

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 2015



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

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P.O. Box 484
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Cayman Islands

Service Provider to Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
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Auditors

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Suite 6401
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Grand Cayman KY1-1106
Cayman Islands
British West Indies

Legal Adviser

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Cayman Islands Legal Advisers to the Manager

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Cayman Islands

INVESTMENT MANAGER'S REVIEW

FOR THE YEAR ENDED 31 DECEMBER 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**

MARKET REVIEW

Year 2015 is a volatile year for equity investment. As US economy kept progressing on the recovery road, the rest of world was still struggling with fundamental's slowing down. China for the first time reported full year GDP growth below 7.0%; Japan finally set the interest rate at the negative territory. US dollar kept strong, accompanying with the continuing prices correction on commodities and crude oil.

China's market went through a roller – coaster ride in year 2015. Chinese stocks made a promising start as share prices rallied on both main board and Chinext board. But the sluggish economic fundamentals and CSRC's regulation on unauthorized investment leverage shook the market's sentiment by the end of June. The out-of-expectation RMB depreciation in mid-August triggered another round of fierce selling-off. In order to bolster the economic growth, the PBOC has cut interest rates and RRR for several times. China's central government has implemented expanding fiscal policies to maintain the FAI growth. For the whole year, CSI300 Index managed to gain 5.0%; Chinext Index rallied by 84.4%.

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 1.4%, 8.9% and 10.9% respectively. On the same basis, MSCI Emerging Market recorded a loss of 13.5%. Specifically, CSI300 Index increased by 5.0%, HSCEI Index recorded loss of 16.9%. Hang Seng Index dropped by 4.5%.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 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**

MARKET OUTLOOK

We expect that divergence in economic conditions and monetary policies still to be the overarching theme for global economy in the year of 2016. The U.S. economy continues its recovery with the strong job market readings, though inflations are not picking up thanks to the lower commodities prices, unemployment rate in U.S. stayed below 5% level, which resulted Federal Reserve hiked the fed fund rate in December 2015 for the first time in 9 years. And it's widely expected that the FED will hike again in 2016. While the other major economies are facing slower economic growth than previously expected, and the sharp crash in commodities prices kept placing deflation risk of derailing global economic growth, European Central Bank and Bank of Japan both made their benchmark rates negative to stimulate their economies. Though we doubt whether the negative policies would work out for the economies as the policy makers wished, the banking sectors in the corresponding countries would face a much larger margin pressure as a side effect. Anyhow with the U.S. Federal Reserve is moving in the opposite direction to the rest of the world, we expect that the U.S. Dollar may keep its strengthening steps, and the global capital may flow from rest of the world into U.S. markets in seeking of a better yield, which may result in a more volatile state for different asset classes than that we experienced in the last year.

The major indexes of developed markets stalled around the historic high levels, and meaningful corrections already happened in the latter part of last year. The valuations for developed markets are less stretched now, but the perspective earnings growth of listed companies is also deteriorating with stronger USD. The crash of oil prices placed significant risk to some oil exporting countries, the turmoil in sovereign debt and currency market may set off a capital exodus from risky assets in general. For the regional markets, Asian emerging market countries experienced significant fund outflow in 2015, some countries' currencies depreciated to multi year low versus US Dollar.

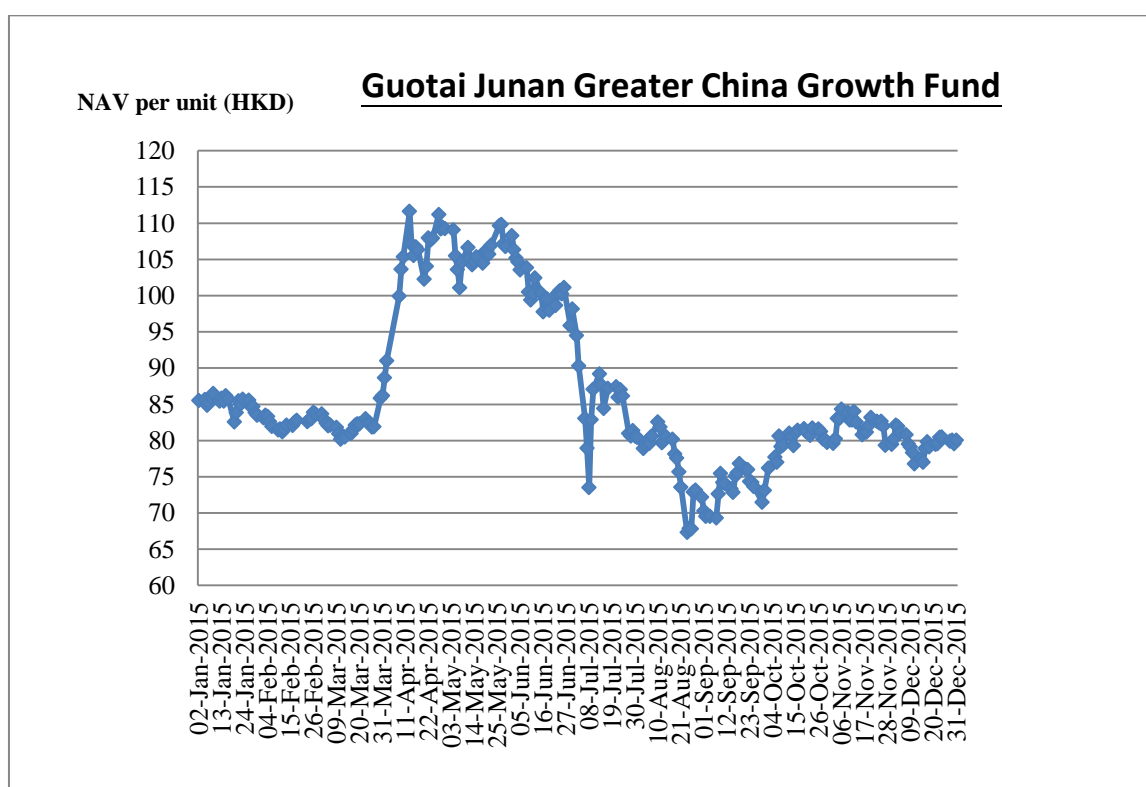
And for the greater China markets, domestic A shares market experienced a rollercoaster ride in 2015, the market surged sharply on easy credit in first half and then fell drastically in second half with the company earnings can't keep up with the market valuation. The government market rescue maneuver could not successfully restore the investor confidence yet. With the expectation on China's GDP growth will slow down to 6.5% in 2016, we expect the central government would release more favorable policies to revive the industrial sectors with the supply side reform such as de-capacity and de-inventory. And we also expect the new economy such as Internet related service sectors would keep benefitting from the prosperous migration from offline to online. For Hong Kong market, after the implementation of Shanghai-Hong Kong Stock Connect program in November 2014, the re-valuation of blue chip large caps stocks contributed to the rally during 1H2015 with turnover surged to record level, although the market corrected in the 2H with the domestic A shares. With the uncertainty from China economy growth and irrational movements in A shares, we turned more conservative in the second half of last year, but now HK market is trading at a very distressed valuation level which was not seen for over a decade, we expect that a large part of the negativities may have already been factored in at this level.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund



Index / Fund's Name	2015 Rate of Return (%)*	Since Inception Rate of Return (%)
Hang Seng China-Affiliated Total Return Index	-3.1%	-14.1%
Hang Seng Total Return Index	-3.9%	5.3%
Guotai Junan Greater China Growth Fund	-4.0%	-17.4%
MSCI Golden Dragon Total Return Index	-6.3%	4.1%
Taiwan Taiex Total Return Index	-6.9%	28.5%
MSCI China Daily Total Return Index	-7.7%	-12.7%
Hang Seng China Enterprises Total Return Index	-16.9%	-24.9%

* Ranked by the total returns of indices or the Fund for year 2015.

The total return of the Guotai Junan Greater China Growth Fund (“GJGC” hereafter) decreased by 4.0% in year 2015, and recorded a loss of 17.4% since inception i.e. 19 Nov 2007.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund (continued)

In the captioned review period, GJGC generated in-line results compared with the total return of the Hang Seng Index ("HSI"), which reported a loss of 3.1% in year 2015. GJGC outperformed Hang Seng China Enterprises Index ("HSCEI") by 12.9%. GJGC's portfolio had overweighed on local brokerage and the top domestic cinema retailer, which had outperformed the other HSCEI constituents in year 2015.

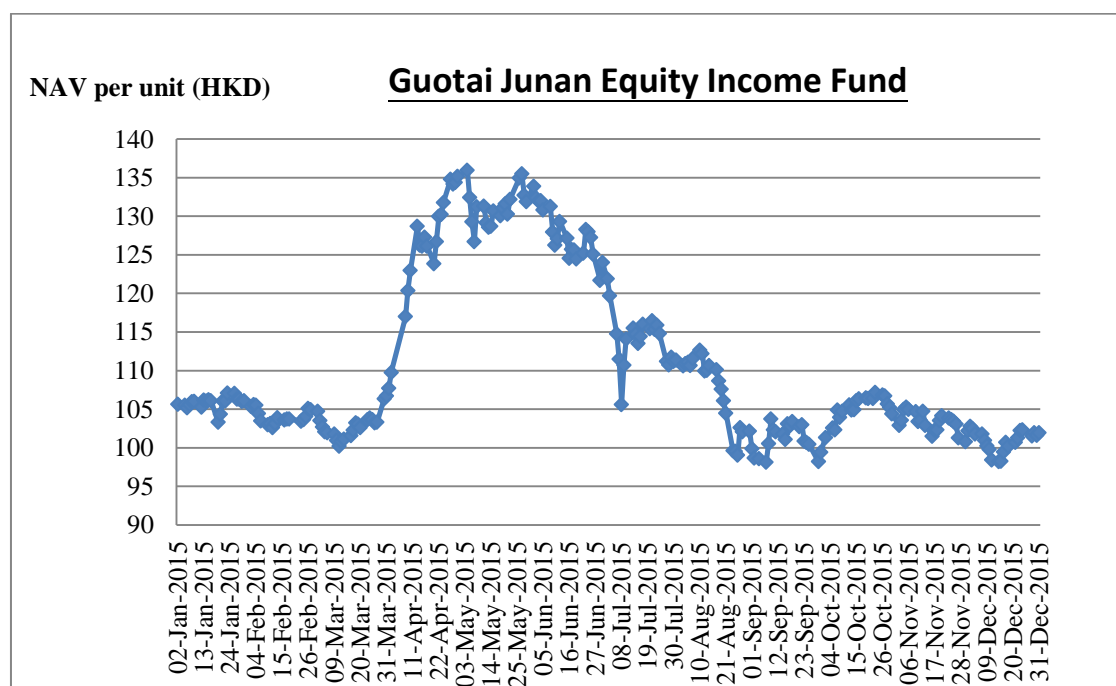
As of the end of year 2015, the portfolio was well diversified. Amongst all exposure, financials, consumer discretionary and information technology were the top weighed sectors, which made up of 28.4%, 17.9% and 11.7% of the NAV respectively.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

SUB-FUNDS' PERFORMANCE

B. Guotai Junan Equity Income Fund



Index / Fund's Name	2015 Rate of Return (%)*	Since Inception Rate of Return (%)
Guotai Junan Equity Income Fund	-2.5%	15.7%
Hang Seng China-Affiliated Total Return Index	-3.1%	7.7%
Hang Seng Total Return Index	-3.9%	17.0%
MSCI Golden Dragon Total Return Index	-6.3%	15.3%
Taiwan Taiex Total Return Index	-6.9%	17.5%
MSCI China Daily Total Return Index	-7.7%	8.3%
Dow Jones Hong Kong Select Dividend 30 Total Return Index	-11.5%	-3.3%
Hang Seng China Enterprises Total Return Index	-16.9%	-4.8%

* Ranked by the total returns of indices or the Fund for year 2015.

The NAV of the Guotai Junan Equity Income Fund (“GJEI”) had a total return of -2.46% in 2015, and recorded a total return of 15.70% since its inception on 29 Feb 2012. GJEI outperformed the total return of the Dow Jones Hong Kong Select Dividend 30 Index (“DJHKSD”), the HSI and the HSCEI by 9.01%, 1.46% and 14.43% respectively. 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.

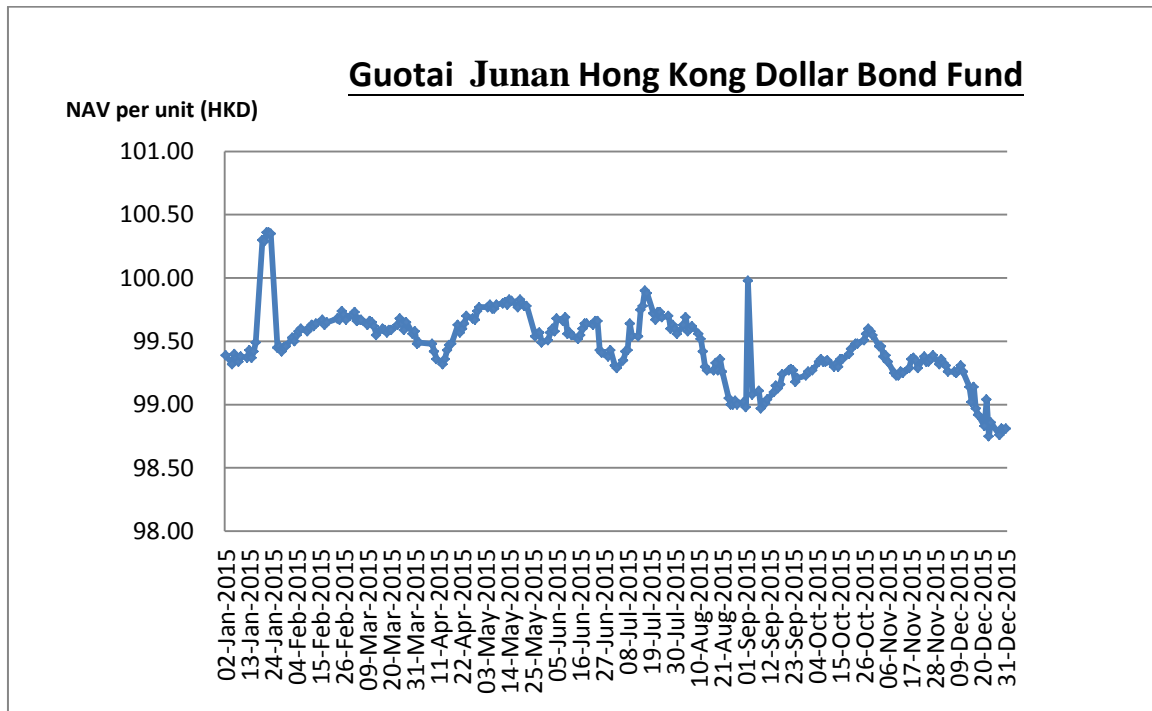
As of 31 December 2015, the portfolio of GJEI tilted more exposure to financials, which provided higher dividend yields. Financials, industrials and utilities are the top weighted sectors representing 39.5%, 17.1% and 8.7% of the fund’s NAV respectively.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

SUB-FUNDS' PERFORMANCE

C. Guotai Junan Hong Kong Dollar Bond Fund



The NAV of the Guotai Junan Hong Kong Dollar Bond Fund (“GJHB” hereafter) had a total return of -0.55% in full year of 2015, and recorded a total return of -1.17% 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 98.81 in 31 December 2015.

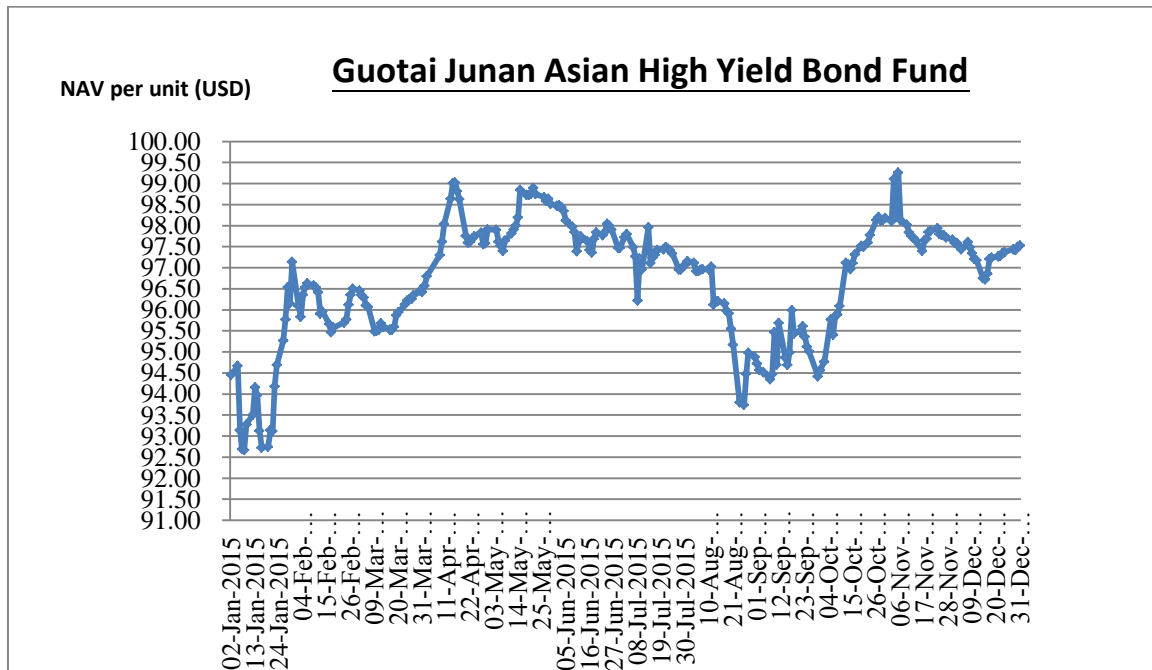
As of 31 December 2015, the portfolio tilted bigger part of exposure to very short duration Hong Kong sovereign bonds. The consequent portfolio’s yield was too low to cover the related fund expenses, and it was the main reason to cause GJHB performed not well.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 3.25% since the first market date of 2015, 1/2/2015 vs. the total return of -3.23% in 2014. On 1/2/2015, the fund NAV was 94.46 (the number on 12/31/2014 was 96.75) and on 12/31/2015 the NAV was 97.53.

As of December 2015, the portfolio was diversified across different risk factors, including countries, industries and etc. The major country exposures include China (46%), India (15%), Indonesia (14%) and Hong Kong (8%). The major industry exposures include banks (27%) and real estate (23%). The significant performance enhancement was largely due to the adjustment of the portfolio from over-concentrated style to well balanced and diversified portfolio. However, the defaults of three bonds (KAISAG 9%, KAISAG 6.875% and SHASHU) in the portfolio bought in 2014 significantly weakened the total return of the portfolio.

INVESTMENT MANAGER'S REVIEW (continued)

FOR THE YEAR ENDED 31 DECEMBER 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

INVESTMENT STRATEGY

We are conservatively optimistic that companies with good growth potentials are trading at reasonable levels. With the widely expected Shenzhen-Hong Kong Connect would be implemented within this year, which might be catalyst for re-valuation of mid-small caps in Hong Kong market, as those are trading at significant discount of their A peers. Sector selection would be as critical as ever, we believe sectors with strong cash flows and sectors benefit from RMB depreciation would outperform the general market, and we would position ourselves accordingly.



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Guotai Junan Assets (Asia) Limited

22 April 2016

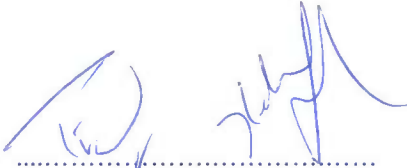
REPORT OF THE TRUSTEE

FOR THE YEAR ENDED 31 DECEMBER 2015

GUOTAI JUNAN INVESTMENT FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND**
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- 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 2015.



.....
HSBC Trustee (Cayman) Limited

22 April 2016



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CAYMAN ISLANDS

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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 50, which comprise the statement of financial position as at 31 December 2015, 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 2015 for 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, 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 are responsible for ensuring 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") 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with 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. We are also required to assess whether the financial statements have been properly prepared, in all material respects, 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 Sub-Funds' 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 Sub-Funds' 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.

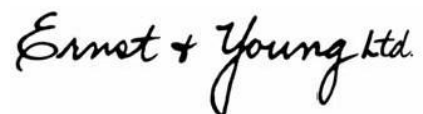
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 31 December 2015, and of each financial performance and cash flows for the year then ended for 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 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 all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E of the SFC Code.



Ernst & Young Ltd.

22 April 2016

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 2015

	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 For the period from 30 June 2014 (date of inception) to 31 December	
		Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 US\$	2014 US\$
Income									
Dividend income		2,925,794	2,578,091	2,047,788	2,921,272	-	-	-	-
Interest income		-	-	-	-	723,221	1,094,445	395,946	176,644
Total income		<u>2,925,794</u>	<u>2,578,091</u>	<u>2,047,788</u>	<u>2,921,272</u>	<u>723,221</u>	<u>1,094,445</u>	<u>395,946</u>	<u>176,644</u>
Expenses									
Trustee fee	3	412,000	412,000	420,000	420,000	420,000	420,000	53,880	27,090
Bank charges		28,780	57,030	15,797	21,894	6,767	6,887	992	411
Valuation fee		95,743	95,769	135,850	135,850	134,862	134,862	17,290	8,820
Audit fee		235,000	330,000	190,000	231,000	190,000	229,864	22,000	19,347
Brokerage and handling fees	3	1,159,490	1,446,967	156,424	332,708	-	-	-	-
Management fee	3	1,837,327	1,986,836	779,047	949,062	348,135	149,567	49,893	26,098
Transaction fees		47,879	166,528	24,423	28,300	2,713	1,357	1,260	2,578
Registrar fee	3	56,185	43,405	40,200	39,000	40,000	40,000	5,130	2,624
Preliminary expenses		-	-	-	-	-	-	-	71,060
Miscellaneous expenses		128,252	145,331	123,973	112,259	99,982	71,163	12,328	8,809
Total expenses		<u>4,000,656</u>	<u>4,683,866</u>	<u>1,885,714</u>	<u>2,270,073</u>	<u>1,242,459</u>	<u>1,053,700</u>	<u>162,773</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 2015

	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 For the period from 30 June 2014 (date of inception) to 31 December	
		Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 US\$	2014 US\$
(Loss)/gain before investment (loss)/ gain and exchange differences		(1,074,862)	(2,105,775)	162,074	651,199	(519,238)	40,745	233,173	9,807
Investment (loss)/gain and exchange differences									
Net unrealised gain/(loss) on investments		1,462,117	(16,592,280)	(2,567,418)	3,943,081	374,545	(247,399)	251,775	(216,629)
Net realised (loss)/gain on investments		(8,397,562)	18,450,807	557,882	2,867,333	2,538	(13,816)	(411,601)	(65,817)
Foreign exchange differences, net		<u>580,990</u>	<u>624,625</u>	<u>91,763</u>	<u>158,128</u>	<u>(104)</u>	<u>(62)</u>	<u>(10,655)</u>	<u>(915)</u>
		<u>(6,354,455)</u>	<u>2,483,152</u>	<u>(1,917,773)</u>	<u>6,968,542</u>	<u>376,979</u>	<u>(261,277)</u>	<u>(170,481)</u>	<u>(283,361)</u>
(Loss)/profit before tax		(7,429,317)	377,377	(1,755,699)	7,619,741	(142,259)	(220,532)	62,692	(273,554)
Withholding tax	4	<u>(171,604)</u>	<u>(74,067)</u>	<u>(126,778)</u>	<u>(165,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/profit for the year/period		(7,600,921)	303,310	(1,882,477)	7,454,413	(142,259)	(220,532)	62,692	(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>	<u>-</u>
Total comprehensive (loss)/income for the year/period		<u><u>(7,600,921)</u></u>	<u><u>303,310</u></u>	<u><u>(1,882,477)</u></u>	<u><u>7,454,413</u></u>	<u><u>(142,259)</u></u>	<u><u>(220,532)</u></u>	<u><u>62,692</u></u>	<u><u>(273,554)</u></u>

The notes on pages 24 – 50 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 2015

	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	
		2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 US\$	2014 US\$
Assets									
Financial assets at fair value									
through profit or loss	5	90,691,805	121,720,700	39,774,683	49,820,325	38,293,020	45,375,258	5,899,316	6,027,050
Due from brokers	6	-	2,055,952	-	14,245,023	-	-	-	-
Dividend receivable		-	44,422	49,600	17,187	-	-	-	-
Interest receivable		-	-	-	-	369,347	209,182	93,955	88,993
Cash and bank balances	7	<u>13,666,032</u>	<u>9,764,908</u>	<u>6,187,355</u>	<u>17,494,838</u>	<u>10,722,415</u>	<u>3,954,882</u>	<u>278,150</u>	<u>91,029</u>
Total assets		<u>104,357,837</u>	<u>133,585,982</u>	<u>46,011,638</u>	<u>81,577,373</u>	<u>49,384,782</u>	<u>49,539,322</u>	<u>6,271,421</u>	<u>6,207,072</u>
Liabilities									
Other payable and accruals		410,418	553,342	298,678	373,699	276,394	288,675	32,283	30,626
Distributions payable	8	-	-	-	2,117,785	-	-	-	-
Due to brokers	6	-	879,328	-	12,419,507	-	-	-	-
Total liabilities		<u>410,418</u>	<u>1,432,670</u>	<u>298,678</u>	<u>14,910,991</u>	<u>276,394</u>	<u>288,675</u>	<u>32,283</u>	<u>30,626</u>
Equity									
Net assets attributable to unitholders		<u>103,947,419</u>	<u>132,153,312</u>	<u>45,712,960</u>	<u>66,666,382</u>	<u>49,108,388</u>	<u>49,250,647</u>	<u>6,239,138</u>	<u>6,176,446</u>
Total liabilities and equity		<u>104,357,837</u>	<u>133,585,982</u>	<u>46,011,638</u>	<u>81,577,373</u>	<u>49,384,782</u>	<u>49,539,322</u>	<u>6,271,421</u>	<u>6,207,072</u>

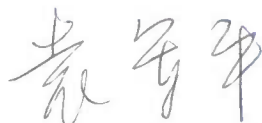
GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Hong Kong Dollar Bond Fund
 -Guotai Junan Asian High Yield Bond Fund

STATEMENT OF FINANCIAL POSITION (continued)

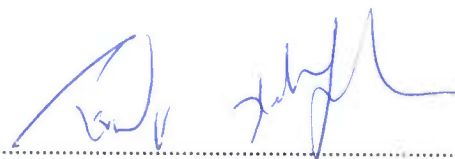
31 December 2015

	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	
		2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 US\$	2014 US\$
Number of units in issue	9	<u>1,297,928.21</u>	<u>1,535,254.46</u>	<u>448,078.89</u>	<u>605,081.51</u>	<u>500,000.00</u>	<u>500,000.00</u>	<u>64,500.00</u>	<u>64,500.00</u>
Net asset value per unit	10	<u>80.09</u>	<u>86.08</u>	<u>102.02</u>	<u>110.18</u>	<u>98.22</u>	<u>98.50</u>	<u>96.73</u>	<u>95.76</u>

The notes on pages 24 – 50 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 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 and 1 January 2015		132,153,312
Subscription of units		69,742,101
Redemption of units		(85,575,987)
Total comprehensive loss for the year		(7,600,921)
Distribution to unitholders	8	(4,771,086)
At 31 December 2015		<u><u>103,947,419</u></u>

Guotai Junan Equity Income Fund

		Total equity HK\$
At 1 January 2014		62,237,377
Total comprehensive income for the year		7,454,413
Distribution to unitholders	8	(3,025,408)
At 31 December 2014 and 1 January 2015		66,666,382
Subscription of units		6,578,492
Redemption of units		(22,678,674)
Total comprehensive loss for the year		(1,882,477)
Distribution to unitholders	8	(2,970,763)
At 31 December 2015		<u><u>45,712,960</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 1 January 2014	49,471,179
Total comprehensive loss for the year	(220,532)
At 31 December 2014 and 1 January 2015	49,250,647
Total comprehensive loss for the year	(142,259)
At 31 December 2015	<u>49,108,388</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 and 1 January 2015	6,176,446
Total comprehensive income for the year	<u>62,692</u>
At 31 December 2015	<u>6,239,138</u>

The notes on pages 24 – 50 form an integral part of these financial statements.

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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 -Guotai Junan Asian High Yield Bond Fund

DISTRIBUTION STATEMENT

Guotai Junan Greater China Growth Fund

	Note	Total equity HK\$
Undistributed income at 1 January 2014		-
Total comprehensive income for the year		303,310
Transfer to capital		<u>(303,310)</u>
Undistributed income at 31 December 2014 and 1 January 2015		-
Total comprehensive loss for the year		(7,600,921)
Distribution to unitholders	8	(4,771,086)
Transfer to capital		<u>12,372,007</u>
Undistributed loss at 31 December 2015		<u><u>-</u></u>

Guotai Junan Equity Income Fund

		Total equity HK\$
Undistributed income at 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 and 1 January 2015		-
Total comprehensive loss for the year		(1,882,477)
Distribution to unitholders	8	(2,970,763)
Transfer to capital		<u>4,853,240</u>
Undistributed loss at 31 December 2015		<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

DISTRIBUTION STATEMENT (continued)

Guotai Junan Hong Kong Dollar Bond Fund

Total equity
HK\$

Undistributed loss at 1 January 2014	-
Total comprehensive loss for the year	(220,532)
Transfer to capital	<u>220,532</u>
Undistributed loss at 31 December 2014 and 1 January 2015	-
Total comprehensive loss for the year	(142,259)
Transfer to capital	<u>142,259</u>
Undistributed loss at 31 December 2015	<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 and 1 January 2015	-
Total comprehensive income for the year	62,692
Transfer to capital	<u>(62,692)</u>
Undistributed income at 31 December 2015	<u><u>-</u></u>

The notes on pages 24 – 50 form an integral part of these financial statements

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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 -Guotai Junan Asian High Yield Bond Fund

STATEMENT OF CASH FLOWS

31 December 2015

	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 For the period from 30 June 2014 (date of inception) to 31 December	
	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 US\$	2014 US\$
Cash flows from operating activities								
(Loss)/profit before tax for the year/period	(7,429,317)	377,377	(1,755,699)	7,619,741	(142,259)	(220,532)	62,692	(273,554)
Adjustments for:								
Net unrealised (gain)/loss on disposal of investments	(1,462,117)	16,592,280	2,567,418	(3,943,081)	(374,545)	247,399	(251,775)	216,629
Net realised loss/(gain) on investments	<u>8,397,562</u>	<u>(18,450,807)</u>	<u>(557,882)</u>	<u>(2,867,333)</u>	<u>(2,538)</u>	<u>13,816</u>	<u>411,601</u>	<u>65,817</u>
	(493,872)	(1,481,150)	253,837	809,327	(519,342)	40,683	222,518	8,892
Purchase of financial assets at fair value through profit or loss	(214,099,584)	(253,529,694)	(27,786,381)	(59,689,151)	(11,676,967)	(15,373,638)	(6,520,308)	(17,564,152)
Proceeds from disposals of financial assets at fair value through profit or loss	238,193,034	248,345,064	35,822,487	61,240,438	19,136,288	13,347,834	6,488,216	11,254,656
Decrease/(increase) in amounts due from brokers	2,055,952	(55,952)	14,245,023	(14,129,656)	-	-	-	-
Decrease/(increase) in dividend receivable	44,422	(44,422)	(32,413)	(17,187)	-	-	-	-
(Decrease)/increase in interest receivable	-	-	-	-	(160,165)	53,081	(4,962)	(88,993)
(Decrease)/increase in accounts payable and accruals	(142,924)	86,724	(75,021)	20,191	(12,281)	(348,731)	1,657	30,626
(Decrease)/increase in amounts due to brokers	(879,328)	879,328	(12,419,507)	12,419,507	-	-	-	-
Withholding tax paid on dividends received	<u>(171,604)</u>	<u>(74,067)</u>	<u>(126,778)</u>	<u>(165,328)</u>	-	-	-	-
Net cash flows from/(used in) operating activities	<u>24,506,096</u>	<u>(5,874,169)</u>	<u>9,881,247</u>	<u>488,141</u>	<u>6,767,533</u>	<u>(2,280,771)</u>	<u>187,121</u>	<u>(6,358,971)</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 2015

	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 For the period from 30 June 2014 (date of inception) to 31 December 2014	
	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended to 31 December 2014 HK\$	Year ended to 31 December 2015 US\$	Year ended to 31 December 2014 US\$
Cash flows from financing activities								
Proceeds from issue of units	69,742,101	37,945,879	6,578,492	-	-	-	-	6,450,000
Payments on redemption of units	(85,575,987)	(44,238,537)	(22,678,674)	-	-	-	-	-
Distributions paid	(4,771,086)	-	(5,088,548)	(907,623)	-	-	-	-
Net cash flows (used in)/ from financing activities	(20,604,972)	(6,292,658)	(21,188,730)	(907,623)	-	-	-	6,450,000
Net increase/(decrease) in cash and cash equivalents	3,901,124	(12,166,827)	(11,307,483)	(419,482)	6,767,533	(2,280,771)	187,121	91,029
Cash and cash equivalents at beginning of the year/period	9,764,908	21,931,735	17,494,838	17,914,320	3,954,882	6,235,653	91,029	-
Cash and cash equivalents at end of the year/period	<u>13,666,032</u>	<u>9,764,908</u>	<u>6,187,355</u>	<u>17,494,838</u>	<u>10,722,415</u>	<u>3,954,882</u>	<u>278,150</u>	<u>91,029</u>
Analysis of balances of cash and cash equivalents								
Bank balances	<u>13,666,032</u>	<u>9,764,908</u>	<u>6,187,355</u>	<u>17,494,838</u>	<u>10,722,415</u>	<u>3,954,882</u>	<u>278,150</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 2015

	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 For the period from 30 June 2014 (date of inception) to 31 December	
	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 US\$	Year ended 31 December 2014 US\$
Supplementary cash flow information:								
Cash received in dividend income	2,970,216	2,533,669	2,015,375	2,904,085	-	-	-	-
Cash received in interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,056</u>	<u>1,147,526</u>	<u>390,984</u>	<u>87,651</u>

The notes on pages 24 – 50 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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- Guotai Junan Asian High Yield Bond Fund

NOTES TO FINANCIAL STATEMENTS

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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 "A" 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 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 INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2015

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

- 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.

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 "SFC 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\$).

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 2015:

HKFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKAS 39. The Sub-Funds does not apply the portfolio exception in HKFRS 13.

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* Classification and Measurement¹

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

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 Financial Instruments

In July 2014, the HKICPA issued the final version of HKFRS 9 that replaces HKAS 39 and all previous versions of HKFRS 9. HKFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but providing comparative information is not compulsory. 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.

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 sub-divided 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.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(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.

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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NOTES TO FINANCIAL STATEMENTS

31 December 2015

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.

(vi) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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.

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.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial value measurement (continued)

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.

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.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 unit holders.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

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.

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);
 - (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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Funds or to the parent of the Sub-Funds.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

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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.

Distribution to Unit Holders

The Sub-Funds recognises a liability to make cash distributions or non-cash distributions to unitholders when the distribution is authorised. The Manager may at its discretion make a cash distribution in Hong Kong Dollars or US Dollars on a semi-annual basis to unitholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

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	
	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2015	For the period from 30 June 2014 (date of inception) to 31 December 2014
Units of the Sub-Funds	<u>212,192</u>	<u>212,440</u>	<u>399,600</u>	<u>399,600</u>	<u>500,000</u>	<u>500,000</u>	<u>64,500</u>	<u>64,500</u>

GUOTAI JUNAN INVESTMENT FUNDS

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

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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, per annum. The management fee is calculated and accrued as at each valuation day and payable monthly in arrears. During the year ended 31 December 2015, included in the management fee of the statement of comprehensive income were HK\$1,837,327 (2014: HK\$1,986,836) for GJGC, HK\$779,047 (2014: HK\$949,062) for GJEI, HK\$348,135 (2014: HK\$149,567) for GJHB, and US\$49,893 (2014: US\$26,098) for GJAB. As at 31 December 2015, management fee of HK\$127,048 (2014: HK\$173,512) for GJGC, HK\$57,588 (2014: HK\$92,755) for GJEI, HK\$29,443 (2014: HK\$13,463) for GJHB, and US\$4,265 (2014: US\$4,574) for GJAB were payable to the Manager at the end of the reporting period which is included within other payable and accruals in the statement of financial position.

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 2015, GJGC incurred trustee fee of HK\$412,000 (2014: HK\$412,000) of which HK\$34,991 (2014: HK\$36,315) was payable to the Trustee at the end of the reporting period which is included within other payable and accruals in the statement of financial position.

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 monthly fee of HK\$35,000 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 2015, GJEI incurred trustee fee of HK\$420,000 (2014: HK\$420,000) of which HK\$35,000 (2014: HK\$35,000) was payable to the Trustee at the end of the reporting period which is included within other payable and accruals in the statement of financial position.

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 is calculated and accrued on each valuation day and paid monthly in arrears. For the year ended 31 December 2015, GJHB incurred trustee fee of HK\$420,000 (2014: HK\$420,000) of which HK\$35,000 (2014: HK\$35,000) was payable to the Trustee at the end of the reporting period which is included within other payable and accruals in the statement of financial position.

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 is calculated and accrued on each valuation day and paid monthly in arrears. During the year ended 31 December 2015, GJAB incurred trustee fee of US\$53,880 (2014: US\$27,090) of which US\$4,490 (2014: US\$4,490) was payable to the Trustee at the end of the reporting period which is included within other payable and accruals in the statement of financial position.

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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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. 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. A fixed amount of HK\$40,000 per annum for GJGC and GJHB, and HK\$39,000 per annum for GJEI, for the first 100 investors and HK\$780 per annum for GJGC and GJHB and HK\$800 per annum for GJEI per investor thereafter, and US\$5,130 per annum for the first 100 investors and US\$100 per annum per investor thereafter for GJAB. There is no maximum amount applicable to the Registrar Fees. During the year ended 31 December 2015, included in registrar fee of the statement of comprehensive income were HK\$56,185 (2014: HK\$43,405) for GJGC, HK\$40,200 (2014: HK\$39,000) for GJEI, HK\$40,000 (2014: HK\$40,000) for GJHB, and US\$5,130 (2014: US\$2,624) for GJAB. As at 31 December 2015, a registrar fee of HK\$3,787 (2014: HK\$3,787) for GJGC, HK\$3,312 (2014: HK\$3,312) for GJEI, HK\$3,397 (2014: HK\$3,397) for GJHB, and US\$437 (2014: US\$436) for GJAB were payable to the Registrar at the end of reporting period which is included within other payable and accruals in the statement of financial position.

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 0.18% for each listed securities transaction which was changed to 0.15% effective 15 May 2015. During the year ended 31 December 2015, included in the brokerage and handling fees of the statement of comprehensive income were HK\$337,708 (2014: HK\$308,810) for GJGC, HK\$29,519 (2014: HK\$85,453) 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 2015 and 2014.

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 2015 and 2014.

Due from/to brokers

As at 31 December 2015, receivables for securities sold but were not settled of nil (2014: HK\$14,272,944) were held with GJS and payable for securities purchased but not yet settled of nil (2014: HK\$11,219,231) were payable to GJS. Further details of which are disclosed in note 6 to the financial statements.

Investments

As at 31 December 2015, GJGC has no investments to Guotai Junan International Holdings Limited, the parent of the Manager (2014: HK\$3,781,900).

GUOTAI JUNAN INVESTMENT FUNDS

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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% (2014: 10%) in such jurisdictions for the Sub-Funds.

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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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	
	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 US\$	For the period from 30 June 2014 (date of inception) to 31 December 2014 US\$
Financial assets held for trading:								
Listed equity securities, at cost	85,480,475	117,971,487	39,773,284	47,251,508	-	-	-	-
Debt securities, at cost	-	-	-	-	38,243,505	45,700,288	5,864,170	6,243,679
Unrealised gain/(loss)	<u>5,211,330</u>	<u>3,749,213</u>	<u>1,399</u>	<u>2,568,817</u>	<u>49,515</u>	<u>(325,030)</u>	<u>35,146</u>	<u>(216,629)</u>
Total financial assets at fair value through profit or loss	<u>90,691,805</u>	<u>121,720,700</u>	<u>39,774,683</u>	<u>49,820,325</u>	<u>38,293,020</u>	<u>45,375,258</u>	<u>5,899,316</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.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

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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 2015.

	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	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	US\$	US\$
Quoted prices in active markets (Level 1)	89,651,805	121,720,700	39,774,683	49,820,325	21,915,750	33,352,798	2,746,868	6,027,050
Significant observable inputs (Level 2)	-	-	-	-	16,377,270	12,022,460	3,152,448	-
Significant unobservable inputs (Level 3)	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>90,691,805</u>	<u>121,720,700</u>	<u>39,774,683</u>	<u>49,820,325</u>	<u>38,293,020</u>	<u>45,375,258</u>	<u>5,899,316</u>	<u>6,027,050</u>

As at 31 December 2015, there were no transfers of fair value measurements between Level 1 and Level 2. However, one listed equity position purchased during the year, were suspended from trading and classified in level 3 as its carrying amount of HK\$1,040,000 are valued at 50% less the last trade price before suspension as determined by the Manager.

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 following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period:

	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 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 US\$	For the period from 30 June 2014 (date of inception) to 31 December 2014 US\$
Financial assets held for trading:								
At 1 January	-	-	-	-	-	-	-	-
Purchase	1,948,000	-	-	-	-	-	-	-
Total losses recognised in profit or loss	(908,000)	-	-	-	-	-	-	-
At 31 December	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 31 December 2012, one listed equity held by GJGC were suspended from trading and was reclassified from level 1 to level 3. The listed suspended equity was written down to nil as of 31 December 2012.

GUOTAI JUNAN INVESTMENT FUNDS
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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Sensitivity analysis to significant changes in unobservable inputs – Level 3

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with the quantitative sensitivity analysis as at 31 December 2015 are shown below:

Description	Unobservable input	Sensitivity used	Effect on fair value
Suspended equity securities	Discount	+/- 5%	+/- 52,000
	Liquidity Discount	N/A	N/A

Significant increase (decrease) in the last trade price would result in a significantly lower (higher) fair value measurement.

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	
	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 US\$	2014 US\$
Receivables for securities sold but not yet settled	-	2,055,952	-	14,245,023	-	-	-	-
Due to brokers Payable for securities purchased but not yet settled	-	879,328	-	12,419,507	-	-	-	-

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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7. CASH AND BANK BALANCES

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

8. DISTRIBUTIONS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund	
	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2014 HK\$
Interim dividend (HK\$3.03 and HK\$6.63 per unit, respectively) distributed on 2 July 2015	4,771,086	-	2,970,763	907,623
Final dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,117,785</u>
	<u>4,771,086</u>	<u>-</u>	<u>2,970,763</u>	<u>3,025,408</u>

As at 31 December 2015 and 2014, no distribution has been declared on behalf of GJHB and GJAB.

GUOTAI JUNAN INVESTMENT FUNDS

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9. CAPITAL

As at 31 December 2015, 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.

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 2015 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	
	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 US\$	2014 US\$
Net assets	<u>103,947,419</u>	<u>132,153,312</u>	<u>45,712,960</u>	<u>66,666,382</u>	<u>49,108,388</u>	<u>49,250,647</u>	<u>6,239,138</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	
	2015	2014	2015	2014	2015	2014	2015	2014
At beginning of the year	1,535,254.46	1,626,092.52	605,081.51	605,081.51	500,000.00	500,000.00	64,500.00	-
Issued during the year	697,108.53	453,051.21	48,713.10	-	-	-	-	64,500.00
Redeemed during the year	<u>(934,434.78)</u>	<u>(543,889.27)</u>	<u>(205,715.72)</u>	-	-	-	-	-
At 31 December	<u>1,297,928.21</u>	<u>1,535,254.46</u>	<u>448,078.89</u>	<u>605,081.51</u>	<u>500,000.00</u>	<u>500,000.00</u>	<u>64,500.00</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	
	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$	2015 US\$	2014 US\$
Net asset value used for calculating published net asset value per redeemable unit	103,916,419	132,153,312	45,681,960	68,784,167	49,404,101	49,679,496	6,290,734	6,240,168
Adjustment to preliminary expenses (a)	-	-	-	-	(318,849)	(428,849)	(49,586)	(63,722)
Adjustment to distribution payable to unitholders (b)	-	-	-	(2,117,785)	-	-	-	-
Over-accrual of audit fees	<u>31,000</u>	<u>-</u>	<u>31,000</u>	<u>-</u>	<u>23,136</u>	<u>-</u>	<u>(2,010)</u>	<u>-</u>
Net asset value per financial statements	<u>103,947,419</u>	<u>132,153,312</u>	<u>45,712,960</u>	<u>66,666,382</u>	<u>49,108,388</u>	<u>49,250,647</u>	<u>6,239,138</u>	<u>6,176,446</u>
Number of redeemable units in issue	1,297,928.21	1,535,254.46	448,078.89	605,081.51	500,000.00	500,000.00	64,500.00	64,500.00
Published net asset value per redeemable unit	<u>80.06</u>	<u>86.08</u>	<u>101.95</u>	<u>113.68</u>	<u>98.81</u>	<u>99.36</u>	<u>97.53</u>	<u>96.75</u>
Net asset value per redeemable unit per financial statement	<u>80.09</u>	<u>86.08</u>	<u>102.02</u>	<u>110.18</u>	<u>98.22</u>	<u>98.50</u>	<u>96.73</u>	<u>95.76</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.

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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:

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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 2015	+/-1	818,000/(818,000)
At 31 December 2014	+/-1	165,000/(165,000)

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 2015	+/-1	209,000
At 31 December 2014	+/-1	246,000

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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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 2015, GJAB does not expose to significant currency risk as the investments denominated in CNH are minimal. As at 31 December 2014, the CNH investments amounted to US\$1,590,676 which counted 26% of the Sub-Fund's 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.

	Estimated reasonable possible change in exchange rates %	2014	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 2015, 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	
		2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$
HSI	+/-5%	<u>6,444,000</u>	<u>6,204,000</u>	<u>2,018,000</u>	<u>2,228,000</u>

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.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 2015 of HK\$410,418 (2014: HK\$1,432,670), HK\$298,678 (2014: HK\$14,910,991), HK\$276,394 (2014: HK\$288,675) and US\$32,283 (2014: 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, majority of the debt securities were issued by Hong Kong government with AA+ rating (2014: AAA) as at 31 December 2015. 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, and the credit rating of GJAB's debt securities is analysed below.

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31 December 2015

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

The table below summaries the credit rating of GJAB's debt securities at 31 December 2015:

	2015 US\$	2014 US\$
Credit rating :		
Fitch's		
BBB-	821,685	-
BB+	1,242,411	253,848
BB	636,704	-
BB-	873,722	198,054
B+	238,410	-
Moody's		
Baa1	-	220,316
Baa2	247,330	244,527
Baa3	-	819,459
Ba2	731,282	459,476
Ba3	254,000	1,048,212
B1	-	546,798
B2	-	456,489
B3	-	278,925
Caa2	240,660	-
Standard and Poor's		
BB	-	400,038
BB-	-	231,748
Unrated	<u>613,112</u>	<u>869,160</u>
	<u>5,899,316</u>	<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.

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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 22 April 2016.

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED STATEMENTS OF MOVEMENTS IN INVESTMENT PORTFOLIO

31 December 2015

A. GUOTAI JUNAN GREATER CHINA GROWTH FUND

	% of Net Assets	
	31 December 2015	31 December 2014
Equity		
- United States	-	1.86
- Hong Kong	87.25	90.24
	<u>87.25</u>	<u>92.10</u>

B. GUOTAI JUNAN EQUITY INCOME FUND

	% of Net Assets	
	31 December 2015	31 December 2014
Equity		
- Hong Kong	87.01	74.73
	<u>87.01</u>	<u>74.73</u>

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

31 December 2015

C. GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

	% of Net Assets	
	31 December 2015	31 December 2014
Debt Securities		
- Hong Kong	77.98	92.13
	<u>77.98</u>	<u>92.13</u>

D. GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

	% of Net Assets	
	31 December 2015	31 December 2014
-Australia	3.25	-
-Bermuda	-	6.52
-Cayman Islands	7.23	34.56
-China	37.41	8.29
-France	4.02	-
-Hong Kong	7.10	11.48
-India	18.49	3.96
-Indonesia	9.87	3.90
-Netherlands	-	5.20
-Singapore		7.36
-Sweden	3.95	-
-United States	3.23	-
-Virgin Islands (British)	-	16.31
	<u>94.55</u>	<u>97.58</u>

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO

31 December 2015

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
Hong Kong			
AVICHINA INDUSTRY & TECNOLOGY	336,000	2,049,600	1.97
BANK OF CHINA LTD	24,000	83,040	0.08
BOSHIWA INTERNATIONAL HOLDINGS ¹	690,000	-	0.00
BYD CO. LTD	500	21,325	0.02
CHINA AIRCRAFT LEASING GROUP	101,000	808,000	0.78
CHINA ANIMAL HEALTHCARE LTD ²	400,000	1,040,000	1.00
CHINA COMMUNICATIONS CONSTRUCTION	200,000	1,584,000	1.52
CHINA GAS HOLDINGS LTD	100,000	1,118,000	1.08
CHINA MINSHENG BANKING CORP LTD	206,500	1,585,920	1.53
CHINA MOLYBDENUM CO LTD	2,400,000	3,480,000	3.35
CHINA OVERSEAS LAND & INVESTMENT	60,000	1,632,000	1.57
CHINA POWER INTERNATIONAL	453,000	2,029,440	1.95
CHINA RESOURCES LAND LTD.	134,667	3,043,474	2.93
CHINA TAIPING INSURANCE HOLDINGS	98,086	2,354,064	2.26
CHINASOFT INTERNATIONAL LTD	1,000,000	3,210,000	3.09
CONSUN PHARMACEUTICAL GROUP LTD	234,000	1,191,060	1.15
GOME ELECTRICAL APPLIANCES HOLDING	2,000,000	2,580,000	2.48
GREAT WALL MOTOR CO LTD	312,000	2,817,360	2.71
GUANGSHEN RAILWAY CO LTD	484,000	1,873,080	1.80
YUEXIU TRANSPORT LTD.	332,000	1,613,520	1.55

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

² Trading for these securities was suspended since 30 March 2015. The security was written-down to HK\$2.6 per share.

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

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GUOTAI JUNAN GREATER CHINA GROWTH FUND (continued)

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
HAITONG INTERNATIONAL SECURITY	1,884,276	8,987,997	8.65
HONG KONG EXCHANGES AND CLEARING	30,000	5,955,000	5.73
INTIME RETAIL GROUP CO. LTD.	600,000	4,584,000	4.41
KINGSOFT CORP LTD	100,000	1,898,000	1.83
MICROPORT SCIENTIFIC CORPORATION	45,000	166,500	0.16
NEW CHINA LIFE INSURANCE CO. LTD	115,900	3,772,545	3.63
PING AN INSURANCE (GROUP) CO. LTD	64,000	2,752,000	2.65
SINOPEC ENGINEERING GROUP CO LTD	620,000	4,104,400	3.95
SINOPEC SHANGHAI PETROCHEMICAL	1,420,000	4,387,800	4.22
SMI HOLDINGS GROUP LTD	9,800,000	9,016,000	8.67
TENCENT HOLDINGS LTD.	48,000	7,320,000	7.04
UNITED LABORATORIES INTERNATIONAL	300,000	1,287,000	1.24
ZIJIN MINING GROUP CO. LTD.	1,156,000	2,346,680	2.25
TOTAL INVESTMENT		<u>90,691,805</u>	<u>87.25</u>
TOTAL INVESTMENT, AT COST		<u>85,480,475</u>	

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

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GUOTAI JUNAN EQUITY INCOME FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
Hong Kong			
AGRICULTURAL BANK OF CHINA LTD	538,000	1,705,460	3.73
BANK OF CHINA LTD	607,000	2,100,220	4.59
BANK OF COMMUNICATIONS CO. LTD	199,000	1,086,540	2.38
BOC HONG KONG HOLDINGS LTD	107,500	2,547,750	5.57
CHINA CONSTRUCTION BANK CORPOR	373,000	1,980,630	4.33
CHINA DONGXIANG (GROUP) CO. LTD	200,000	370,000	0.81
CHINA EVERBRIGHT LTD	30,000	534,600	1.17
CHINA LILANG LTD.	64,000	366,080	0.80
CHINA MERCHANTS BANK CO. LTD	20,000	366,000	0.80
CHINA MINSHENG BANKING CORP LTD	1,000	7,680	0.02
CHINA MOBILE LTD.	28,000	2,450,000	5.35
CHINA PIONEER PHARMA HOLDINGS	134,000	375,200	0.82
CHINA POWER INTERNATIONAL DEVELOPMENT	417,000	1,868,160	4.09
CHONGQING RURAL COMMERCIAL BANK	100,000	469,000	1.03
CLP HOLDINGS LTD	23,000	1,514,550	3.31
EVERGRANDE REAL ESTATE GROUP LTD	97,000	661,540	1.45
FAR EAST HORIZON LTD.	20,000	144,200	0.32
YUEXIU TRANSPORT LTD.	20,000	97,200	0.21
HAITONG INTERNATIONAL SECURITY	484,926	2,313,097	5.06
HSBC HOLDINGS PLC	7,200	445,680	0.97
HUADIAN POWER INTERNATIONAL CO	120,000	606,000	1.33
INDUSTRIAL AND COMMERCIAL BANK	389,000	1,820,520	3.98
JIANGSU EXPRESSWAY CO LTD	200,000	2,092,000	4.57
KINGBOARD LAMINATES HOLDINGS LTD	250,000	880,000	1.93

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GUOTAI JUNAN EQUITY INCOME FUND (continued)

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
KWG PROPERTY HOLDING LTD	200,000	1,150,000	2.51
MAN WAH HOLDINGS LTD	52,800	481,536	1.05
PACIFIC TEXTILES HOLDINGS LTD.	40,000	478,400	1.05
PCCW LTD	310,000	1,410,500	3.09
SHANGHAI ELECTRIC GROUP CO. LTD	62,000	254,820	0.56
SHENZHEN INTERNATIONAL HOLDING	100,000	1,434,000	3.14
SHENZHEN INVESTMENT LTD	200,000	726,000	1.59
SINOPEC ENGINEERING GROUP CO LTD	60,000	397,200	0.87
TEXWINCA HOLDINGS LTD	120,000	973,200	2.13
TIANJIN PORT DEVELOPMENT HOLDINGS	10,000	12,900	0.03
XINJIAN GOLDWIND SCIENCE & TECHNOLOGY	50,000	745,000	1.63
XTEP INTERNATIONAL HOLDINGS	200,000	826,000	1.81
ZHEJIANG EXPRESSWAY CO LTD	300,000	2,796,000	6.12
ZIJIN MINING GROUP CO. LTD.	634,000	1,287,020	2.81
TOTAL INVESTMENT		<u>39,774,683</u>	<u>87.01</u>
TOTAL INVESTMENT, AT COST		<u>39,773,284</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 INVESTMENT PORTFOLIO (continued)

31 December 2015

GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

Listed/Quoted Investment Debt Securities	Holdings	Market Value HK\$	% of NAV
Hong Kong			
CHEUNG KONG BOND SECURITIES LTD 5.25% 07/29/49	4,500,000	4,590,000	9.35
HK GOV'T BOND PROGRAMME (REGS) FRN 4.5% 24/06/16	13,500,000	13,587,750	27.66
HK GOV'T BOND PROGRAMME FRN 4.95% 11/08/17	8,000,000	8,328,000	16.96
FUBON BANK HONG KONG LTD 2.15% 05/06/17	4,000,000	3,999,880	8.15
WING LUNG BANK 2.75% 19/05/16	3,000,000	3,017,790	6.15
NW DEVELOPMENT MTN LTD 5.9% 01/24/24	2,000,000	2,237,910	4.56
WHARF FINANCE LTD 3.75% 10/24/24	1,000,000	988,730	2.01
WHARF FINANCE LTD 4.25% 04/11/24	1,500,000	1,542,960	3.14
TOTAL INVESTMENT		38,293,020	77.98
TOTAL INVESTMENT, AT COST		38,243,505	

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

UNAUDITED INVESTMENT PORTFOLIO (continued)

31 December 2015

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

Listed/Quoted Investment Debt Securities	Holdings	Market Value US\$	% of NAV
Australia			
DIB TIER1 SUKUK (2) LTD 6.75% 01/29/49	200,000	202,626	3.25
Cayman Island			
CAR INC 6% 02/11/21	250,000	251,435	4.03
EHI CAR SERVICES LTD 7.50% 12/08/18	200,000	199,390	3.20
China			
CENTRAL PLAZA DEVELOPMENT LTD 7.125% 12/02/49	250,000	260,090	4.17
CAR INC 6.125% 02/04/20	250,000	257,252	4.12
CHINA CITIC BANK INTERNATIONAL INC 7.25% 12/29/49	250,000	264,697	4.24
COUNTRY GARDEN HOLDINGS COMPANY LTD 7.50% 03/09/20	200,000	213,354	3.42
CHINA HONGQIAO GROUP LTD 7.625% 06/26/17	200,000	199,692	3.20
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD 6% 12/31/49	250,000	265,075	4.25
LOGAN PROPERTY HOLDINGS CO. LTD 11.25% 06/04/19	200,000	219,418	3.52
MAOYE INTERNATIONAL HOLDINGS LTD 7.75% 05/19/17	250,000	240,660	3.86
HAIKU MEILAN INTERNATIONAL AIRPORT INVESTMENT LTD 7.25% 06/18/18	1,000,000	150,396	2.41
SUNAC CHINA HOLDINGS LTD 8.75% 12/05/19	250,000	263,333	4.22
France			
SOCIETE GENERALE SA 6% 10/27/49	265,000	251,074	4.02

GUOTAI JUNAN INVESTMENT FUND
 -Guotai Junan Greater China Growth Fund
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UNAUDITED INVESTMENT PORTFOLIO (continued)

31 December 2015

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND (continued)

Listed/Quoted Investment Debt Securities	Holdings	Market Value US\$	% of NAV
Hong Kong			
SHIMAO PROPERTY HOLDINGS LTD 8.375% 02/10/22	250,000	269,295	4.32
YINGDE GASES INVESTMENT LTD 8.125% 04/22/18	200,000	173,680	2.78
India			
BHARTI AIRTEL INTERNATIONAL NETHERLANDS BV 5.125% 5 1/8 03/11/23	150,000	155,760	2.50
ICICI BANK LTD 7.25% 08/29/49	250,000	254,000	4.07
PACIFIC EMERALD PTE LTD 9.75% 07/25/18	250,000	238,410	3.82
RELIANCE COMMUNICATIONS LTD 6.50% 11/06/20	250,000	258,168	4.14
RELIANCE INDUSTRIES LTD 5.875% 02/28/49	250,000	247,330	3.96
Indonesia			
GLOBAL PRIME CAPITAL PTE LTD 6.75 % 04/27/20	200,000	196,746	3.15
PERUSAHAAN PENERBIT SURAT BERHARGA SYARIAH NEGARA INDONESIA III 4.325% 05/28/25	200,000	191,160	3.06
PERTAMINA (PERSERO) PT 4.30% 05/20/23	250,000	228,227	3.66
Sweden			
SKANDINAVISKA ENSKILDA BANKEN AB 5.75% 11/29/49	250,000	246,538	3.95
United States			
CHINA CONSTRUCTION BANK CORP 4.65% 12/29/49	200,000	201,510	3.23
TOTAL INVESTMENT		<u>5,899,316</u>	<u>94.55</u>
TOTAL INVESTMENT, AT COST		<u>5,864,170</u>	

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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UNAUDITED PERFORMANCE RECORD

31 December 2015

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 2015	<u>103,947,419</u>	<u>45,712,960</u>	<u>49,108,388</u>	<u>6,239,138</u>
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 2015	<u>80.09</u>	<u>102.02</u>	<u>98.22</u>	<u>96.73</u>
31 December 2014	<u>86.08</u>	<u>110.18</u>	<u>98.50</u>	<u>95.76</u>
31 December 2014	<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
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UNAUDITED PERFORMANCE RECORD (continued)

31 December 2015

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 2015</u>				
Highest published net asset value per unit	115.09	143.22	100.36	99.26
Lowest published net asset value per unit	<u>67.32</u>	<u>98.15</u>	<u>98.75</u>	<u>92.67</u>
<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>