



Annual Report

GUOTAI JUNAN INVESTMENT FUNDS -
GUOTAI JUNAN GREATER CHINA GROWTH FUND
A unit trust constituted by a Trust Deed dated
29 August 2007 under the laws of the Cayman Islands

31 December 2009

Ernst & Young

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

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GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

MANAGEMENT AND ADMINISTRATION

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
Charles Cheung

Trustee and Registrar

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

Service Provider to Trustee and Registrar

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

Auditors

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

Legal Adviser

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

Cayman Island Legal Advisers to the Manager

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O.Box 2681
Grand Cayman KY1-1111
Cayman Islands

31 December 2009

Markets Review

Financial markets began 2009 in turmoil, with the steep decline led by the heavy selling pressure of banks and the US and UK authorities were pushed into a second round of bank bailouts. However, performance in the second quarter was strong and cyclically driven as the market saw signs of green shoots, and global macro economic data surprised on the upside. The re-emergency of risk appetite continued into the year-end of 2009 as optimism for a global recovery continued to build and the releases of better-than-expected earnings results. At the end of 2009, the S&P 500 index and DJIA rose by 23.5% and 18.8%, respectively, after falling to their lowest levels in March.

With the 4 trillion yuan fiscal stimulus package as announced by the Beijing at the end of 2008, China was the first country showing signs to recover from the global recession. The Jan-Feb data have already showing that the Chinese economy had bottomed in 4Q08 in sequential terms. China's strong economic recovery has been carried into 4Q09. Overall industrial activity continued its solid expansion in November, with industrial production rising at a faster than expected 19.2% YoY, compared with 16.1% in October. The pace of retail sales growth also remained strong at 15.8%yoy in November, together with fixed assets investment growth continued to expand at an impressive pace of 32.1% YoY in the first 11 months of the year. The 8% GDP growth target as set by the Beijing government was finally achieved in 2009.

The Hong Kong economy also benefited from China's economic recovery. Although the whole year 2009 GDP was contracted by 2.7% YoY, Hong Kong economy has escaped from the recession from 2Q08 to 1Q09 with the 4Q GDP expanding at a solid pace of 9.5% QoQ following a modest 1.6% gain in 3Q09. Unemployment rate in Hong Kong fell from the 5.4% in June to 4.9% in December. Trading activities also expanded further in December, with total exports rising by 9.2% YoY, compared to 1.3% YoY in November. Driven by strong tourist arrivals from China, retail sales registered further solid gain in December, rose by 16% yoy in value terms.

The Taiwan market is also benefiting from the closer economic relationship with China. GDP rose by 9.2% YOY in 4Q09, much better than 3Q's -1.0% YOY and making the full year 2009 GDP contracted by only 1.9% YOY. The government raised its forecast for 2010 GDP growth by 0.3% to 4.7%, pivoted on the assumption that the global recovery will remain solidly on track this year. Export orders remained strong in December, increased 1.5% MoM to reach US\$31.7bn in December. The YoY growth rate of 52.6% was stronger than market expectation of 50.0%. Industrial production increased 47.3% YoY % MoM in December, also better than the market expectations. The improving employment and income outlooks should support consumption for a continuous mild recovery in 2010.

At the end of 2009, the Taiwan Weighted TWSE surged 78.3% and the Hang Seng China Enterprise Index was also up by 62.1%.

31 December 2009

Markets Review (continued)**Table 1**

Market Performance in 2009	% change
Shenzhen SE A Share Index	+116.9
Guotai Junan Greater China Growth Fund	+99.4
Shanghai SE A Share Index	+79.8
Taiwan TAIEX Index (TWSE)	+78.3
MSCI AC Golden Dragon (Net)* (NDLEACGD)	+65.2
Hang Seng China Enterprises Index (HSCEI)	+62.1
MSCI Emerging Markets China (MSELTCF)	+58.9
Hang Seng Index (HSI)	+52.0
Hang Seng China-Affiliated Corporations Index (HSCCI)	+23.3

* MSCI AC Golden Dragon (Net) is a total return index with dividends income (after deduction of withholding tax) reinvested.

Markets Outlook

2009 was a year marked by unexpected and dramatic developments, and was also a great year for Asian equities - the fourth best annual returns since 1973. With China as the first country showing signs to recover from the global recession, the Chinese equity markets performed particularly well in 2009. The Shanghai A-shares index surged by 80%, making it one of the best performers globally. While the 8% GDP growth target was achieved in 2009, there are increasing talks about exit strategy. Although policy exit will be an ultimately important call in 2010, we think Chinese government's policies will respond to growth and inflation passively because the global economic recovery is underway and the top policymakers in China still do not have full confidence on the organic strength of Chinese economic growth. As such, we expect the Chinese government could maintain its current policy stance of aggressive fiscal policy and moderate-to-loose monetary policy for a longer while. Meanwhile, we believe China and Hong Kong stock markets will continue to attract global liquidity and have momentum to move higher. Moreover, the markets could be boosted by upward earnings estimate revision momentum in view of acceleration in the economic recovery and improving industrial profit growth outlook. For sector allocation, we maintain our positive stance on consumer, technology and health and pharmaceutical stocks. We are also positive on media stocks as late-cycle recovery plays.

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Markets Outlook (continued)

In Taiwan, the FSC recently announced additional details on the financial MOU, covering principles of cooperation for both sides on information exchange and supervision of banks, securities brokers, and insurers. While the MOU provides a framework for both sides to work towards an initial opening once it is effective expected by Jan 2010, this was largely ignored by the market with focus moving to progress on ECFA and market access. We expect the Taiwan market’s strong momentum will carry into 1Q10. Key catalysts are: (1) accelerating economic and corporate earnings growth; (2) healthy inventory levels and limited slow season correction for the technology sector; (3) progress on the Taiwan-China Economic Cooperation and Framework Agreement (ECFA) in 1H10; and (4) abundant liquidity and re-rating potential post the entry of Chinese QDII funds into Taiwan in 1Q10.

Performance

The Sub-Fund gained +99.4% in 2009, or fell by –14.3% since inception. The top three holdings of the Sub-Fund were Minmetals Land Limited (00230.HK), Jia Sheng Holdings Limited (00729.HK) and Shanda Games Limited (GAME.US). The Sub-Fund’s performance was due to the factors explained in Markets Review above. Below is the graph of the price series of the Sub-Fund which indicates the price changes of the Sub-Fund in the reporting period.

**Guotai Junan Investment Funds - Guotai Junan Greater China Growth Fund
Prices Series - NAV Per Unit
(For the period from 01/01/2009 - 31/12/2009)**



GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

REPORT OF THE MANAGER

31 December 2009

Investment Strategy

The Manager intends to make investments primarily through a portfolio consisting of listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China (PRC), the Special Administrative Regions of Hong Kong and Macau and Taiwan. The Manager believes that the value of these companies would increase through benefiting from the economic growth of the Greater China region.

The Sub-Fund will be managed based on a value-oriented investment strategy, which means that the Manager will invest in assets which are considered to be undervalued, compared to their intrinsic value.

For and on behalf of
GUOTAI JUNAN ASSETS (ASIA) LIMITED



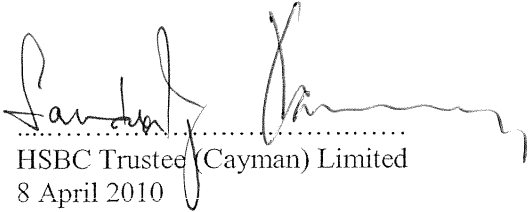
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Authorized Signature(s)

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Guotai Junan Assets (Asia) Limited
8 April 2010

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

REPORT OF THE TRUSTEE

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 2009.



.....
HSBC Trustee (Cayman) Limited
8 April 2010



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Camana Bay
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Report of the Independent Auditors

To the Trustee
Guotai Junan Investment Funds (the “Trust”)

We have audited the financial statements of Guotai Junan Greater China Growth Fund (the “Sub-Fund”) of the Trust on pages 9 to 27, which comprise statement of asset and liabilities as at 31 December 2009, and the statement comprehensive income, distribution statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager’s and Trustee’s Responsibility for the Financial Statements

The Manager and the Trustee of the Trust are responsible for the preparation and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the relevant disclosure provisions of the constitutive documents of the Sub-Fund of the Trust (the “Constitutive Documents”) and the disclosure requirements of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the “SFC Code”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, in accordance with the disclosure requirements of Appendix E of the SFC Code, 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 issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.



Report of the Independent Auditors (continued)

Auditors' Responsibility (continued)

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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund of the Trust as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Constitutive Documents and the disclosure requirements of the SFC Code.

Ernst & Young Ltd.

8 April 2010

GUOTAI JUNAN INVESTMENT FUNDS – GUOTAI JUNAN GREATER CHINA GROWTH FUND

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

		2009	For the period from 19 November 2007 (date of establishment) to 31 December 2008
	Notes	HK\$	HK\$
Income			
Dividend income		393,794	1,312,874
Interest income		255	21,025
Total income		<u>394,049</u>	<u>1,333,899</u>
Expenses			
Administration and custodian fee	3	412,000	460,537
Valuation fee		96,509	106,295
Audit fee		304,000	280,000
Brokerage and handling expenses	3	1,228,480	871,140
Management fee	3	682,633	1,135,803
Preliminary expenses		-	1,310,995
Transaction fees		256,346	84,392
Registrar fee	3	39,000	43,595
Tax advisory fee		40,328	-
Miscellaneous expenses		95,690	220,206
Total expenses		<u>3,154,986</u>	<u>4,512,963</u>
Loss before investment gain/(loss) and exchange differences		(2,760,937)	(3,179,064)
Investment gain/(loss) and exchange differences			
Net unrealized gain/(loss) on investments		42,132,143	(39,618,891)
Net realized loss on investments		(6,816,317)	(16,093,570)
Foreign exchange differences, net		(43,225)	468,098
		<u>35,272,601</u>	<u>(55,244,363)</u>
Income/(loss) for the year/period before tax		32,511,664	(58,423,427)
Withholding tax	4	(24,764)	(25,195)
Total comprehensive income/(loss) for the year/period after tax		<u><u>32,486,900</u></u>	<u><u>(58,448,622)</u></u>

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

DISTRIBUTION STATEMENT

Year ended 31 December 2009

	2009 HK\$	For the period from 19 November 2007 (date of establishment) to 31 December 2008 HK\$
At beginning of year/period	(58,448,622)	-
Total comprehensive income/(loss) for the year/period	32,486,900	(58,448,622)
Distributions	<u>-</u>	<u>-</u>
Undistributed loss carried forward	<u><u>(25,961,722)</u></u>	<u><u>(58,448,622)</u></u>

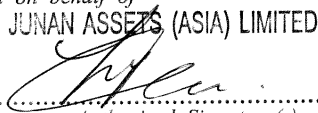
GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

STATEMENT OF ASSETS AND LIABILITIES

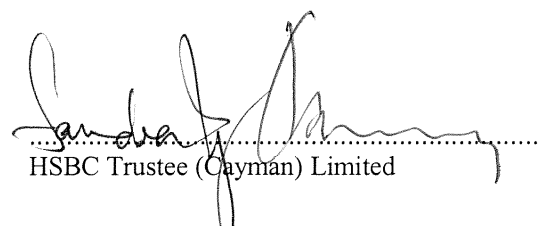
31 December 2009

		31 December	31 December	19 November 2007 (date of establishmen t) HK\$
	Notes	2009 HK\$	2008 HK\$ (Restated)	
Assets				
Financial assets at fair value through profit or loss	5	43,205,508	33,841,164	-
Due from brokers		2,204,137	1,632,066	-
Other receivables		-	-	-
Cash and bank balances	6	8,038,195	8,845,238	21,456,781
Total assets		<u>53,447,840</u>	<u>44,318,468</u>	<u>21,456,781</u>
Liabilities				
Accounts payable and accruals		493,974	437,342	-
Due to brokers		1,335,097	-	-
Total liabilities		<u>1,829,071</u>	<u>437,342</u>	<u>-</u>
Equity				
Units in issue		58,233,815	96,831,432	21,456,781
Accumulated losses		(6,615,046)	(52,950,306)	-
Total equity		<u>51,618,769</u>	<u>43,881,126</u>	<u>21,456,781</u>
Total liabilities and equity		<u>53,447,840</u>	<u>44,318,468</u>	<u>21,456,781</u>
Number of units in issue	7	<u>602,796.52</u>	<u>1,029,824.58</u>	<u>214,567.81</u>
Net asset value per unit	7,8	<u>85.63</u>	<u>42.61</u>	<u>100.00</u>

For and on behalf of
GUOTAI JUNAN ASSETS (ASIA) LIMITED


Authorized Signature(s)

Guotai Junan Assets (Asia) Limited


HSBC Trustee (Cayman) Limited

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Note	Units in issue HK\$	Accumulated loss HK\$	Total equity HK\$
At 19 November 2007 (date of establishment)		-	-	-
Change in accounting policy	2.2	21,456,781	-	21,456,781
Restated balance at 19 November 2007 (date of establishment)		21,456,781	-	21,456,781
Subscription of units		93,931,787	-	93,931,787
Redemption of units		(18,557,136)	5,498,316	(13,058,820)
Total comprehensive loss for the period		-	(58,448,622)	(58,448,622)
At 31 December 2008		96,831,432	(52,950,306)	43,881,126
Subscription of units		115,992	-	115,992
Redemption of units		(38,713,609)	13,848,360	(24,865,249)
Total comprehensive income for the year		-	32,486,900	32,486,900
At 31 December 2009		58,233,815	(6,615,046)	51,618,769

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

CASH FLOW STATEMENT

Year ended 31 December 2009

	2009 HK\$	For the period from 19 November 2007 (date of establishment) to 31 December 2008 HK\$
Cash flows from operating activities		
Profit/(loss) for the financial year/period	32,486,900	(58,448,622)
Adjustments for:		
Interest income	(255)	(21,025)
Net unrealized (gain)/loss on disposal of investments	(42,132,143)	39,618,891
Net realized loss on investments	6,816,317	16,093,570
	<u>(2,829,181)</u>	<u>(2,757,186)</u>
Purchase of financial assets at fair value through profit or loss	(151,072,743)	(146,064,403)
Proceeds from disposals of financial assets at fair value through profit or loss	177,024,225	56,510,778
Increase in amounts due from brokers	(572,071)	(1,632,066)
Increase in accounts payable and accruals	56,632	437,342
Increase in amounts due to brokers	1,335,097	-
	<u>23,941,959</u>	<u>(93,505,535)</u>
Net cash generated from/(used in) operations		
Interest received	255	21,025
	<u>23,942,214</u>	<u>(93,484,510)</u>
Net cash inflow/(outflow) from operating activities		
Cash flows from financing activities		
Proceeds from issue of units	115,992	115,388,568
Payments on redemption of units	(24,865,249)	(13,058,820)
	<u>(24,749,257)</u>	<u>102,329,748</u>
Net cash (outflow)/inflow from financing activities		
Net (decrease)/increase in cash and cash equivalents	(807,043)	8,845,238
Cash and cash equivalents at the beginning of the year/period	8,845,238	-
Cash and cash equivalents at the end of the year/period	<u>8,038,195</u>	<u>8,845,238</u>
Analysis on balances of cash and cash equivalents		
Bank balances	<u>8,038,195</u>	<u>8,845,238</u>

31 December 2009

1. THE TRUST

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. The Trust currently consists of one sub-fund which is Guotai Junan Greater China Growth Fund (the "Sub-Fund") has been authorized by the Hong Kong Securities and Future Commission (the "SFC").

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

The investment objective of the Sub-Fund seeks to provide investors with medium to long term capital appreciation through investment in PRC-related securities listed overseas. The Sub-Fund invests its assets in Hong Kong listed "H" shares, "Red Chips", Shanghai and Shenzhen listed "B" 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. The Manager may also invest in Shanghai and Shenzhen listed "A" shares through institutions which have obtained Qualified Foreign Institutional Investor status in the Mainland China. Depending upon market conditions, the Manager may invest in securities not falling within the above descriptions such as bonds and financial derivatives.

2.1 BASIS OF PREPARATION

The financial statements for the Sub-Fund of the Trust have been prepared on the basis of the relevant disclosure provisions of the Trust Deed, the relevant disclosure provisions as set out in Appendix E to the Hong Kong Code on Unit Trusts and Mutual Funds established by the SFC (the "Code") and Hong Kong Financial Reporting Standards ("HKFRSs") 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 measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$").

NOTES TO FINANCIAL STATEMENTS

31 December 2009

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Sub-Fund has adopted the following standards and amendments as of 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
Amendments to HKFRS 7	Financial Instruments: Disclosures
Amendments to HKAS 32	Financial Instruments: Presentation

The principal effect of these changes is as follows:

HKAS 1 (Revised) Presentation of Financial Statements

The revised standard was issued in December 2007 and is effective for accounting periods beginning on or after 1 January 2009.

The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. The Sub-Fund elected to present one single statement of comprehensive income.

The Sub-Fund does not have any components of other comprehensive income. Therefore, comprehensive income is equal to the net profit/(loss) reported for all periods presented.

Amendments to HKFRS 7 Financial Instruments: Disclosures

The amendments to HKFRS 7 become effective for annual periods beginning on or after 1 January 2009. The Sub-Fund has adopted these amendments with effect from 1 January 2009.

The amendments to HKFRS 7 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In addition, the amendments revise the specified minimum liquidity risk disclosures including: the contractual maturity of non derivative and derivative financial liabilities, and a description of how this is managed. The fair value measurement disclosures are presented in note 5 to the financial statements, while the revised liquidity risk disclosures are presented in note 10 to the financial statements.

In the first year of application, comparative information is not required.

31 December 2009

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 (Amendment) Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to HKAS 32 and HKAS 1 become effective for annual periods beginning on or after 1 January 2009 with early application permitted. The amendment to HKAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendments to HKAS 1 require disclosure of certain information relating to puttable instruments classified as equity.

The Sub-Fund's redeemable units have had all the features and have met all the conditions as set out in paragraphs 16A and 16B of HKAS 32 for classification as equity instruments during the entire reported period (for the period from 19 November 2007 (date of establishment) to 31 December 2008: the same).

As a result of the adoption of the amendments, the Sub-Fund has reclassified an amount of HK\$51,618,769 (31 December 2008: HK\$43,881,126, 19 November 2007 (date of establishment): HK\$21,456,781) from financial liabilities to equity as at 31 December 2009 and reported a net profit for the year of HK\$32,486,900 (for the period from 19 November 2007 (date of establishment) to 31 December 2008: a loss of HK\$58,448,622).

2.3 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-Fund classifies its financial assets and financial liabilities into the categories above in accordance with HKAS 39.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include equity securities. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Derivative financial instruments entered into by the Sub-Fund do not meet the hedge accounting criteria as defined by HKAS 39. Consequently, hedge accounting is not applied by the Sub-Fund.

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-Fund includes in this category amounts relating to short-term receivables.

Other financial liabilities

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

31 December 2009

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Recognition

The Sub-Fund recognizes a financial asset or a 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 recognized on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the asset.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired; or
- The Sub-Fund has transferred its rights to receive cash flows from the asset or has 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-Fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Sub-Fund’s continuing involvement in the asset.

The Sub-Fund derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(iv) Initial measurement

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

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

(v) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in statement of comprehensive income. Interest earned and dividend revenue elements of such instruments are recorded separately in statement of comprehensive income.

31 December 2009

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) ***Subsequent measurement*** (continued)

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

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The effective interest method is a method of calculating the amortized 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-Fund estimates 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.

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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.

Impairment of financial assets

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. 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 reorganization 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 recognized in profit or loss.

31 December 2009

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of assets and liabilities 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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Interest revenue and expense

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

Dividend revenue

Dividend revenue is recognized when the Sub-Fund's 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.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in the statement of comprehensive income. Exchange differences on other financial instruments are included in the Statement of comprehensive income.

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'financial liabilities, other than those classified as at fair value through profit or loss' for recognition and measurement.

Amounts due from brokers include receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for 'loans and receivables' for recognition and measurement.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Sub-Fund is 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-Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the cash flow statement, cash inflows from investments are presented net of withholding taxes, when applicable.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognized 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.

Functional currency

The primary objective of the Sub-Fund is to generate returns in HK\$, its capital-rising currency. The liquidity of the Sub-Fund is managed on a day-to-day basis in HK\$ in order to handle the issue, acquisition and resale of the Sub-Fund's redeemable units. The Sub-Fund's performance is evaluated in HK\$. Therefore, the management considers the HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

The following is a summary of transactions entered into during the year between the Sub-Fund 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 holding in the Sub-Fund

The directors of the Manager may transact in the units of the Sub-Fund as principal provided that prior written notice is obtained from the Trustee. As at 31 December 2009, the directors of the Manager and the affiliate of the Manager, Guotai Junan Investments (Hong Kong) Limited, together held 115,460.32 (2008: 262,781.05) units in the Sub-Fund.

Management fee

The Manager is entitled to receive a management fee at 1.5% per annum of the net asset value of the Sub-Fund. The management fee is calculated and accrued as at each valuation day and payable monthly in arrears. The management fee for the year ended 31 December 2009 was of HK\$682,633 (for the period from 19 November 2007 (date of establishment) to 31 December 2008: HK\$1,135,803). As at 31 December 2009, a management fee of HK\$63,055 (2008: HK\$59,508) was payable to the Manager.

31 December 2009

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

Trustee fees

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 be paid monthly in arrears.

In addition, the Trustee received a one time establishment fee of HK\$31,200 in respect of the Sub-Fund in the prior period, payable upon the close of the initial offer period. 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.

The trustee fee for the year ended 31 December 2009 was of HK\$412,000 (for the period from 19 November 2007 (date of establishment) to 31 December 2008: HK\$460,537). As at 31 December 2009, a trustee fee of HK\$34,991 (2008: HK\$36,824) was payable to the Trustee.

Registrar fee

The Trustee is also entitled to receive a fee for services in its capacity as Registrar which will be fixed at HK\$39,000 per annum initially; such fee may vary depending on the number of holders of redeemable units in the Sub-Fund and is calculated and paid quarterly in arrears to the Trustee. There is no maximum amount applicable to the Registrar Fees.

The registrar fee for the year ended 31 December 2009 was HK\$39,000 (for the period from 19 November 2007 (date of establishment) to 31 December 2008: HK\$43,595). As at 31 December 2009, a registrar fee of HK\$3,446 (2008: HK\$3,300) was payable to the Registrar.

Further, the Trustee may appoint sub-custodians to safe-keep the assets of the Sub-Fund. All sub-custodian fees will be charged to the Sub-Fund 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-Fund.

Brokerage and handling fee

Guotai Junan Securities (Hong Kong) Limited (“GJS”), the fellow subsidiary of the Manager, charged the Sub-Fund a brokerage and handling fee at a fixed rate of 1% for each initial public offering subscription and 0.25% for each listed securities transaction. During the year, the Sub-Fund incurred in the brokerage and handling fee to GJS of HK\$234,941 (for the period 19 November 2007 (date of establishment) to 31 December 2008: HK\$328,235) and no amounts in relation to the brokerage and handling fee were payable by the Sub-Fund as at 31 December 2009.

Bank balances and interest income

Bank balances are maintained with the Hongkong and Shanghai Banking Corporation Limited (“HSBC”), Hong Kong Branch, an affiliate of the Trustee. Bank balances deposited with affiliates of the Trustee at 31 December 2009 of HK\$8,038,195 (2008: HK\$8,845,238) and interest income earned during the year on these bank balances was HK\$255 (for the period from 19 November 2007 (date of establishment) to 31 December 2008: HK\$21,025).

NOTES TO FINANCIAL STATEMENTS

31 December 2009

4. TAX

The Sub-Fund of the Trust are exempt from Hong Kong profits tax on income arising from its authorized 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-Fund 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 items subject to taxation at an average applicable withholding tax rate of 10% (2008: 10%) in such jurisdictions. The withholding tax attributable to the Sub-Fund in 2009 is HK\$24,764 (for the period from 19 November 2007 (date of establishment) to 31 December 2008: HK\$25,195).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009 HK\$	2008 HK\$
Listed equity securities, at cost	40,692,256	73,460,055
Unrealized gains/(losses)	2,513,252	(39,618,891)
Total financial assets at fair value through profit or loss	<u>43,205,508</u>	<u>33,841,164</u>

A detailed portfolio listing as at 31 December 2009 is set out on page 28.

The financial instruments of the Sub-Fund recognized at fair value, analyzed between those whose value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 December 2009, all of the Sub-Fund's investment holdings were classified as Level 1 under the three-level valuation hierarchy. Quoted prices are available in active markets for all of the Sub-Fund's investment holdings.

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2009

6. CASH AND BANK BALANCES

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

7. CAPITAL

As at 31 December 2009, the Sub-Fund only has one single class of units in issue, being redeemable participating units. The redeemable participating units do not carrying any voting rights. They carry the right to receive distributions and the rights to participate in the surplus assets of the Sub-Fund after the payment of all creditors upon liquidation of the Sub-Fund.

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-Fund is based on the net asset of the Sub-Fund as at 31 December 2009 and the number of units in issue as at that date respectively.

	2009 HK\$	2008 HK\$
Net assets	51,618,769	43,881,126

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

	Year ended 31 December 2009	For the period from 19 November 2007 (date of establishment) to 31 December 2008
At beginning of the year/period	1,029,824.58	-
Issued during the year/period	1,602.96	1,219,268.74
Redeemed during the year/period	(428,631.02)	(189,444.16)
At the end of the year/period	602,796.52	1,029,824.58
Net asset value per redeemable unit	85.63	42.61

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2009

8. RECONCILIATION BETWEEN NET ASSET VALUE PER STATEMENT OF ASSETS AND LIABILITIES AND PUBLISHED NET ASSET VALUE

	2009 HK\$	2008 HK\$
Net asset value used for calculating published net asset value per redeemable units	51,648,012	44,245,110
Adjustment to fair value of financial assets at fair value through profit or loss*	(29,243)	(363,984)
Net asset value per financial statements	<u>51,618,769</u>	<u>43,881,126</u>
Number of redeemable units in issue	602,796.52	1,029,824.58
Published net asset value per redeemable unit	<u>85.68</u>	<u>42.96</u>

* The published net asset value per redeemable participating unit issued is calculated using last traded price at the close of business on the reporting date in determining the fair value of investment securities, in accordance with the offering memorandum, instead of using last bid price for financial assets at fair value through profit or loss, as required under HKFRSs.

9. 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-Fund of the Trust.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Sub-Fund is subject to various risks as the Sub-Fund 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 Sub-Fund and will minimize 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. Further, the Sub-Fund invests 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.

31 December 2009

10. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk

Market risk (including equity price risk, foreign currency risk and interest rate risk) is the risk that the value of financial assets will fluctuate as a result of changes in market prices, foreign currency and interest rates whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

The Sub-Fund is exposed to market risk on its investments. The Sub-Fund minimizes 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.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The trading equity price risk exposure arises from the Sub-Fund's investment portfolio.

At 31 December 2009, if equity market index of various Asian markets had increased or decreased by 5% with all other variables held constant, this would have increased or decreased respectively in net assets attributable to holders of redeemable units for the year by approximately HK\$2,160,000. This is based on management's best estimate with all other variables held constant. In practice, the actual results may differ and the difference could be material.

Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. Such risk exposures arise from trading in securities in currencies other than the Sub-Fund's functional currency. Fluctuations in exchange rates between the HK\$ and United State dollars ("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 the Sub-Fund does not expose to significant foreign currency risk as majority of its operations and transactions are in HK\$ and denominated in HK\$.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates. The Sub-Fund is exposed to interest rate risk as all 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-Fund. Due to the current balance sheet structure of the Sub-Fund, emphasis is placed on managing the interest rate risk of cash and bank balances. In terms of sensitivity to movements in interest rates, the Sub-Fund did not experience a substantial loss on the finance cost affected by the interest rate movements as the Sub-Fund's financial instruments were predominantly equity securities and cash at bank, which are either interest-free or at minimal interest rate bearing at 31 December 2009.

31 December 2009

10. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. 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 7 to the financial statements, the Sub-Fund is subject to cash redemptions of its redeemable units on every business day during the calendar year. The Sub-Fund considers 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 Sub-Fund's financial liabilities are same as their carrying values as at 31 December 2009 of HK\$1,829,071 (2008: HK\$437,342) as they are repayable less than three months.

(c) Credit risk

Credit risk relates to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows from financial assets on hand as at the balance sheet date. The Sub-Fund minimizes exposure to credit risk by only dealing with counterparties with high credit ratings.

The Sub-Fund is mainly exposed to credit risk on its investments placed with the brokers and amounts due from brokers. The Sub-Fund monitors its 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. In addition, substantially all of the cash and bank balances of the Sub-Fund are held by the reputable financial institutions located in Hong Kong.

The Sub-Fund's maximum exposure to credit risk in the event of counterparties failing to perform their obligations as of balance sheet date in relation to each class of recognized financial assets approximates to the carrying amount of those assets as indicated in the balance sheet. The Sub-Fund adopts the method of deliver-against-payment in the settlement of all its transactions. This arrangement is effectively avoid the counterparty risk from brokers.

31 December 2009

10. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Capital management

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

The Sub-Fund manages 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-Fund may adjust the investments held.

The Sub-Fund defines 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.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized by the Manager and the Trustee on 8 April 2010.

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

INVESTMENT PORTFOLIO

31 DECEMBER 2009

Listed Investments

Equities	Holdings	Market Value HK\$	% of Net Assets
<u>Hong Kong</u>			
Agile Property Holdings Ltd	110,000	1,247,400	2.42
China COSCO Holdings Co. Ltd. - H Shares	120,000	1,148,400	2.22
China Minsheng Banking	308,500	2,690,120	5.21
China Telecom Corporation Ltd. - H Shares	550,000	1,776,500	3.44
China All Access (Holdings) Ltd	1,690,000	2,619,500	5.07
Dalian Port (PDA) Co. Ltd. - H Shares	522,000	1,560,780	3.02
GCL-Poly Energy Holdings Ltd	771,000	1,788,720	3.47
GOME Electrical Appliances Holding Ltd	720,000	2,030,400	3.93
Jia Sheng Holdings Ltd	10,500,000	4,357,500	8.44
Lenovo Group Ltd	160,000	772,800	1.50
Maanshan Iron & Steel Co. Ltd. - H Shares	248,000	1,396,240	2.70
Metallurgical Corporation of China Ltd. - H Shares	250,000	1,145,000	2.22
Minmetals Land Ltd	2,036,000	4,621,720	8.95
PICC Property and Casualty Co. Ltd. - H Shares	200,000	1,400,000	2.71
Poly (Hong Kong) Investments Ltd	220,000	2,131,800	4.13
Shandong Chenming Paper Holdings Ltd. - H Shares	250,000	1,462,500	2.83
Shenzhen Investment Ltd	478,000	1,572,620	3.05
Shougang Concord Century Holdings Ltd	1,490,000	1,519,800	2.94
Sichuan Xinhua Winshare Chainstore Co., Ltd. - H Shares	241,000	761,560	1.48
SRE Group Ltd	1,806,000	1,498,980	2.90
Tianjin Development Holdings Ltd	170,000	980,900	1.90
<u>United States</u>			
Shanda Games Ltd	36,668	2,894,844	5.61
Concord Medical Services Holdings Ltd	27,400	1,827,424	3.54
TOTAL INVESTMENTS		43,205,508	
TOTAL INVESTMENTS, AT COST		40,692,256	

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

PERFORMANCE RECORD

31 DECEMBER 2009

Listed Investments	Holdings			Bonus/Splits	
	01/01/2009	Additions	Disposals	Factor Adj	31/12/2009
Equities				Maturity	
<u>Consumer Discretionary</u>					
Chow Sang Sang Holdings International Ltd.	-	232,000	(232,000)	-	-
Geely Automobile Holdings Ltd	-	500,000	(500,000)	-	-
China Resources Enterprise, Ltd	60,000	-	(60,000)	-	-
GOME Electrical Appliances Holding Ltd	-	720,000	-	-	720,000
SinoMedia Holding Ltd	-	800,000	(800,000)	-	-
Skyworth Digital Holdings Ltd	-	456,000	(456,000)	-	-
Sichuan Xinhua Winshare Chainstore Co., Ltd. - H Shares	-	241,000	-	-	241,000
Little Sheep Group Ltd	-	277,000	(277,000)	-	-
China Lilang Ltd	-	701,000	(701,000)	-	-
Shanghai Jin Jiang Int'l Hotels (Group) Co. Ltd. - H Shares	-	400,000	(400,000)	-	-
Hengdeli Holdings Ltd	200,000	-	(200,000)	-	-
China Dongxiang (Group) Co., Ltd	-	229,000	(229,000)	-	-
Lao Feng Xiang Co Ltd - B	-	120,000	(120,000)	-	-
<u>Consumer Staples</u>					
Chaoda Modern Agriculture (Holdings) Ltd.	-	446,000	(446,000)	-	-
Shenguan Holdings (Group) Ltd	-	954,000	(954,000)	-	-
Asia Cassava Resources Holdings Ltd	-	178,000	(178,000)	-	-
Silver Base Group Holdings Ltd	-	1,125,000	(1,125,000)	-	-
China Green (Holdings) Ltd	-	90,000	(90,000)	-	-
China Yurun Food Group Ltd	-	180,000	(180,000)	-	-
China Huiyuan Juice Group Ltd	-	80,000	(80,000)	-	-
China Mengniu Dairy Co. Ltd	100,000	224,000	(324,000)	-	-

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

PERFORMANCE RECORD

31 DECEMBER 2009

Listed Investments	Holdings		Bonus/Splits	
	01/01/2009	Additions	Disposals	Factor Adj 31/12/2009
Equities				Maturity
<u>Energy</u>				
China Petroleum & Chemical Corporation - H Shares	250,000	220,000	(470,000)	-
Shandong Molong Petroleum Machinery Co. Ltd. - H Shares	1,292,000	2,700,000	(3,992,000)	-
PetroChina Co. Ltd. - H Shares	-	570,000	(570,000)	-
Yanzhou Coal Mining Co. Ltd. - H Shares	-	160,000	(160,000)	-
China Coal Energy Co. Ltd. - H Shares	40,000	-	(40,000)	-
China Oilfield Services Ltd. - H Shares	250,000	-	(250,000)	-
Inner Mongolia Yitai Coal Co	80,000	25,000	(105,000)	-
<u>Financials</u>				
Ming An Holdings	-	340,000	(340,000)	-
Poly (Hong Kong) Investments Ltd	-	239,000	(19,000)	220,000
Yuexiu Property Co. Ltd	-	808,000	(808,000)	-
Dah Sing Financial Holdings Ltd	-	52,000	(52,000)	-
Shenzhen Investment Ltd	-	478,000	-	478,000
Jia Sheng Holdings Ltd	-	40,000,000	(29,500,000)	10,500,000
Shimao Property Holdings Ltd	-	80,000	(80,000)	-
Longfor Properties Co. Ltd	-	8,000	(8,000)	-
China CITIC Bank Corporation Ltd. - H Shares	-	250,000	(250,000)	-
China Resources Land Ltd	-	150,000	(150,000)	-
SRE Group Ltd	-	1,806,000	-	1,806,000
Industrial and Commercial Bank of China Ltd. - H Shares	-	143,000	(293,000)	-
Fantasia Holdings Group Co., Ltd	-	499,500	(499,500)	-
China Minsheng Banking	-	428,500	(120,000)	308,500
Ping An Insurance (Group) Co. of China Ltd. - H Shares	-	28,000	(28,000)	-
PICC Property and Casualty Co. Ltd. - H Shares	-	200,000	-	200,000

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

PERFORMANCE RECORD

31 DECEMBER 2009

Listed Investments	01/01/2009	Holdings		Bonus/Splits		
		Additions	Disposals	Factor	Adj Maturity	31/12/2009
Equities						
Financials						
BOC Hong Kong (Holdings) Ltd	100,000	-	(100,000)	-	-	-
China Life Insurance Co. Ltd. - H Shares	50,000	60,000	(110,000)	-	-	-
Guangzhou R&F Properties Co., Ltd. - H Shares	-	150,400	(150,400)	-	-	-
Agile Property Holdings Ltd	-	110,000	-	-	-	110,000
Bank of China Ltd. - H Shares	1,300,000	1,100,000	(2,400,000)	-	-	-
Polaris Securities Co Ltd	-	300,000	(300,000)	-	-	-
Cathay Financial Holding Co	73,500	-	(73,500)	-	-	-
Capital Securities Corp	-	300,000	(300,000)	-	-	-
KGI Securities Co Ltd	-	300,000	(300,000)	-	-	-
Health Care						
China Pharmaceutical Group Ltd	500,000	-	(500,000)	-	-	-
Sinopharm Group Co. Ltd. - H Shares	-	12,000	(12,000)	-	-	-
United Laboratories International Holdings Ltd., The	-	420,000	(420,000)	-	-	-
Shandong Weigao Group Medical Polymer Co. Ltd. - H Shares	-	40,000	(40,000)	-	-	-
Concord Medical Services Holdings Ltd	-	27,400	-	-	-	27,400
Index Fund						
iShares FTSE/ Xinhua A50 China Index ETF	390,000	7,600	(397,600)	-	-	-

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

PERFORMANCE RECORD

31 DECEMBER 2009

Listed Investments	Holdings		Bonus/Splits		
	01/01/2009	Additions	Disposals	Factor Adj	31/12/2009
Equities				Maturity	
<u>Industrials</u>					
HKC (Holdings) Ltd	-	840,000	(840,000)	-	-
Minmetals Land Ltd	-	2,040,000	(4,000)	-	2,036,000
China Railway Group Ltd. - H Shares	-	402,000	(402,000)	-	-
China High Speed Transmission Equipment Group Co., Ltd	-	60,000	(60,000)	-	-
Air China Ltd. - H Shares	66,000	-	(66,000)	-	-
Tianjin Development Holdings Ltd	-	170,000	-	-	170,000
China Southern Airlines Co. Ltd. - H Shares	1,221,000	-	(1,221,000)	-	-
China Railway Construction Corporation Ltd. - H Shares	100,000	208,000	(308,000)	-	-
Metallurgical Corporation of China Ltd. - H Shares	-	250,000	-	-	250,000
China South Locomotive & Rolling Stock Corporation Ltd.-H	-	855,000	(855,000)	-	-
China Communications Construction Co. Ltd. - H Shares	18,000	-	(18,000)	-	-
China National Materials Co. Ltd. - H Shares	-	200,000	(200,000)	-	-
China COSCO Holdings Co. Ltd. - H Shares	-	540,000	(420,000)	-	120,000
Dalian Port (PDA) Co. Ltd. - H Shares	-	522,000	-	-	522,000
Tianjin Binhai Teda Logistics (Group) Corporation Ltd.-H Shs	3,194,000	-	(3,194,000)	-	-
<u>Information Technology</u>					
Kingdee International Software Group Co. Ltd.	-	992,000	(992,000)	-	-
China All Access (Holdings) Ltd	-	3,890,000	(2,200,000)	-	1,690,000
Tencent Holdings Ltd	25,000	-	(25,000)	-	-
Sino-Tech International Holdings Ltd	-	500,000	(500,000)	-	-
ZTE Corporation - H Shares	-	29,600	(29,600)	-	-

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

PERFORMANCE RECORD

31 DECEMBER 2009

Listed Investments	01/01/2009	Holdings		Bonus/Splits		31/12/2009
		Additions	Disposals	Factor	Adj Maturity	
Equities						
<u>Information Technology</u>						
VST Holdings Ltd	-	580,000	(580,000)	-	-	-
Digital China Holdings Ltd	-	179,000	(179,000)	-	-	-
TPV Technology Ltd	-	594,000	(594,000)	-	-	-
Lenovo Group Ltd	500,000	160,000	(500,000)	-	-	160,000
ZZNode Technologies Co. Ltd	-	120,000	(120,000)	-	-	-
Ju Teng International Holdings Ltd	-	530,000	(530,000)	-	-	-
Wasion Group Holdings Ltd	-	258,000	(258,000)	-	-	-
Heng Xin China Holdings Ltd	-	1,792,000	(1,792,000)	-	-	-
AV Tech Corp	24,200	-	(24,200)	-	-	-
Giant Interactive Group Inc	-	13,500	(13,500)	-	-	-
Shanda Games Limited	-	36,668	-	-	-	36,668
<u>Materials</u>						
Shougang Concord Century Holdings Ltd	-	2,690,000	(1,200,000)	-	-	1,490,000
Maanshan Iron & Steel Co. Ltd. - H Shares	-	248,000	-	-	-	248,000
Huabao International Holdings Ltd	80,000	250,000	(330,000)	-	-	-
Sinopec Shanghai Petrochemical Co. Ltd. - H Shares	-	400,000	(400,000)	-	-	-
Jiangxi Copper Co. Ltd. - H Shares	-	173,000	(173,000)	-	-	-
Fushan International Energy Group Ltd	-	252,000	(252,000)	-	-	-
Shougang Concord International Enterprises Co. Ltd	1,500,000	-	(1,500,000)	-	-	-
China Metal Recycling (Holdings) Ltd	-	79,800	(79,800)	-	-	-
CPMC Holdings Ltd	-	69,000	(69,000)	-	-	-
Minmetals Resources Ltd	280,000	-	(280,000)	-	-	-
China Zhongwang Holdings Ltd	-	280,000	(280,000)	-	-	-

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND

PERFORMANCE RECORD

31 DECEMBER 2009

Listed Investments	01/01/2009	Holdings		Bonus/Splits		
		Equities	Additions	Disposals	Factor Adj	31/12/2009
					Maturity	
<u>Materials</u>						
Shandong Chenming Paper Holdings Ltd. - H Shares	130,000	250,000	(130,000)	-	-	250,000
China Sunshine Paper Holdings Co. Ltd	-	326,500	(326,500)	-	-	-
Aluminum Corporation of China Ltd. - H Shares	100,000	-	(100,000)	-	-	-
Samling Global Ltd	-	1,400,000	(1,400,000)	-	-	-
China BlueChemical Ltd. - H Shares	816,000	598,000	(1,414,000)	-	-	-
<u>Telecommunication Services</u>						
China Communications Services Corporation Ltd. - H Shares	-	500,000	(500,000)	-	-	-
China Telecom Corporation Ltd. - H Shares	950,000	950,000	(1,350,000)	-	-	550,000
China Unicom (Hong Kong) Ltd	-	1,220,000	(1,220,000)	-	-	-
China Mobile Ltd	-	29,000	(29,000)	-	-	-
<u>Utilities</u>						
China Resources Power Holdings Co. Ltd	-	162,000	(170,200)	8,200	-	-
China Longyuan Power Group Corporation Ltd. - H Shares	-	123,000	(123,000)	-	-	-
Datang International Power Generation Co., Ltd. - H Shares	-	66,000	(66,000)	-	-	-
China Power International Development Ltd	-	228,000	(228,000)	-	-	-
XinAo Gas Holdings Ltd	-	100,000	(100,000)	-	-	-
GCL-Poly Energy Holdings Ltd	-	947,000	(176,000)	-	-	771,000
<u>Warrant</u>						
ML-CMOB@EP0909	-	1,625,000	(1,625,000)	-	-	-
SG-CMOB@EP0905C	-	230,000	(230,000)	-	-	-

GUOTAI JUNAN INVESTMENT FUNDS - GUOTAI JUNAN GREATER CHINA GROWTH FUND
PERFORMANCE RECORD

31 December 2009

Net asset value

HK\$

31 December 2009 51,618,769

31 December 2008 43,881,126

Net asset value per unit

HK\$

31 December 2009 85.63

31 December 2008 42.61

Highest and lowest net asset value per unit

Highest
HK\$

Lowest
HK\$

Financial year ended 31 December 2009 85.68 40.61

Financial period ended 31 December 2008 (since establishment) 113.18 33.52