to broker and short-term payables.

(ii) **Recognition**

The Sub-Funds recognise a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Sub-Funds commit to purchase or sell the asset.

(iii) **Initial measurement**

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) **Initial measurement** (continued)

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Sub-Funds recognises the difference in the statement of comprehensive income, unless specified otherwise.

(iv) **Subsequent measurement**

After initial measurement, the Sub-Funds measure financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net unrealised gain/loss on investments. Net realised gain/loss on disposals of financial instruments classified as "fair value through profit or loss" are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Interest earned and dividend revenue elements of such instruments are recorded separately in statement of comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Funds estimate cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where (i) the rights to receive cash flows from the asset have expired or (ii) the Sub-Funds have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: (a) the Sub-Funds have transferred substantially all the risks and rewards of the asset; or (b) the Sub-Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Sub-Funds have transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and have neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Funds have retained. The Sub-Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled or expired.

Fair value measurement

The Sub-Funds measure its investments in financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-Funds.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Impairment of financial assets

The Sub-Funds assess at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Funds. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits, short term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Sub-Funds' right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations (continued)

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in the statement of comprehensive income as part of net unrealised gain or loss on investments. Foreign exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as foreign exchange differences, net.

Redeemable units

Classification of redeemable units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Sub-Funds' net assets in the event of the Sub-Funds' liquidation.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Sub-Funds' net assets.
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Funds must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds.
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Funds continuously assess the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Funds will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
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- Guotai Junan Asian High Yield Bond Fund

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

Classification of redeemable units (continued)

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of units, the consideration received is included in equity. Transaction costs incurred by the Sub-Funds in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Own equity instruments that are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. The Sub-Funds' policy is not to keep shares in treasury, but rather to cancel them once repurchased. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Sub-Funds' own equity instruments.

Related parties

A party is considered to be related to the Sub-Funds if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Funds;
 - (ii) has significant influence over the Sub-Funds; or
 - (iii) is a member of the key management personnel of the Sub-Funds or of a parent of the Sub-Funds; or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Sub-Funds are members of the same Sub-Funds;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Sub-Funds are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Funds or an entity related to the Sub-Funds;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Sub-Funds are exempt from all forms of taxation in Hong Kong and Cayman Islands, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Funds present the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Funds' financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Fair value of financial instruments

When the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and discount rates.

Functional currency

The Sub-Fund's functional currency is the HK\$, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HK\$. Therefore, the HK\$ is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The presentation currency of GJGC, GJEI, and GJHB are in HK\$ while presentation currency of GJAB is in US\$.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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3. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

The following is a summary of transactions entered into during the year between the Sub-Funds and the Manager and its connected persons. Connected persons of the Manager are those as defined in the Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

Manager's and its affiliates' holdings in the Sub-Funds

The directors of the Manager may transact in the units of the Sub-Funds as principal provided that prior written notice is obtained from the Trustee.

Details of units of the Sub-Funds held by the Manager's affiliates are as below:

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014	2013	2014	2013	2014	2013	2014
Units of the Sub-Funds	<u>-</u>	<u>-</u>	<u>399,600</u>	<u>399,600</u>	<u>500,000</u>	<u>500,000</u>	<u>64,500</u>

GUOTAI JUNAN INVESTMENT FUNDS
-Guotai Junan Greater China Growth Fund
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3. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (continued)

Management fee

The Manager is entitled to receive a management fee at 1.5% per annum of the net asset value of GJGC and GJEI, and at 0.3% per annum of the net asset value of GJHB, and at 0.7 % per annum of the net asset value of GJHB subsequent to 31 December 2014, and at 1.2% and 0.8% per annum of the net asset value of GJAB for Class A and Class I units, respectively, for the period from 30 June 2014. The management fee is calculated and accrued as at each valuation day and payable monthly in arrears. During the year/period ended 31 December 2014, included in the management fee of the statement of comprehensive income were HK\$1,986,836 (2013: HK\$1,912,210) for GJGC, HK\$949,062 (2013: HK\$952,825) for GJEI, HK\$149,567 (2013: HK\$15,166) for GJHB, and US\$26,098 for GJAB. As at 31 December 2014, management fee of HK\$173,512 (2013: HK\$176,775) for GJGC, HK\$92,755 (2013: HK\$82,697) for GJEI, HK\$13,463 (2013: HK\$15,166) for GJHB, and US\$4,574 for GJAB were payable to the Manager.

Trustee fee

For GJGC, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum annual fee of HK\$412,000 in relation to the Sub-Fund. This fee is calculated and accrued on each valuation day and paid monthly in arrears. For the year ended 31 December 2014, GJGC incurred trustee fee of HK\$412,000 (2013: HK\$412,000) of which HK\$36,315 (2013: HK\$35,630) was payable to the Trustee at the end of the reporting period.

For GJEI, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum annual fee of HK\$420,000 in relation to the Sub-Fund. This fee will be calculated and accrued on each valuation day and paid monthly in arrears. For the year ended 31 December 2014, GJEI incurred trustee fee of HK\$420,000 (2013: HK\$420,000) of which HK\$35,000 (2013: HK\$35,000) was payable to the Trustee at the end of the reporting period.

For GJHB, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum monthly fee of HK\$35,000 in relation to the Sub-Fund. This fee will be calculated and accrued on each valuation day and paid monthly in arrears. For the year ended 31 December 2014, GJHB incurred trustee fee of HK\$420,000 (2013: HK\$42,000) of which HK\$35,000 (2013: HK\$35,000) was payable to the Trustee at the end of the reporting period.

For GJAB, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum monthly fee of US\$4,490 in relation to the Sub-Fund. This fee will be calculated and accrued on each valuation day and paid monthly in arrears. For the period from 30 June 2014 to 31 December 2014, GJAB incurred trustee fee of US\$27,090 of which US\$4,490 was payable to the Trustee at the end of the reporting period.

For all Sub-Funds, the Trustee is also entitled to receive transaction, processing and valuation fees and be paid or reimbursed with other applicable fees as agreed with the Manager.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

3. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (continued)

Registrar fee

The Trustee is also entitled to receive a fee for services in its capacity as Registrar which is fixed at HK\$39,000 per annum initially for GJGC and GJEI, HK\$40,000 for GJGC with effective from 1 July 2014, HK\$40,000 for GJHB, and US\$5,130 for GJAB. Such fee may vary depending on the number of holders of redeemable units in the Sub-Funds and is calculated and paid monthly in arrears to the Trustee. There is no maximum amount applicable to the Registrar Fees. During the year/period ended 31 December 2014, included in registrar fee of the statement of comprehensive income were HK\$43,405 (2013: HK\$39,000) for GJGC, HK\$39,000 (2013: HK\$39,600) for GJEI, HK\$40,000 (2013: HK\$4,250) for GJHB, and US\$2,624 for GJAB. As at 31 December 2014, a registrar fee of HK\$3,787 (2013: HK\$3,312) for GJGC, HK\$3,312 (2013: HK\$3,312) for GJEI, HK\$3,397 (2013: HK\$3,507) for GJHB, and US\$436 for GJAB were payable to the Registrar.

Further, the Trustee may appoint sub-custodians to safe-keep the assets of the Sub-Funds outside the PRC. All sub-custodian fees will be charged to the Sub-Funds and are calculated and paid monthly in arrears, in addition, to, any fees and expenses payable to the Trustee. The sub-custodian is entitled to recover all out-of-pocket expenses incurred in the performance of its duties in connection with the relevant Sub-Funds.

Brokerage and handling fees

Guotai Junan Securities (Hong Kong) Limited ("GJS"), the fellow subsidiary of the Manager, charged the Sub-Funds a brokerage and handling fee at a fixed rate of 1% for each initial public offering subscription and 0.25% for each listed securities transaction. During the year/period ended 31 December 2014, included in the brokerage and handling fees of the statement of comprehensive income were HK\$308,810 (2013: HK\$127,159) for GJGC, HK\$85,453 (2013: HK\$86,728) for GJEI, nil for GJHB, and nil for GJAB charged by GJS. No balances in relation to the brokerage and handling fee were payable by the Sub-Funds to GJS as at 31 December 2014 and 2013.

Bank balances

Bank balances are maintained with the Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Hong Kong Branch, an affiliate of the Trustee. All bank balances were deposited with affiliates of the Trustee at 31 December 2014 and 2013.

Due from/to brokers

As at 31 December 2014, cash and receivables for securities sold but were not settled of nil (2013: HK\$2,000,000) and HK\$14,272,944 (2013: HK\$115,367), respectively were held with GJS and payable for securities purchased but not yet settled of HK\$11,219,231 (2013: nil) were payable to GJS. Further details of which are disclosed in note 6 to the financial statements.

Investments

As at 31 December 2014, GJGC has investments to Guotai Junan International Holdings Limited, the parent of the Manager amounting to HK\$3,781,900 (2013: nil).

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4. TAX

The Sub-Funds of the Trust are exempt from Hong Kong profits tax on income arising from its authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

The Trust has obtained an undertaking from the Governor-in-Council of the Cayman Islands on 18 September 2007 that, in accordance with Section 81 of the Trust Law (2001 Revision) of the Cayman Islands, for a period of 50 years from the date of creation of the Trust, no laws of the Cayman Islands thereafter enacted imposing any tax or duty to be levied on income or on capital assets, gains or appreciation or any tax in the nature of estate duty or inheritance tax shall apply to any property comprised in or any income arising under the Trust, or the Sub-Funds or the Trustee or the holders of redeemable units in respect of any property or income.

Dividend income is subject to withholding tax in certain jurisdictions and is the only item subject to taxation at an average applicable withholding tax rate of 10% (2013: 10%) in such jurisdictions for the Sub-Funds.

GUOTAI JUNAN INVESTMENT FUNDS

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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 US\$
Financial assets held for trading:							
Listed equity securities, at cost	117,971,487	94,336,050	47,251,508	45,935,462	-	-	-
Debt securities, at cost	-	-	-	-	45,700,288	43,688,300	6,243,679
Unrealised gain/(loss)	<u>3,749,213</u>	<u>20,341,493</u>	<u>2,568,817</u>	<u>(1,374,264)</u>	<u>(325,030)</u>	<u>(77,631)</u>	<u>(216,629)</u>
Total financial assets at fair value through profit or loss	<u>121,720,700</u>	<u>114,677,543</u>	<u>49,820,325</u>	<u>44,561,198</u>	<u>45,375,258</u>	<u>43,610,669</u>	<u>6,027,050</u>

Valuation techniques

Listed investment in equity securities and debt securities

When fair values of publicly traded equity securities and debt securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy.

During the year ended 31 December 2012, two listed equities held by the GJGC were suspended from trading, and therefore, the investments in those equity securities with aggregate carrying amounts of HK\$1,584,100 on the date of transfers were reclassified from Level 1 to Level 3. One of the listed suspended equities was written down to nil as at 31 December 2012.

During the year ended 31 December 2013, the remaining suspended listed equity resumed trading and consequently were reclassified from Level 3 to Level 1.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Valuation techniques (continued)

Unlisted debt securities

The Fund invests in debt securities, corporate and government bonds. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

The following table analyses within the fair value hierarchy the Sub-Funds' financial assets measured at fair value at 31 December 2014.

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 US\$
Quoted prices in active markets (Level 1)	121,720,700	114,677,543	49,820,325	44,561,198	33,352,798	43,610,669	6,027,050
Significant observable inputs (Level 2)	-	-	-	-	12,022,460	-	-
Significant unobservable inputs (Level 3)	-	-	-	-	-	-	-
At 31 December	<u>121,720,700</u>	<u>114,677,543</u>	<u>49,820,325</u>	<u>44,561,198</u>	<u>45,375,258</u>	<u>43,610,669</u>	<u>6,027,050</u>

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The movements in fair value measurements in Level 3 during the year are as follows:

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund For the period from 22 November 2013 (date of inception) to 31 December		Guotai Junan Asian High Yield Bond Fund For the period from 30 June 2014 (date of inception) to 31 December
	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 US\$
Financial assets held for trading:							
At beginning of the year/period	-	201,600	-	-	-	-	-
Transfers (out)/into	-	(201,600)	-	-	-	-	-
At 31 December	-	-	-	-	-	-	-

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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6. DUE FROM/TO BROKERS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 US\$
Cash deposits held with broker	-	2,000,000	-	-	-	-	-
Receivables for securities sold but not yet settled	<u>2,055,952</u>	<u>-</u>	<u>14,245,023</u>	<u>115,367</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>2,055,952</u></u>	<u><u>2,000,000</u></u>	<u><u>14,245,023</u></u>	<u><u>115,367</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Due to brokers Payable for securities purchased but not yet settled	<u>879,328</u>	<u>-</u>	<u>12,419,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. CASH AND BANK BALANCES

The cash at bank was held with HSBC in interest bearing accounts as at the reporting date.

GUOTAI JUNAN INVESTMENT FUNDS

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8. DISTRIBUTIONS

Guotai Junan Equity Income Fund

	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$
Interim dividend (HK\$1.50 per unit) distributed on 4 July 2014	907,623	-
Final dividend (HK\$3.50 per unit) declared on 31 December 2014	<u>2,117,785</u>	<u>-</u>
	<u>3,025,408</u>	<u>-</u>

The final distribution declared on behalf of GJEI is to be paid on 13 January 2015. As at 31 December 2014, no distribution has been declared on behalf of GJGC, GJHB and GJAB. No distribution was declared or paid for the Sub-Funds during the year ended 31 December 2013.

9. CAPITAL

As at 31 December 2014, each of the Sub-Funds only has one single class of units in issue, being redeemable participating units. The redeemable participating units do not carry any voting rights. They carry the right to receive distributions and the rights to participate in the surplus assets of the Sub-Funds after the payment of all creditors upon liquidation of the Sub-Funds.

GUOTAI JUNAN INVESTMENT FUNDS

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9. CAPITAL (continued)

Redeemable participating units can be issued and redeemed on each valuation day, i.e. every business day of the calendar year. The holders of redeemable participating unit may redeem the redeemable participating units on any valuation day by no later than the dealing deadline, i.e. no later than the business hours of the business day of the calendar year. Redemption requests received after such time will be deemed to have been received on the next business day.

The calculation of the net asset value per unit of the Sub-Funds is based on the net asset of the Sub-Funds as at 31 December 2014 and the number of units in issue as at that date.

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 US\$
Net assets	<u>132,153,312</u>	<u>138,142,660</u>	<u>66,666,382</u>	<u>62,237,377</u>	<u>49,250,647</u>	<u>49,471,179</u>	<u>6,176,446</u>

Movement in the number of participating units issued and fully paid:

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014	2013	2014	2013	2014	2013	2014
At beginning of the year/period	1,626,092.52	1,660,504.43	605,081.51	606,987.70	500,000.00	-	-
Issued during the year/period	453,051.21	249,693.94	-	5,738.38	-	500,000.00	64,500.00
Redeemed during the year/period	<u>(543,889.27)</u>	<u>(284,105.85)</u>	<u>-</u>	<u>(7,644.57)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>1,535,254.46</u>	<u>1,626,092.52</u>	<u>605,081.51</u>	<u>605,081.51</u>	<u>500,000.00</u>	<u>500,000.00</u>	<u>64,500.00</u>

GUOTAI JUNAN INVESTMENT FUNDS

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10. RECONCILIATION BETWEEN NET ASSET VALUE PER STATEMENT OF FINANCIAL POSITION AND PUBLISHED NET ASSET VALUE

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund
	2014	2013	2014	2013	2014	2013	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	US\$
Net asset value used for calculating published net asset value per redeemable unit	132,153,312	138,090,660	68,784,167	62,237,377	49,679,496	49,870,028	6,240,168
Adjustment to preliminary expenses (a)	-	-	-	-	(428,849)	(538,849)	(63,722)
Adjustment to distribution payable to unitholders (b)	-	-	(2,117,785)	-	-	-	-
Over-accrual of audit fees	-	52,000	-	-	-	140,000	-
Net asset value per financial statements	<u>132,153,312</u>	<u>138,142,660</u>	<u>66,666,382</u>	<u>62,237,377</u>	<u>49,250,647</u>	<u>49,471,179</u>	<u>6,176,446</u>
Number of redeemable units in issue	1,535,254.46	1,626,092.52	605,081.51	605,081.51	500,000.00	500,000.00	64,500.00
Published net asset value per redeemable unit	<u>86.08</u>	<u>84.92</u>	<u>113.68</u>	<u>102.86</u>	<u>99.36</u>	<u>99.74</u>	<u>96.75</u>

GUOTAI JUNAN INVESTMENT FUNDS

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10. RECONCILIATION BETWEEN NET ASSET VALUE PER STATEMENT OF FINANCIAL POSITION AND PUBLISHED NET ASSET VALUE (continued)

- The explanatory memorandum provides for the amortisation of preliminary over 60 months of operation of GJHB and GJAB, instead of those amounts being expensed as incurred during the current period, as required under HKFRSs.
- The final distribution to unitholders in 2014 was declared on 31 December 2014, which was not included in the net asset value published as at 31 December 2014.

11. SOFT COMMISSION ARRANGEMENTS

Neither the Manager nor any of its connected persons has entered into any soft commission arrangements with brokers or dealers in respect of the transactions for the account of the Sub-Funds of the Trust.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Sub-Funds are subject to various risks as the Sub-Funds invested in a number of financial instruments including listed equity securities during the year.

The investment objective, strategy and restrictions apply to any investment at the time that investment is made. The Manager will be responsible for ensuring compliance at all times with the investment policies. Where any policy is breached, the Manager will ensure that immediate corrective action will be taken, except where the breach is due to appreciation or depreciation in the value of investments.

The Manager will also be managing the assets of the four Sub-Funds and will minimise risk by applying a combination of bottom-up and top-down approaches including macroeconomic, industrial and company specific analysis so as to develop a high quality investment portfolio. For GJGC and GJEL, the two Sub-Funds invest substantially all of its assets in Hong Kong listed "H" shares, "Red Chips", Shanghai and Shenzhen listed "B" shares and are broadly diversified with numerous exchange traded investments. For GJHB, the Sub-Fund invests substantially all of its assets in debt securities including government bonds and corporate bonds. For GJAB, the Sub-Fund invests substantially all of its assets in high yield bonds and debt securities issued or guaranteed by Asian Entities in Asian Markets.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Hong Kong Dollar Bond Fund
- Guotai Junan Asian High Yield Bond Fund

NOTES TO FINANCIAL STATEMENTS

31 December 2014

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Sub-Funds are exposed to market risk on its investments. The Sub-Funds minimise its exposure to market risk by diversifying its listed investments broadly and monitoring its investments constantly on a real time basis by a team of fund managers.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Sub-Funds are exposed to interest rate risk as all of its cash and bank balances are placed in interest bearing accounts.

The Manager is responsible for monitoring and managing the interest rate exposure of the Sub-Funds. Financial assets of GJGC and GJEI are predominately equity securities, which are interest free while the interest rate risks of the Sub-Funds are mainly attributable to interest bearing bank deposits. Accordingly, the Manager considers that exposures of GJGC and GJEI to interest rate risk were minimal.

For GJHB and GJAB, the Manager regularly assesses the economic condition, monitor changes in interest rates outlook and takes appropriate measures accordingly to control the impact of interest rate risk.

The debt securities held by GJHB primarily carries floating interest rates and mature within three years. The Manager therefore considers the change in fair value of debt securities is minimal.

The following table demonstrates the sensitivity of GJHB's loss for the period to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the loss for the period is the effect of the assumed changes in interest rate on the net interest income for one year, based on the floating rate debt securities held at the end of the reporting date:

GUOTAI JUNAN INVESTMENT FUNDS
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31 December 2014

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Interest rate risk (continued)

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

	%	Sensitivity of interest income increase/(decrease) (GJHB) HK\$
At 31 December 2014	+/-1	165,000/(165,000)
At 31 December 2013	+/-1	200,000/(200,000)

The debt securities held by GJAB primarily carry fixed interest rates. The Manager therefore considers the movement in interest rates will have minimal impact on the interest income.

The following table demonstrates the sensitivity of GJAB's profit or loss for the period to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of both the net asset attributable to unitholders and the total comprehensive income is the effect of the assumed changes in interest rates on changes on fair value of investments for the period, based on revaluing fixed rate financial assets at the end of the reporting period.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

	%	Sensitivity of change in fair value of investments increase/(decrease) (GJAB) US\$
At 31 December 2014	+/-1	245,990

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such risk exposures arise from trading in securities in currencies other than the Sub-Funds' functional currencies. Fluctuations in exchange rates between the HK\$ and US\$ may affect its financial condition and results of operations, whereas the Manager considers the US\$/HK\$ exposure is minimal as HK\$ is pegged to US\$. Also GJGC, GJEI and GJHB do not expose to significant currency risk as majority of its operations and transactions are in HK\$ and denominated in HK\$.

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31 December 2014

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Currency risk (continued)

GJAB has investments denominated in Chinese Offshore Yuan ("CNH"), which is different from its functional currency. Accordingly, the value of GJAB's assets may be affected favorably or unfavorably by fluctuations in currency rates and therefore the will necessarily be subject to foreign exchange risks. As at 31 December 2014, the CNH investments amounted to US\$1,590,676, which accounted for 26% of GJAB net asset attributable to unitholders. The analyses calculates the effect of a reasonably possible movement of the currency rate against US\$ on net assets and profit or loss with all other variables held constant. These rates represent the Sub-Fund's best estimates of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of those rates.

	2014	
	Estimated reasonable possible change in exchange rates %	Resulted impact on net assets attributable to unitholders US\$
CNH	+/-5%	79,000

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as a result of changes in the level of equity indices and the value of individual shares. The trading equity price risk exposure arises from the Sub-Funds' investment portfolio. As GJHB and GJAB primarily invests in debt securities as at 31 December 2014, the Manager considers GJHB and GJAB exposure to equity price risk is minimal.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in Hang Seng Index ("HSI"), with all other variables held constant, of the Sub-Funds' profit and net assets attributable to holders of redeemable units.

		Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund	
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
HSI	+/-5%	<u>6,204,000</u>	<u>4,529,000</u>	<u>2,228,000</u>	<u>2,378,000</u>

GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Equity price risk (continued)

This analysis is based on the assumption that all the equity instruments move according to the historical correlation with the HSI and with all other variables held constant. In practice, the actual results may differ and the difference could be material.

(b) Liquidity risk

Liquidity risk is the risk that the Sub-Funds will encounter difficulty in meeting obligation associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

As described in note 9 to the financial statements, the Sub-Funds are subject to cash redemptions of its redeemable units on every business day during the calendar year. The Sub-Funds consider that its exposure to liquidity risk is minimal as all of its investments are listed and actively traded.

The contractual undiscounted cash flows of the financial liabilities of GJGC, GJEI, GJHB and GJAB are the same as their carrying amounts as at 31 December 2014 of HK\$1,432,670 (2013: HK\$466,618), HK\$14,910,991 (2013: HK\$353,508), HK\$288,675 (2013: HK\$637,406) and US\$30,626 respectively, as they are repayable less than three months.

(c) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Sub-Funds by failing to discharge an obligation. The Sub-Funds minimise exposure to credit risk by only dealing with counterparties with high credit ratings.

GJGC and GJEI are mainly exposed to credit risk on its investments placed with the brokers and amounts due from brokers. The Manager monitors the credit risk by monitoring the credit quality of brokers on a regular basis. If the credit quality or the financial position of brokers deteriorates significantly the Manager will deal with other providers. For GJHB, most of the debt securities were issued by Hong Kong government with AAA rating (2013: AAA) as at 31 December 2014. In addition, substantially all of the bank deposits of the Sub-Funds are held by the reputable financial institutions located in Hong Kong. For GJAB, the Sub-Fund may invest in instruments which are unrated or instruments issued or guaranteed by Asian entities in Asian markets. The Manager monitors the exposure on unrated instruments and considers that the risk of default is minimal.

GUOTAI JUNAN INVESTMENT FUNDS
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31 December 2014

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

The table below summaries the credit rating of the GJAB's debt securities at 31 December 2014:

	2014 US\$
Credit rating :	
Fitch's	
BB+	253,848
BB-	198,054
Moody's	
Baa1	220,316
Baa2	244,527
Baa3	819,459
Ba2	459,476
Ba3	1,048,212
B1	546,798
B2	456,489
B3	278,925
Standard and Poor's	
BB	400,038
BB-	231,748
Unrated	869,160
	<u>6,027,050</u>

The Sub-Funds' maximum exposure to credit risk in the event of counterparties failing to perform their obligations as of the end of the reporting period in relation to each class of recognised financial assets approximates to the carrying amount of those assets as indicated in the statement of financial position. The Sub-Funds adopt the method of deliver-against-payment in the settlement of all its transactions. This arrangement is effectively avoid the counterparty risk from brokers.

(d) Capital management

The primary objective of the Sub-Funds' capital management is to safeguard the Sub-Funds' ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise holders of redeemable units' value.

GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

31 December 2014

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Capital management (continued)

The Sub-Funds manage its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristic of the financial assets. To maintain or adjust the capital structure, the Sub-Funds may adjust the investments held.

The Sub-Funds define capital as the net assets attributable to holders of redeemable units. The Manager believes it has mitigated the risks to capital by following the investment guideline.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the Manager and the Trustee on 28 April 2015.

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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UNAUDITED STATEMENTS OF MOVEMENTS IN INVESTMENT PORTFOLIO

31 December 2014

A. GUOTAI JUNAN GREATER CHINA GROWTH FUND

	% of Net Assets	
	31 December 2014	31 December 2013
Equity		
- United States	1.86	0.98
- Hong Kong	90.24	82.02
	<u>92.10</u>	<u>83.00</u>

B. GUOTAI JUNAN EQUITY INCOME FUND

	% of Net Assets	
	31 December 2014	31 December 2013
Equity		
- Hong Kong	74.73	71.63
	<u>74.73</u>	<u>71.63</u>

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED STATEMENTS OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

31 December 2014

C. GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

	% of Net Assets	
	31 December 2014	31 December 2013
Debt Securities		
- Hong Kong	92.13	88.15
	92.13	88.15

D. GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

	% of Net Assets	
	31 December 2014	31 December 2013
Debt Securities		
- Bermuda	6.52	-
- Cayman Islands	34.56	-
- China	8.29	-
- Hong Kong	11.48	-
- India	3.96	-
- Indonesia	3.90	-
- Netherlands	5.20	-
- Singapore	7.36	-
- Virgin Islands (British)	16.31	-
	97.58	-

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO

31 December 2014

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
ANTON OILFIELD SERVICES GROUP	404,000	674,680	0.51
AVICHINA INDUSTRY & TECNOLOGY	320,000	1,532,800	1.16
BANK OF CHINA LTD	524,000	2,289,880	1.73
BOSHIWA INTERNATIONAL HOLDING ¹	690,000	-	0.00
CGN POWER CO. LTD	558,000	1,880,460	1.42
CHANJET INFORMATION TECHNOLOGY	213,600	3,033,120	2.30
CHINA CITIC BANK CORPORATION LTD	584,000	3,632,480	2.75
CHINA CONSTRUCTION BANK CORPOR	620,000	3,949,400	2.99
CHINA DATANG CORPORATION RENEW	2,449,000	2,522,470	1.91
CHINA GALAXY SECURITIES CO. LTD	137,000	1,333,010	1.01
CHINA GAS HOLDINGS LTD	198,000	2,419,560	1.83
CHINA MINSHENG BANKING CORP LTD	519,500	5,298,900	4.01
CHINA MOBILE LTD.	32,500	2,941,250	2.23
CHINA OVERSEAS LAND & INVESTMENT	114,000	2,627,700	1.99
CHINA PETROLEUM & CHEMICAL CORP	400,000	2,500,000	1.89
CHINA RESOURCES LAND LTD.	192,000	3,926,400	2.97
CHINA SOUTH LOCOMOTIVE & ROLLING	375,000	3,915,000	2.96
CHINA SUNTIEN GREEN ENERGY CORP	1,825,000	2,956,500	2.24
CHINA TAIPING INSURANCE HOLDING	235,286	5,223,349	3.95
CHINA TRAVEL INTERNATIONAL	560,000	1,506,400	1.14
CONSUN PHARMACEUTICAL GROUP	212,000	1,240,200	0.94
DATANG INTERNATIONAL POWER	1,180,000	4,920,600	3.72

¹ Trading for these securities was suspended since 15 March 2012. The security was written-down to nil.

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2014

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
GUANGSHEN RAILWAY CO. LTD	684,000	2,578,680	1.95
GUOTAI JUNAN INTERNATIONAL HOLDINGS	641,000	3,781,900	2.86
HAITONG SECURITIES CO.	100,000	1,952,000	1.48
HONG KONG EXCHANGES AND CLEARING	14,300	2,455,310	1.86
HUA HAN BIO-PHARMACEUTICAL HOL	600,000	1,392,000	1.05
HUANENG RENEWABLES CORPORATION	1,050,000	2,635,500	1.99
KULUN ENERGY COMPANY LIMITED	178,000	1,304,740	0.99
LIVZON PHARMACEUTICAL GROUP INC	78,700	3,726,445	2.82
METALLURGICAL CORP OF CHINA LTD	550,000	1,419,000	1.07
NEW CHINA LIFE INSURANCE CO. LTD	121,600	4,760,640	3.60
PING AN INSURANCE (GROUP) CO.	126,000	9,966,600	7.54
SHANGHAI PHARMACEUTICALS HOLDING	229,100	4,009,250	3.03
SHENZHEN INTERNATIONAL HOLDING	224,000	2,549,120	1.93
SIHUAN PHARMACEUTICAL HOLDINGS	550,000	2,854,500	2.16
SOUND GLOBAL LTD	350,000	3,143,000	2.38
YINGDE GASES GROUP CO LTD	485,000	2,643,250	2.00
ZIJIN MINING GROUP CO. LTD.	2,412,000	5,306,400	4.02
ZTE CORPORATION	145,800	2,455,272	1.86
<u>UNITED STATES</u>			
CONCORD MEDICAL SERVICES HOLDING	49,535	2,462,934	1.86
TOTAL INVESTMENT		<u>121,720,700</u>	<u>92.10</u>
TOTAL INVESTMENT, AT COST		<u>117,971,487</u>	

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2014

GUOTAI JUNAN EQUITY INCOME FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
AGRICULTURAL BANK OF CHINA LTD	638,000	2,500,960	3.75
BANK OF CHINA LTD	207,000	904,590	1.36
BANK OF COMMUNICATIONS CO. LTD	249,000	1,802,760	2.70
BOC HONG KONG HOLDINGS LTD	127,500	3,308,625	4.96
CHINA CITIC BANK CORPORATION LTD	7,000	43,540	0.07
CHINA CONSTRUCTION BANK CORP	423,000	2,694,510	4.04
CHINA LILANG LTD.	120,000	585,600	0.88
CHINA MINSHENG BANKING CORP LTD	1,000	10,200	0.02
CHINA MOBILE LTD.	38,000	3,439,000	5.16
CHINA MOLYBDENUM CO. LTD	220,000	990,000	1.49
CHINA PIONEER PHARMA HOLDINGS	34,000	207,400	0.31
CHINA POWER INTERNATIONAL	517,000	2,031,810	3.05
CHINA SOUTH CITY HOLDINGS LTD	10,000	35,400	0.05
CLP HOLDINGS LTD	95,000	6,388,750	9.58
DATANG INTERNATIONAL POWER	700,000	2,919,000	4.38
EVERGRANDE REAL ESTATE GROUP LTD	697,000	2,188,580	3.28
FAR EAST HORIZON LTD.	20,000	153,000	0.23
GZI TRANSPORT LTD.	20,000	94,600	0.15
HAITONG INTERNATIONAL SECURITY	420,000	2,074,800	3.11
HUADIAN POWER INTERNATIONAL CO.	100,000	680,000	1.02
HUANENG POWER INTERNATIONAL INC	150,000	1,572,000	2.36
INDUSTRIAL AND COMMERCIAL BANK	489,000	2,767,740	4.15
JIANGSU EXPRESSWAY CO. LTD	270,000	2,500,200	3.75
KINGBOARD LAMINATES HOLDINGS LTD	250,000	715,000	1.07
PCCW LTD	10,000	53,000	0.08
SHANGHAI ELECTRIC GROUP CO. LTD	62,000	256,060	0.38
SHENZHEN INTERNATIONAL HOLDING	200,000	2,276,000	3.41
SUNAC CHINA HOLDINGS LTD	250,000	1,972,500	2.96
TIANJIN PORT DEVELOPMENT HOLDING	10,000	16,300	0.02
ZHEJIANG EXPRESSWAY CO. LTD	360,000	3,243,600	4.87
ZIJIN MINING GROUP CO. LTD.	634,000	1,394,800	2.09
TOTAL INVESTMENT		49,820,325	74.73
TOTAL INVESTMENT, AT COST		47,251,508	

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2014

GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

Listed Investment Debt Securities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
WING LUNG BANK 1.3% 08/07/15	1,000,000	999,357	2.03
WING LUNG BANK 2.75% 19/05/16	3,000,000	3,036,009	6.16
FUBON BANK HONG KONG LTD 2.15% 05/06/17	4,000,000	3,974,413	8.07
HK GOV'T BOND PROGRAMME SER 4.5% 22/06/15	13,500,000	13,581,000	27.58
HK GOV'T BOND PROGRAMME (REGS) FRN 4.5% 24/06/16	13,500,000	13,803,750	28.03
HK GOV'T BOND PROGRAMME 4.95% 11/08/17	5,500,000	5,766,750	11.71
HK GOV'T BOND PROGRAMME 0.46% 11/05/15	100,000	100,143	0.20
HK GOV'T BOND PROGRAMME 1.43% 02/12/15	100,000	101,155	0.20
CHINA DEVELOPMENT BANK CORP 1.476 23/11/15	1,000,000	1,000,427	2.03
CHINA DEVELOPMENT BANK CORP 2.28% 13/04/15	1,000,000	1,003,456	2.04
OCBC WING HANG BANK LTD 1.3% 22/07/15	2,000,000	2,008,798	4.08
TOTAL INVESTMENT		<u>45,375,258</u>	<u>92.13</u>
TOTAL INVESTMENT, AT COST		<u>45,700,288</u>	

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2014

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

Listed Investment Debt Securities	Holdings	Market Value US\$	% of NAV
<u>BERMUDA</u>			
GCX LTD 7% 01/08/19	200,000	204,226	3.31
CHINA ORIENTAL GROUP CO. LTD 8% 18/08/15	200,000	198,054	3.21
<u>BRITISH VIRGIN ISLANDS</u>			
GUOSEN SECURITIES OVERSEAS COMPANY LTD 6.4% 24/04/17	1,850,000	300,091	4.86
UNICAN LTD 5.8% 30/05/17	1,000,000	161,687	2.61
RKI FINANCE 2013 LTD 6% 03/12/16	1,900,000	299,153	4.84
CENTRAL PLAZA DEVELOPMENT LTD 7.125% 02/12/49	250,000	246,995	4.00
<u>CAYMAN ISLANDS</u>			
FANTASIA HOLDINGS GROUP CO LTD 7.875% 27/05/16	1,000,000	149,825	2.43
KAISA GROUP HOLDINGS LTD 6.875% 22/04/16	1,900,000	231,748	3.75
CHINA OVERSEAS FINANCE CAYMAN LTD 5.95% 08/05/24	200,000	220,316	3.57
COUNTRY GARDEN HOLDINGS COMPANY LTD 7.875% 27/05/19	200,000	205,268	3.32
GREENTOWN CHINA HOLDINGS LTD 8.50% 04/02/18	250,000	252,263	4.08
CHINA HONGQIAO GROUP LTD 7.625% 26/06/17	200,000	199,388	3.23
KAISA GROUP HOLDINGS LTD 9% 06/06/19	200,000	129,100	2.09
MAOYE INTERNATIONAL HOLDINGS LTD 7.75% 19/05/17	250,000	245,942	3.98
SHIMAO PROPERTY HOLDINGS LTD 8.125% 22/01/21	250,000	253,837	4.10
SUNAC CHINA HOLDINGS LTD 8.75% 05/12/19	250,000	247,645	4.01
<u>CHINA</u>			
BANK OF CHINA LTD 5% 13/11/24	250,000	257,453	4.17
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD 6% 10/12/49	250,000	254,208	4.12
<u>HONGKONG</u>			
CHINA CITY CONSTRUCTION LTD 5.35% 03/07/17	1,000,000	160,387	2.60
GEMDALE ASIA INVESTMENT LTD 6.50% 04/03/17	1,800,000	287,785	4.66
CHINA CITIC BANK INTERNATIONAL LTD 7.25% 12/31/49	250,000	260,648	4.22

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2014

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

Listed Investment Debt Securities	Holdings	Market Value US\$	% of NAV
<u>INDIA</u>			
RELIANCE INDUSTRIES LTD 5.875% 28/02/49	250,000	244,527	3.96
<u>INDONESIA</u>			
PERTAMINA (PERSERO) PT 4.3% 20/05/23	250,000	240,937	3.90
<u>NETHERLANDS</u>			
BHARTI AIRTEL INTERNATIONAL NETHERLANDS BV 5.125% 11/03/23	300,000	321,069	5.20
<u>SINGAPORE</u>			
ABJA INVESTMENT CO. PTE LTD 4.85% 31/01/20	250,000	253,848	4.11
ABJA INVESTMENT CO. PTE LTD 5.95% 31/07/24	200,000	200,650	3.25
TOTAL INVESTMENT		<u>6,027,050</u>	<u>97.58</u>
TOTAL INVESTMENT, AT COST		<u>6,243,679</u>	

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED PERFORMANCE RECORD

31 December 2014

Net asset value

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$	Guotai Junan Asian High Yield Bond Fund US\$
31 December 2014	<u>132,153,312</u>	<u>66,666,382</u>	<u>49,250,647</u>	<u>6,176,446</u>
31 December 2013	<u>138,142,660</u>	<u>62,237,377</u>	<u>49,471,179</u>	<u>-</u>
31 December 2012	<u>124,454,000</u>	<u>62,198,479</u>	<u>-</u>	<u>-</u>

Net asset value per unit

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$	Guotai Junan Asian High Yield Bond Fund US\$
31 December 2014	<u>86.08</u>	<u>110.18</u>	<u>98.50</u>	<u>95.76</u>
31 December 2013	<u>84.95</u>	<u>102.86</u>	<u>98.94</u>	<u>-</u>
31 December 2012	<u>74.95</u>	<u>102.47</u>	<u>-</u>	<u>-</u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Hong Kong Dollar Bond Fund
 -Guotai Junan Asian High Yield Bond Fund

UNAUDITED PERFORMANCE RECORD (CONTINUED)

31 December 2014

Published net asset value

Highest and lowest published net asset value per unit

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$	Guotai Junan Asian High Yield Bond Fund US\$
<u>Financial year ended 31 December 2014</u>				
Highest published net asset value per unit	89.67	115.00	100.28	101.40
Lowest published net asset value per unit	<u>72.93</u>	<u>94.37</u>	<u>98.50</u>	<u>95.76</u>
<u>Financial year ended 31 December 2013</u>				
Highest published net asset value per unit	84.92	110.43	99.98	-
Lowest published net asset value per unit	<u>67.61</u>	<u>95.85</u>	<u>98.99</u>	<u>-</u>
<u>Financial year ended 31 December 2012</u>				
Highest published net asset value per unit	76.01	105.99	-	-
Lowest published net asset value per unit	<u>58.64</u>	<u>88.04</u>	<u>-</u>	<u>-</u>
<u>Financial year ended 31 December 2011</u>				
Highest published net asset value per unit	98.26	-	-	-
Lowest published net asset value per unit	<u>54.84</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial year ended 31 December 2010</u>				
Highest published net asset value per unit	98.18	-	-	-
Lowest published net asset value per unit	<u>73.18</u>	<u>-</u>	<u>-</u>	<u>-</u>