



國泰君安國際
GUOTAI JUNAN INTERNATIONAL
ASSET MANAGEMENT

Guotai Junan Investment Funds

Guotai Junan Greater China Growth Fund

Guotai Junan Equity Income Fund

INTERIM REPORT (Unaudited)
For the six months ended 30 June 2013

Guotai Junan Assets (Asia) Limited

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INVESTMENT MANAGER'S REVIEW

FOR THE PERIOD ENDED 30 JUNE 2013 (UNAUDITED)

MARKET REVIEW

In the first half of 2013, under the backdrop of economic recovery, equities of major developed markets including the United States, Europe and Japan had recorded positive returns, in general outperformed the emerging markets including China. In the United States, the employment figures and other economic indicators are gradually improved. Investors worried more on tapering of quantitative easing measures and increasingly concerned on Fed's schedule to scale down the bond purchase program over the next one to two quarters. In Europe, the latest eurozone PMI figure rebounded from trough even though the employment figures remains lackluster. But comparing to the severe time of eurozone debt crisis in second half of 2012, the chance of more countries to bailout had been largely reduced as sovereign bond yields came down. Systematic risk also lowered from a stressful to a comfortable level. In Japan, Bank of Japan ("BoJ") expanded its balance sheet to stimulus domestic economy as well as proactively depreciated its local currency. Investor confidence on Japanese equities had been bolstered on the positive expectation of BoJ's actions.

During the period, the net total returns in US dollar of the MSCI World Index surged 8.4%. Major indices of the United States, Europe and Japan represented by S&P 500, MSCI Europe and MSCI Japan recorded positive returns of 13.8%, 3.2% and 16.6% respectively. Outflow of foreign capital from emerging markets continuously caused selling pressure to their equities. On the same basis, MSCI Emerging Market recorded a negative return of 9.6%, for Chinese equities, MSCI China A+H Index posted a 10.5% loss.

In China, even though the second quarter GDP still managed to grow by 7.5%, a series of structural reforms had been in place, shifting the economic growth model to be a more sustainable one. But this also caused a short-term impact on the economy, overcapacity issues on certain industries had become prominent and the central government had to strike a balance between short-term growth and long-term sustainability. On the other hand, to minimize the systematic risk appeared as municipal and corporate liability keep expanding through the shadow banking credit channels, the central bank and central government had joined their efforts to block any loopholes which may potentially affect the stability of its financial system, and prevent any shock to the real economy.

Reading through the latest China economic statistics, we see improvements in certain areas such as trade and electricity usage, but more observation points are needed to confirm a recovery.



INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
MARKET OUTLOOK

Looking forward, we expect central government will continue to focus on the economic reforms and prevent systematic risks. First, shadow banking will be more promptly regulated as well as normalizing other financing channels. Second, government will continue to drive consolidation for certain industries which have overcapacity problem. The central government had already launched a series of industry-specific policies to speed up the elimination of outdated capacities. On the other hand, central government had also identified several areas to speed up investment which fit the development roadmap as well as to provide support to economic growth. For example, to support the urbanization strategy, central government decided to further drive up the investment in railway infrastructure, this action not only help to improve the national transportation and logistic networks, but also providing demand to other traditional industries such as cement and steel.

Latest statistics of the United States and Europe including the manufacturing PMI had shown mild recovery of the World's two biggest economies. We believe demand on products manufactured by China will be picking up. Since the subprime crisis in the United States and eurozone debt crisis, net exports contribution to China's GDP had shrunk to a very low level. Export-oriented industries had been suffering for a long time, the situation may be better if the external economy continue to improve.

From the liquidity prospective, the impact on tapering of quantitative measures of US Fed remains the biggest uncertainty in the second half of 2013. Normalization of monetary policy may bring the US Treasury yield back to the pre-crisis level. Liquidity will be less abundant and interest cost for certain corporate will surge, especially those have their debt dominated in US dollar or Hong Kong dollar, this will also weaken their earnings growth. We believe liquidity shrunk and asset reallocation from fixed income products to other asset classes in the coming quarters is one of the most likely scenarios, which will create a neutral to negative impact to the valuation of equities.

To summarize, we expect that market will remain challenging for the second half of the year. However, as we see more signs for China, the United States, Europe and other economies are getting on track for recovery, the negative impact of reversing the quantitative measures of the US will be gradually offset and equity markets of the greater China region will eventually regain a positive momentum.

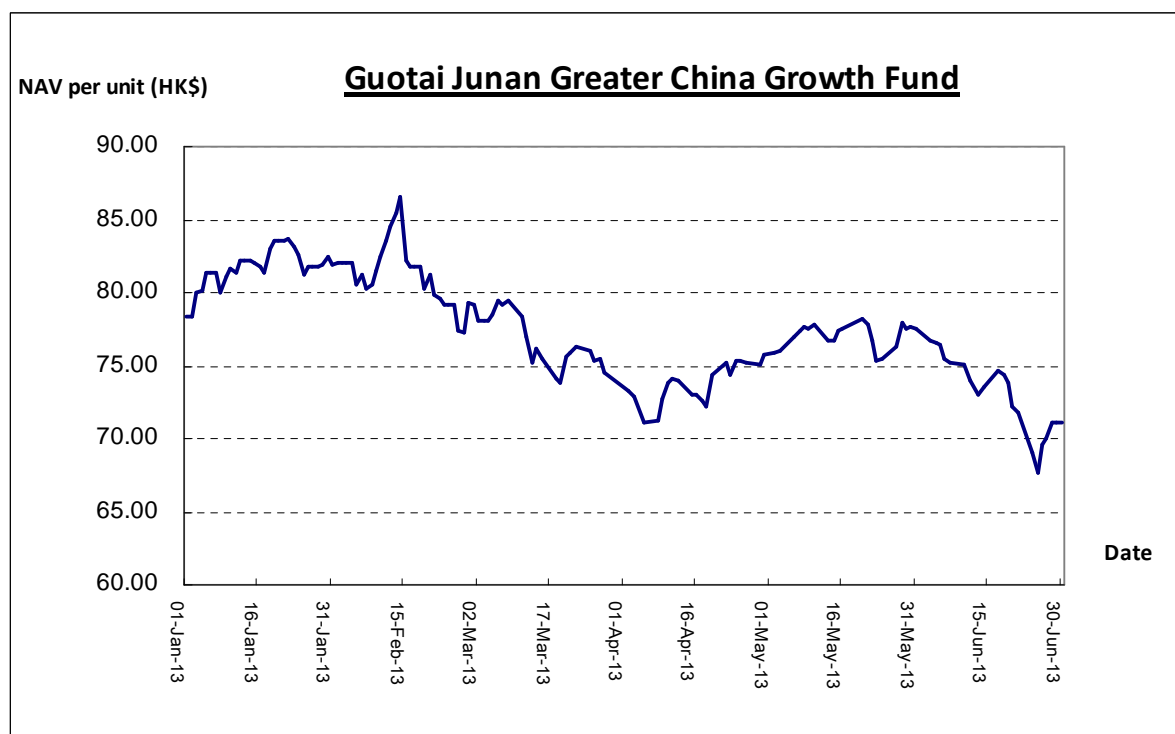


INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund

Index / Fund's Name	Jan-Jun 2013 Total Return (%)*	Since Inception Total Return (%)
Shenzhen SE B Shares Index	10.2	21.5
Taiwan Taiex Index	4.8	12.8
Shanghai SE B Shares Index	(2.0)	(23.5)
MSCI Golden Dragon Index	(4.3)	(10.5)
Hang Seng Index	(5.8)	(8.2)
Guotai Junan Greater China Growth Fund	(6.2)	(28.9)
Hang Seng China-Affiliated Index	(9.8)	(20.8)
MSCI China Index	(10.7)	(25.0)
Hang Seng China Enterprises Index	(15.6)	(33.0)

* Ranked by the total returns of indices or the Fund for the period from 1 January to 30 June 2013



INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
SUB-FUNDS' PERFORMANCE (CONTINUED)

The total return of the Guotai Junan Greater China Growth Fund ("GJGC" hereafter) decreased by 6.2% in the first half of 2013, and recorded a decrease of 28.9% since inception i.e. 19 Nov 2007.

In the first half of 2013, GJGC underperformed the total returns of the Hang Seng Index ("HSI") by 0.4%, but outperformed the Hang Seng China Enterprises Index ("HSCEI") by 9.4%. In GJGC, even though H-Share stocks in general underperformed the HSI, our portfolio had overweighted some outperforming mid-small cap stocks which could offset the poor performance of big cap H-Share stocks.

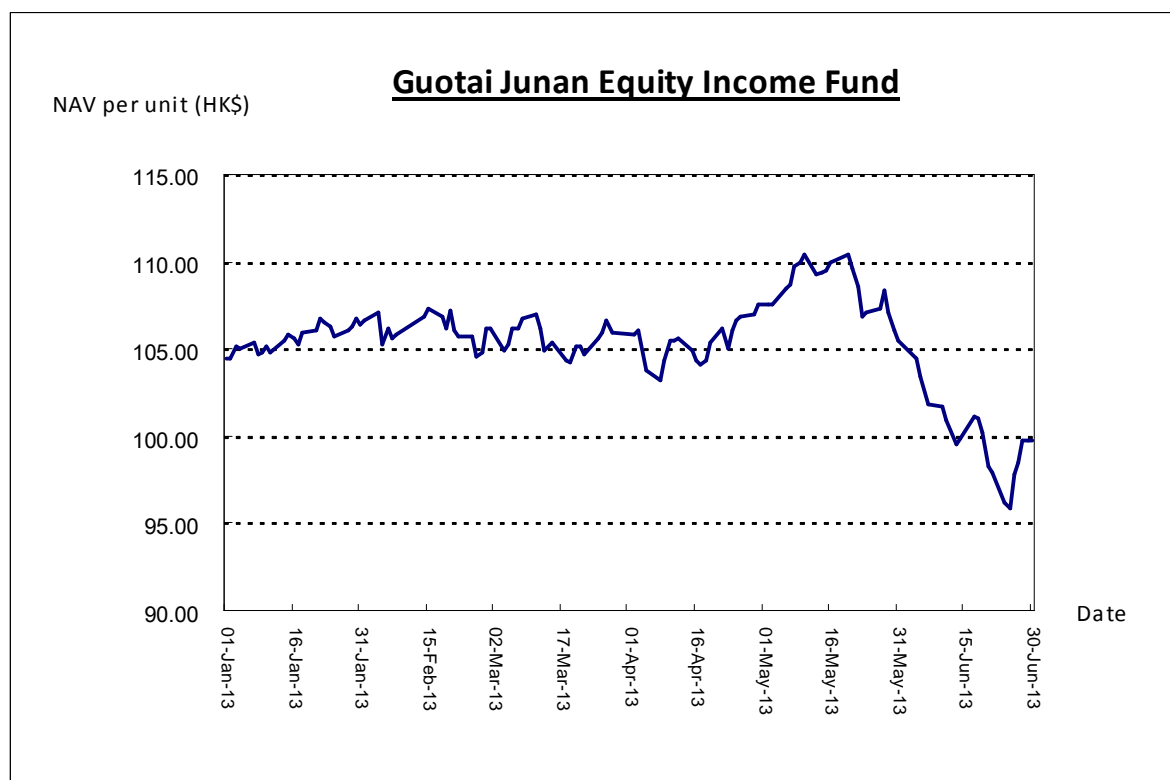
As of the 30 June of 2013, the portfolio was well diversified. Amongst all exposure, information technology, energy and financials were the top weighed sectors, which made up of 19.4%, 13.2% and 12.8% of the NAV respectively.

B. Guotai Junan Equity Income Fund

Index / Fund's Name	Jan-Jun 2013 Total Return (%)*	Since Inception Total Return (%)
Shenzhen SE B Shares Index	10.2	20.7
Taiwan Taiex Index	4.8	3.0
Dow Jones Hong Kong Select Dividend 30 Index	1.4	4.1
Shanghai SE B Shares Index	(2.0)	1.5
Guotai Junan Equity Income Fund	(3.2)	2.6
MSCI Golden Dragon Index	(4.3)	(10.5)
Hang Seng Index	(5.8)	(8.2)
Hang Seng China-Affiliated Index	(9.8)	(20.8)
MSCI China Index	(10.7)	(25.0)
Hang Seng China Enterprises Index	(15.6)	(15.1)

* Ranked by the total returns of indices or the Fund for the period from 1 January to 30 June 2013

INVESTMENT MANAGER’S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
SUB-FUNDS’ PERFORMANCE (CONTINUED)



The total return of the Guotai Junan Equity Income Fund (“GJEI” hereafter) decreased by 3.2% in the first half of 2013, and recorded an increase of 2.6% since inception i.e. 29 Feb 2012.

In the first half of 2013, GJEI underperformed the total returns of the Dow Jones Hong Kong Select Dividend 30 Index (“DJHKSD”) by 4.6% but outperformed the HSI and HSCEI by 2.6% and 12.4% respectively. We believe the key reason for GJEI to underperform the DJHKSD was due to higher exposure to H-Share stocks. The outperformance versus HSI and HSCEI could be attributable to the strategy of lowering portfolio beta through sector selection and high cash level during market downturn.

As of the 30 June 2013, the portfolio was well diversified. Amongst all exposure, financials, utilities and industrials were the top weighed sectors, which made up of 29.9%, 10.1% and 9.4% of the NAV respectively.

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)
GUOTAI JUNAN GREATER CHINA GROWTH FUND

	% of net assets	
	31 December 2012	30 June 2013
Equity		
- Unites States	0.65	0.85
- Hong Kong and China	85.27	84.33
	<u>85.92</u>	<u>85.18</u>

GUOTAI JUNAN EQUITY INCOME FUND

	% of net assets	
	31 December 2012	30 June 2013
Equity		
- Hong Kong and China	69.09	70.22
	<u>69.09</u>	<u>70.22</u>



INVESTMENT PORTFOLIO

AS AT 30 JUNE 2013 (UNAUDITED)

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Investment Portfolio as at 30 June 2013

Listed Investment Equities	Holdings	Market Value HKD (Bid Price)	% of Net Assets
Hong Kong Market			
Beijing Jingneng Clean Energy	300,000	873,000	0.75
Belle International Holdings Ltd	150,000	1,599,000	1.38
Boshiwa International Holding Ltd	690,000	0	0.00
BYD Electronic International Co Ltd	1,012,000	4,149,200	3.57
China Agri-Industries Holdings	476,000	1,618,400	1.39
China All Access Holdings Ltd	3,079,000	7,635,920	6.57
China Communications Services	596,000	2,884,640	2.48
China Datang Corp Renewable Power Co Ltd	1,983,000	3,311,610	2.85
China Everbright International Ltd	500,000	3,000,000	2.58
China Life Insurance Co Ltd	205,000	3,763,800	3.24
China Lumena New Materials Corp	1,824,000	2,608,320	2.25
China Medical System Holdings	519,000	3,581,100	3.08
China Oilfield Services Ltd	50,000	757,000	0.65
China Petroleum & Chemical Corporation	650,000	3,542,500	3.05
China Power International Development Ltd	500,000	1,450,000	1.25
China State Construction International Holdings Ltd	300,000	3,588,000	3.09
China Taiping Insurance Holdings Co Ltd	290,000	3,480,000	3.00
CITIC Securities Co Ltd	140,000	1,934,800	1.67
Future Land Development Holdings Ltd	1,600,000	1,744,000	1.50
GCL-Poly Energy Holdings Ltd	2,000,000	3,320,000	2.86
Geely Automobile Holdings Ltd	425,000	1,419,500	1.22
Great Wall Motor Co Ltd	30,000	999,000	0.86
Haier Electronics Group Co Ltd	461,000	5,697,960	4.91



INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2013 (UNAUDITED)

GUOTAI JUNAN GREATER CHINA GROWTH FUND (CONTINUED)

Investment Portfolio as at 30 June 2013

Listed Investment Equities	Holdings	Market Value	% of Net
		HKD (Bid Price)	Assets
Hilong Holding Ltd	1,675,000	7,638,000	6.58
Hisense Kelon Electrical Holdi	217,000	935,270	0.81
HSBC Holdings PLC	10,000	812,000	0.70
Hua Han Bio-Pharmaceutical Holdings	1,522,560	3,136,474	2.70
Huadian Power International Corporation Ltd	900,000	2,880,000	2.48
Lenovo Group Ltd	160,000	1,123,200	0.97
Magic Holdings International Ltd	457,509	2,196,043	1.89
Maoye International Holdings Ltd	1,979,000	2,335,220	2.01
Ping An Insurance Group Co of China Ltd	62,000	3,236,400	2.79
SPT Energy Group Inc	400,000	1,864,000	1.60
Tencent Holdings Ltd	17,600	5,346,880	4.60
Termbray Petro-King Oilfield Services Ltd	339,000	1,708,560	1.47
Tong Ren Tang Technologies Co Ltd	30,000	708,000	0.61
VST Holdings Ltd	725,200	1,066,044	0.92
US Market			
Concord Medical Services Holdings	31,800	991,624	0.85
TOTAL INVESTMENT		98,935,465	85.18
TOTAL INVESTMENT, AT COST		96,979,546	



INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2013 (UNAUDITED)

GUOTAI JUNAN EQUITY INCOME FUND

Investment Portfolio as at 30 June 2013

Listed Investment Equities	Holdings	Market Value HKD (Bid Price)	% of Net Assets
Hong Kong Market			
Bank of China Ltd	436,000	1,382,120	2.29
BOC Hong Kong Holdings Ltd	150,000	3,570,000	5.92
Bosideng International Holdings Ltd	366,000	589,260	0.98
Cheung Kong Infrastructure Holdings Ltd	23,000	1,187,950	1.97
China Communications Services Corp Ltd	130,000	629,200	1.04
China Construction Bank Corp	480,000	2,630,400	4.36
China Merchants Holdings International Co Ltd	132,000	3,181,200	5.28
China Mobile Ltd	37,500	3,043,125	5.05
China Petroleum & Chemical Corp	702,000	3,825,900	6.35
CLP Holdings Ltd	30,000	1,876,500	3.11
Datang International Power Generation Co Ltd	622,000	1,965,520	3.26
Hang Seng Bank Ltd	15,800	1,807,520	3.00
Hopewell Holdings Ltd	48,000	1,238,400	2.05
HSBC Holdings PLC	45,200	3,670,240	6.09
Industrial & Commercial Bank of China Ltd	954,000	4,655,520	7.72
NWS Holdings Ltd	77,588	921,745	1.53
Pacific Textile Holdings Ltd	55,000	477,400	0.79
PetroChina Co Ltd	150,000	1,237,500	2.05
Power Assets Holdings Ltd	16,000	1,068,000	1.77
Qingling Motors Co Ltd	288,000	547,200	0.91
Road King Infrastructure Ltd	45,000	321,750	0.53
Texwinca Holdings Ltd	306,000	2,203,200	3.66
Yuexiu Real Estate Investment Trust	72,000	304,560	0.51
TOTAL INVESTMENT		42,334,210	70.22
TOTAL INVESTMENT, AT COST		45,879,464	



**STATEMENT OF ASSETS AND LIABILITIES
FOR THE SIX MONTHS ENDED 30 JUNE 2013
GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	30 June	31 December
	2013	2012
	HK\$	HK\$
Assets		
Financial assets at fair value through profit or loss	98,935,465	106,936,532
Due from brokers	8,025,553	2,000,000
Dividend receivable	466,714	20,071
Prepayments	9,534	0
Cash and bank balances	14,438,106	15,922,655
Total assets	<u>121,875,372</u>	<u>124,879,258</u>
Liabilities		
Accounts payable and accruals	364,744	425,258
Due to brokers	5,353,915	0
Total liabilities	<u>5,718,659</u>	<u>425,258</u>
Equity		
Net assets attributable to unitholders	<u>116,156,713</u>	<u>124,454,000</u>
Total liabilities and equity	<u>121,875,372</u>	<u>124,879,258</u>
Number of units in issue	<u>1,639,600.87</u>	<u>1,660,504.43</u>
Net asset value per unit	<u>70.84</u>	<u>74.95</u>



STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2013

GUOTAI JUNAN EQUITY INCOME FUND

	30 June 2013	31 December 2012
	HK\$	HK\$
Assets		
Financial assets at fair value through profit or loss	42,334,210	42,974,617
Due from brokers	645,472	0
Dividend receivable	647,429	163,480
Prepayments	9,534	0
Cash and bank balances	17,553,162	21,226,907
Total assets	61,189,807	64,365,004
Liabilities		
Accounts payable and accruals	248,682	345,562
Due to brokers	667,578	0
Distributions payable	0	1,820,963
Total liabilities	916,260	2,166,525
Equity		
Net assets attributable to unitholders	60,273,547	62,198,479
Total liabilities and equity	61,189,807	64,365,004
Number of units in issue	605,081.51	606,987.70
Net asset value per unit	99.61	102.47



DISTRIBUTION DISCLOSURE

RECORD OF DISTRIBUTION FROM 1 JANUARY 2013

GUOTAI JUNAN GREATER CHINA GROWTH FUND

No distribution has been declared for the reported period from 1 January 2013 to 30 June 2013.

GUOTAI JUNAN EQUITY INCOME FUND

No distribution has been declared for the reported period from 1 January 2013 to 30 June 2013

