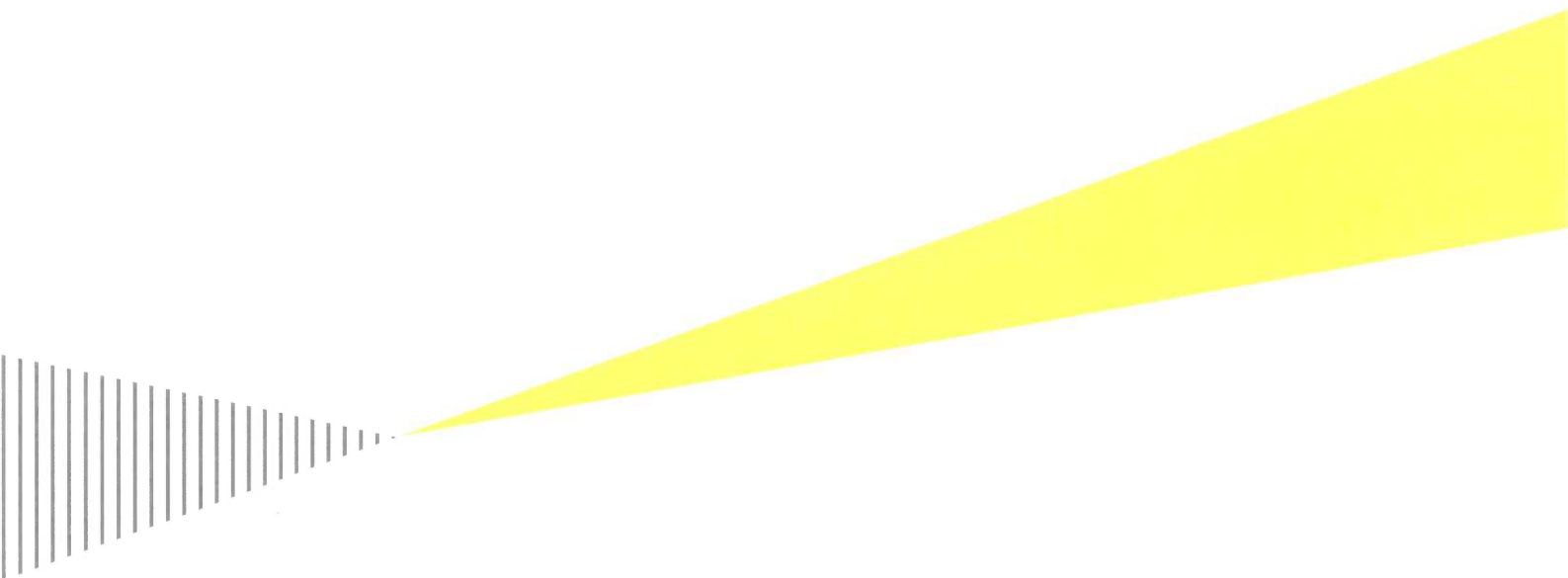


Annual Report

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 2013



EY 安永

Building a better
working world

GUOTAI JUNAN INVESTMENT FUNDS

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GUOTAI JUNAN INVESTMENT FUNDS

ADMINISTRATION AND MANAGEMENT

Investment Manager

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

Directors of the Manager

YIM Fung
YUAN Junping

Trustee and Registrar

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

Service Provider to Trustee and Registrar

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

Auditors

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

Legal Adviser

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

Cayman Island Legal Advisers to the Manager

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

INVESTMENT MANAGER'S REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2013

GUOTAI JUNAN INVESTMENTS FUNDS

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

MARKET REVIEW

Year 2013 was another recovery year for developed economies. With the global financial crisis now past for 5 years, the worldwide economic and political landscapes have witnessed profound changes. In the wake of painstaking deleveraging in the US, the epicenter of the global crisis, its economy is back on a steady growth track and poised to assume leadership once again in driving global economic growth after a lengthy decade. Furthermore, crisis-ridden Europe has slowly returned to temporary quietude after political and economic shakeups, as the economy is likely to resume positive growth despite the gloomy outlook over attempts to resolve deep-seated contradictions.

For China and Hong Kong equity markets, year 2013 was still a gloomy year with disappointing returns. In the 1st half of the year, the markets plunged in June after the Shanghai Interbank Offered Rate (SHIBOR) spiked, but underwent a steady recovery in the 2nd half of the year. In particular, the markets made significant gains after the Third Plenary Session of the 18th Central Committee of the Communist Party in November, but the positive influences seemed to have somewhat abated afterwards.

In review of the captioned period, major equity indices of the United States, Europe and Japan, represented by the S&P 500, the MSCI Europe and the MSCI Japan recorded positive returns of 32.4%, 20.7% and 54.9% respectively. On the same basis, the MSCI Emerging Market recorded a negative return of 2.3%. Specifically, the CSI300 Index declined by 5.3%, the HSCEI Index declined by 1.5%. Hang Seng Index recorded mild gain at 6.6%.

In review of Hong Kong's fixed income market, following the rise in interest rate in the United States, interest rate also surged in Hong Kong. HKMA Hong Kong Exchange Fund Notes 10 year surged from 0.598% on 31/12/2012 to 2.305% on 31/12/2013. Yield curve got an upward shift in 2013.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

GUOTAI JUNAN INVESTMENTS FUNDS

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

MARKET OUTLOOK

In 2014, the U.S. and European economies are expected to continue recovering slowly. With the Federal Reserve started tapering at the end of 2013, given the improving U.S. job market and rising inflation concern, it is widely expected that the tapering would continue to be implemented in the coming months, hence it would have a negative impact on the interest rate sensitive assets. For the global equity markets, it is highly likely that the tapering may cause fund flows from the emerging markets to the developed markets and so we are not optimistic about the general liquidity conditions in emerging equity markets.

For the Greater China markets, although there are lingering concerns about the shadow banking and potential credit bubble burst in China, we believe it is just a throe during the process of China's transformation from an investment-driven economy to a consumption-driven economy. Following the 18th Communist Party's Third Plenum last November, the top leadership in China showed commitment and determination to focus on the quality of GDP growth rather than the quantity. Market mechanism is going to play a more critical role in resources allocation which including state-owned enterprise reforms. Therefore, we expect the general market index would probably be range bounding in 2014, as there are still some obstacles to be overcome such as aforementioned shadow banking, and overcapacity in certain industrial sectors, with the tightening monetary stance of the PBOC, combining tapering by the Federal Reserve. However, we believe with the implementation of the reforms and further development in the economy transformation, there would be certain emerging sectors that would benefit and prosper under the new paradigm, such as new energy, healthcare, technology and internet. We would position ourselves accordingly with the outperforming sectors.

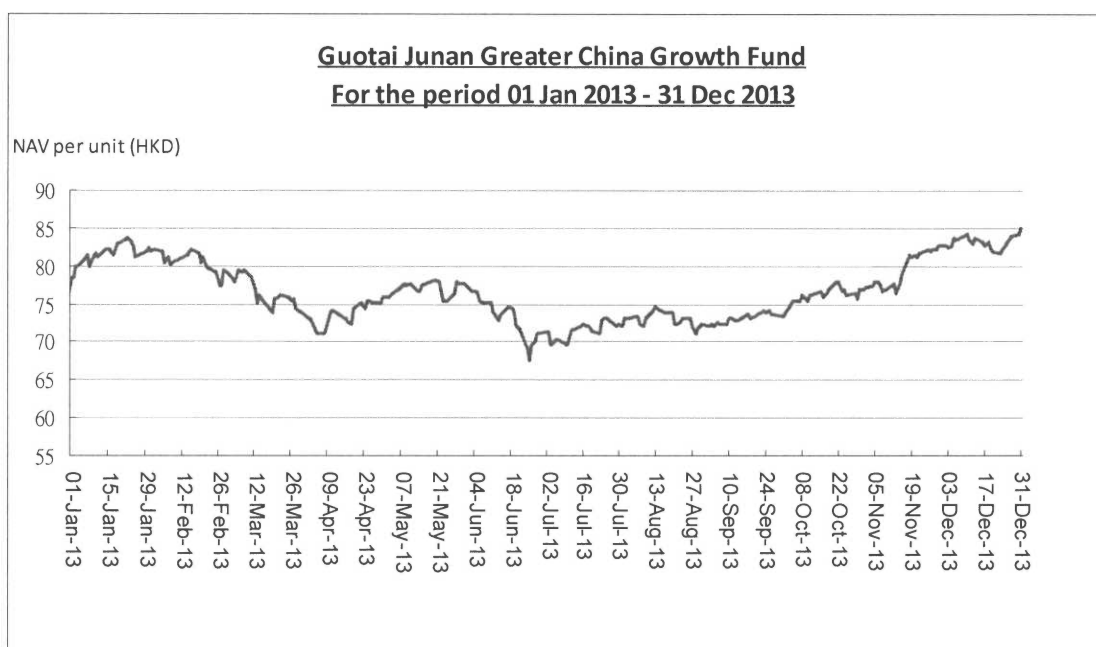
In terms of the outlook for Hong Kong fixed income market, we predict a surge in interest rate and an upward shift of the yield curve will continue in 2014, as the United States started tapering in quantitative easing by the end of last year.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund



Index / Fund's Name	2013 Rate of Return (%)*	Since Inception Rate of Return (%)
Taiwan Taicex Total Return Index	15.1%	23.9%
Guotai Junan Greater China Growth Fund	12.0%	-15.1%
MSCI Golden Dragon Total Return Index	8.0%	1.1%
Hang Seng Total Return Index	6.6%	3.9%
MSCI China Daily Total Return Index	4.0%	-12.7%
Hang Seng China-Affiliated Total Return Index	3.1%	-9.5%
Hang Seng China Enterprises Total Return Index	-1.5%	-21.8%

* Ranked by the total returns of indices or the Fund for year 2013.

The total return of the Guotai Junan Greater China Growth Fund (“GJGC”) increased by 12.0% in year 2013, and recorded a decrease of 15.1% since its inception on 19 Nov 2007.

In year 2013, GJGC outperformed the total returns of the Hang Seng Index (“HSI”) and the Hang Seng China Enterprises Index (“HSCEI”) by 5.4% and 13.5% respectively. Even though the H-Share stocks generally underperformed the HSI, the portfolio of GJGC had outweighed some outperforming mid-small cap stocks which had offset the underperformance of the big cap H-Share stocks.

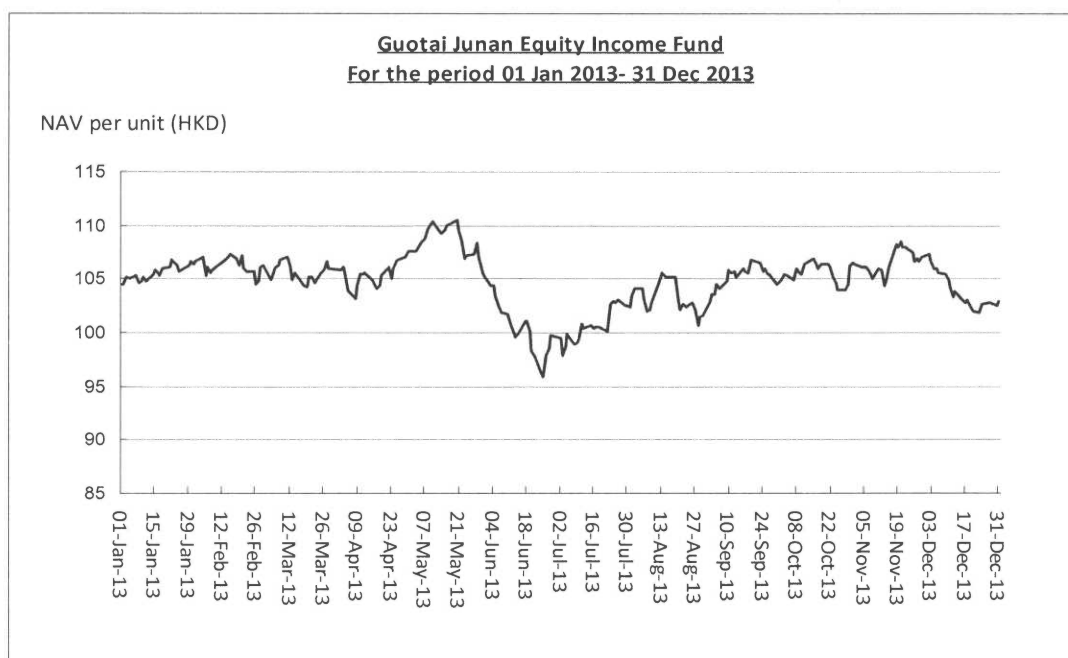
As of the end of 2013, the portfolio of GJGC was well diversified. Amongst all exposure, information technology, energy and financials were the top weighed sectors, which made up of 28.2%, 12.3% and 11.6% of the NAV respectively

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

SUB-FUNDS' PERFORMANCE (CONTINUED)

B. Guotai Junan Equity Income Fund



Index / Fund's Name	2013 Rate of Return (%)*	Since Inception Rate of Return (%)
Taiwan Taiex Total Return Index	15.1%	13.2%
MSCI Golden Dragon Total Return Index	8.0%	11.9%
Hang Seng Total Return Index	6.6%	15.5%
Dow Jones Hong Kong Select Dividend 30 Total Return	4.3%	7.1%
MSCI China Daily Total Return Index	4.0%	8.4%
Hang Seng China-Affiliated Total Return Index	3.1%	13.4%
Guotai Junan Equity Income Fund	-0.2%	5.8%
Hang Seng China Enterprises Total Return Index	-1.5%	-0.8%

* Ranked by the total returns of indices or the Fund for year 2013.

The NAV of the Guotai Junan Equity Income Fund (“GJEI”) had a total return of -0.2% in full year of 2013, and recorded a total return of 5.8% since its inception on 29 Feb 2012. In 2013, GJEI underperformed the total return of the Dow Jones Hong Kong Select Dividend 30 Index (“DJHKSD”) and the HSI by 4.5% and 6.7% respectively, but it outperformed the total return of HSCEI by 1.3%. We believe the GJEI’s high exposure to H-Share stocks was the key reason for GJEI to underperform the DJHKSD and HSI. The outperformance versus HSCEI could be attributable to the strategy of selecting stocks with relatively low beta and higher cash level during market downturn.

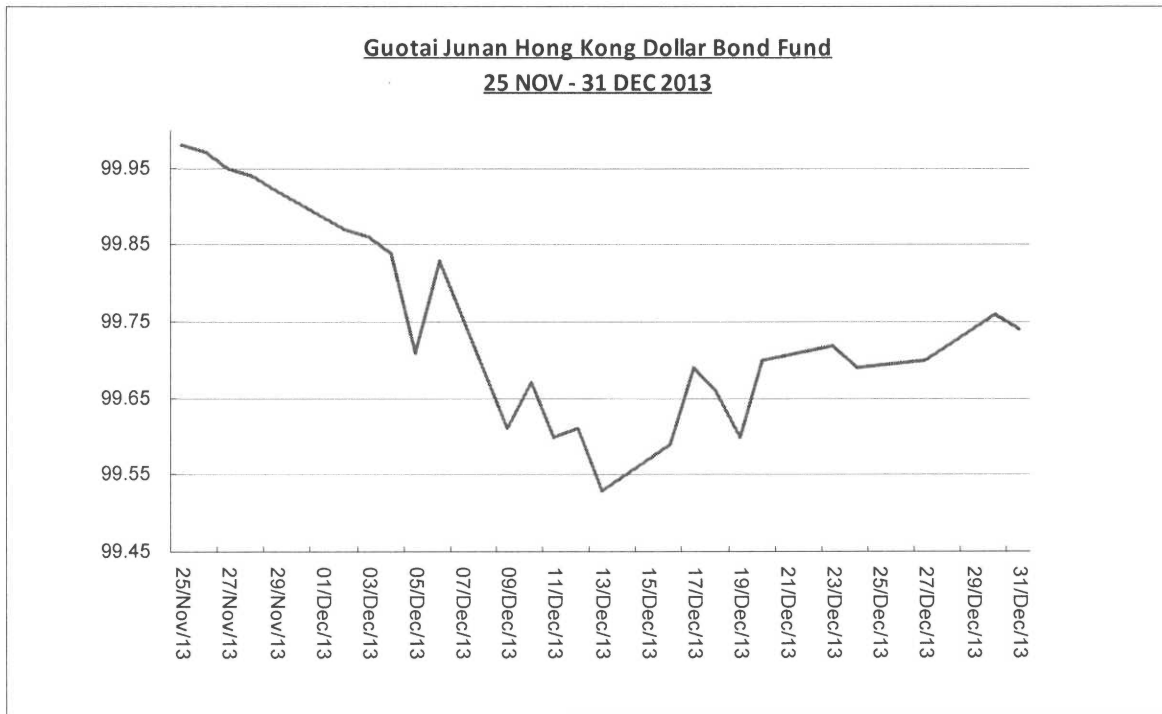
As of 31 December 2013, the portfolio of GJEI tilted more exposure to financials, which consisted of financial institutions and real estate firms, and they had relatively higher dividend yields. Financials, consumer staples and industrials were the top weighed sectors, which made up of 48.7%, 9.9% and 5.7% of the fund’s NAV respectively.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

SUB-FUNDS' PERFORMANCE (CONTINUED)

C. Guotai Junan Hong Kong Dollar Bond Fund



The fund was launched on 25 November 2013, the NAV per unit was HK\$99.98 on the launch day and NAV HK\$ 99.74 on 31 December 2013.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013


GUOTAI JUNAN INVESTMENTS FUNDS

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

INVESTMENT STRATEGY

In terms of Hong Kong and China equity markets, we expect limited chance of a broad market rally in the 1H 2014 given the lukewarm economic fundamentals. We will mainly focus on selective sectors with solid fundamentals as well as tangible earning growth, such as mobile internet, clean energy, environmental protection and pharmaceuticals.

In terms of bond investment strategy, our core holdings will be bonds with low duration but of high quality in order to handle interest rate rise.



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

25 April 2014


REPORT OF THE TRUSTEE

FOR THE YEAR ENDED 31 DECEMBER 2013

GUOTAI JUNAN INVESTMENTS FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND**
- GUOTAI JUNAN EQUITY INCOME FUND**
- GUOTAI JUNAN HONG KONG DOLLAR 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 2013.



.....
HSBC Trustee (Cayman) Limited

25 April 2014



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62 Forum Lane
Camana Bay
P.O. Box 510
Grand Cayman KY1-1106
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 and
Guotai Junan Hong Kong Dollar 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 and Guotai Junan Hong Kong Dollar Bond Fund (sub-funds of Guotai Junan Investment Funds (the "Trust") and referred to collectively and individually as the "Sub-Funds") which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, distribution statement and statement of cash flows for the year then ended for Guotai Junan Greater China Growth Fund and Guotai Junan Equity Income Fund, statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, distribution statement and statement of cash flows for the period from 22 November 2013 (date of inception) to 31 December 2013 for Guotai Junan Hong Kong Dollar 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 the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the Manager and Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the Manager and the Trustee also have a responsibility to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-Funds of the Trust dated 29 August 2007 (the "Trust Deed") and the disclosure requirements specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

Auditors' Responsibility

Our 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 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 about whether the financial statements are free from material misstatement, and whether the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E of the SFC Code.

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

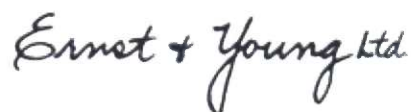
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of each of the Sub Funds as at 31 December 2013, and each of their profits and cash flows for the year then ended for Guotai Junan Greater China Growth Fund and Guotai Junan Equity Income Fund, and for the period from 22 November 2013 (date of inception) to 31 December 2013 for Guotai Junan Hong Kong Dollar Bond Fund in accordance with Hong Kong Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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



25 April 2014

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

STATEMENT OF COMPREHENSIVE INCOME

31 December 2013

		Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund
		Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2013	For the period from 29 February 2012 to 31 December (date of inception) 2012	For the period from 22 November 2013 to 31 December (date of inception) 2013
	Notes	HK\$	HK\$	HK\$	HK\$	HK\$
Income						
Dividend income		2,172,013	2,449,326	2,422,260	3,169,516	-
Interest income		-	-	-	-	236,615
Total income		<u>2,172,013</u>	<u>2,449,326</u>	<u>2,422,260</u>	<u>3,169,516</u>	<u>236,615</u>
Expenses						
Trustee fee	3	412,000	412,000	420,000	350,000	42,000
Bank charges		67,511	53,128	20,114	23,413	-
Legal and professional fee		-	316,135	-	-	-
Valuation fee		94,631	95,801	134,200	114,400	13,650
Audit fee		255,000	243,000	211,000	200,000	60,000
Brokerage and handling fees	3	632,024	719,892	480,560	657,642	-
Management fee	3	1,912,210	1,424,304	952,825	724,188	15,166
Transaction fees		83,193	81,830	40,327	55,062	1,551
Registrar fee	3	39,000	39,000	39,600	33,696	4,250
Preliminary expenses		-	-	-	1,951,607	550,000
Miscellaneous expenses		107,759	96,400	88,321	40,819	1,188
Total expenses		<u>3,603,328</u>	<u>3,481,490</u>	<u>2,386,947</u>	<u>4,150,827</u>	<u>687,805</u>
(Loss)/gain before investment gain/ (loss) and exchange differences		(1,431,315)	(1,032,164)	35,313	(981,311)	(451,190)
Investment gain/(loss) and exchange differences						
Net unrealised gain/(loss) on investments		19,973,281	22,820,301	(2,758,272)	1,384,008	(77,631)
Net realised (loss)/gain on investments		(3,474,644)	(8,433,725)	2,842,304	2,753,492	-
Foreign exchange differences, net		319,868	295,000	236,842	248,850	-
		<u>16,818,505</u>	<u>14,681,576</u>	<u>320,874</u>	<u>4,386,350</u>	<u>(77,631)</u>
Profit/(loss) before tax		15,387,190	13,649,412	356,187	3,405,039	(528,821)
Withholding tax	4	(102,371)	(95,314)	(121,059)	(102,947)	-
Profit/(loss) for the year/period		15,284,819	13,554,098	235,128	3,302,092	(528,821)
Other comprehensive income for the year/period, net of tax		-	-	-	-	-
Total comprehensive income for the year/period		<u>15,284,819</u>	<u>13,554,098</u>	<u>235,128</u>	<u>3,302,092</u>	<u>(528,821)</u>

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

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	Guotai Junan Greater China Growth Fund 2013 HK\$	Guotai Junan Greater China Growth Fund 2012 HK\$	Guotai Junan Equity Income Fund 2013 HK\$	Guotai Junan Equity Income Fund 2012 HK\$	Guotai Junan Hong Kong Dollar Bond Fund 2013 HK\$
Assets						
Financial assets at fair value						
through profit or loss	5	114,677,543	106,936,532	44,561,198	42,974,617	43,610,669
Due from brokers	6	2,000,000	2,000,000	115,367	-	-
Dividend receivable		-	20,071	-	163,480	-
Interest receivable		-	-	-	-	262,263
Cash and bank balances	7	<u>21,931,735</u>	<u>15,922,655</u>	<u>17,914,320</u>	<u>21,226,907</u>	<u>6,235,653</u>
Total assets		<u>138,609,278</u>	<u>124,879,258</u>	<u>62,590,885</u>	<u>64,365,004</u>	<u>50,108,585</u>
Liabilities						
Accounts payable and accruals		466,618	425,258	353,508	345,562	637,406
Distributions payable	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,820,963</u>	<u>-</u>
Total liabilities		<u>466,618</u>	<u>425,258</u>	<u>353,508</u>	<u>2,166,525</u>	<u>637,406</u>
Equity						
Net assets attributable to unitholders		<u>138,142,660</u>	<u>124,454,000</u>	<u>62,237,377</u>	<u>62,198,479</u>	<u>49,471,179</u>
Total liabilities and equity		<u>138,609,278</u>	<u>124,879,258</u>	<u>62,590,885</u>	<u>64,365,004</u>	<u>50,108,585</u>
Number of units in issue	9	<u>1,626,092.52</u>	<u>1,660,504.43</u>	<u>605,081.51</u>	<u>606,987.70</u>	<u>500,000.00</u>
Net asset value per unit	10	<u>84.95</u>	<u>74.95</u>	<u>102.86</u>	<u>102.47</u>	<u>98.94</u>

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

STATEMENT OF CHANGES IN EQUITY

Guotai Junan Greater China Growth Fund

	Note	Total equity HK\$
At 1 January 2012		61,353,617
Subscription of units		60,678,329
Redemption of units		(11,132,044)
Total comprehensive income for the year		<u>13,554,098</u>
At 31 December 2012 and 1 January 2013		124,454,000
Subscription of units		20,202,693
Redemption of units		(21,798,852)
Total comprehensive income for the year		<u>15,284,819</u>
At 31 December 2013		<u><u>138,142,660</u></u>

Guotai Junan Equity Income Fund

		Total equity HK\$
At 29 February 2012 (date of inception)		-
Subscription of units		60,717,350
Total comprehensive income for the period		3,302,092
Distributions to unitholders	8	(<u>1,820,963</u>)
At 31 December 2012 and 1 January 2013		62,198,479
Subscription of units		605,400
Redemption of units		(801,630)
Total comprehensive income for the year		<u>235,128</u>
At 31 December 2013		<u><u>62,237,377</u></u>

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

STATEMENT OF CHANGES IN EQUITY (continued)

Guotai Junan Hong Kong Dollar Bond Fund

	Total equity HK\$
At 22 November 2013 (date of inception)	-
Subscription of units	50,000,000
Total comprehensive income for the period	<u>(528,821)</u>
At 31 December 2013	<u><u>49,471,179</u></u>

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

DISTRIBUTION STATEMENT

Guotai Junan Greater China Growth Fund

HK\$

Undistributed loss at 1 January 2012	(47,008,801)
Total comprehensive income for the year	13,554,098
Transfer to capital	<u>33,454,703</u>
Undistributed loss at 31 December 2012 and 1 January 2013	-
Total comprehensive income for the year	15,284,819
Transfer to capital	<u>(15,284,819)</u>
Undistributed loss at 31 December 2013	<u><u>-</u></u>

Guotai Junan Equity Income Fund

HK\$

Undistributed income at 29 February 2012 (date of inception)	-
Total comprehensive income for the period	3,302,092
Distributions to unitholders (note 8)	(1,820,963)
Transfer to capital	<u>(1,481,129)</u>
Undistributed income at 31 December 2012 and 1 January 2013	-
Total comprehensive income for the year	235,128
Transfer to capital	<u>(235,128)</u>
Undistributed income at 31 December 2013	<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

DISTRIBUTION STATEMENT (continued)

Guotai Junan Hong Kong Dollar Bond Fund

	Total equity HK\$
Undistributed income at 22 November 2013 (date of inception)	-
Total comprehensive income for the period	(528,821)
Transfer to capital	<u>528,821</u>
Undistributed income at 31 December 2013	<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

STATEMENT OF CASH FLOWS

31 December 2013

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund
	Year ended 31 December 2013 HK\$	Year ended 31 December 2012 HK\$	Year ended 31 December 2013 HK\$	For the period from 29 February 2012 to 31 December (date of inception) 2012 HK\$	For the period from 22 November 2013 to 31 December (date of inception) 2013 HK\$
Cash flows from operating activities					
Profit/(loss) for the year/period	15,284,819	13,554,098	235,128	3,302,092	(528,821)
Adjustments for:					
Net unrealised (gain)/loss on disposal of investments	(19,973,281)	(22,820,301)	2,758,272	(1,384,008)	77,631
Net realised loss/(gain) on investments	3,474,644	8,433,725	(2,842,304)	(2,753,492)	-
	(1,213,818)	(832,478)	151,096	(835,408)	(451,190)
Purchase of financial assets at fair value through profit or loss	(111,673,807)	(144,662,318)	(91,692,850)	(127,249,781)	(43,688,300)
Proceeds from disposals of financial assets at fair value through profit or loss	120,431,433	103,032,107	90,190,301	88,412,664	-
Increase in amounts due from brokers	-	(1,549,619)	(115,367)	-	-
Decrease/(increase) in dividend receivable	20,071	19,805	163,480	(163,480)	-
Increase in interest receivable	-	-	-	-	(262,263)
Increase in accounts payable and accruals	41,360	62,877	7,946	345,562	637,406
Net cash flows from/(used in) operating activities	7,605,239	(43,929,626)	(1,295,394)	(39,490,443)	(43,764,347)
Cash flows from financing activities					
Proceeds from issue of units	20,202,693	60,678,329	605,400	60,717,350	50,000,000
Payments on redemption of units	(21,798,852)	(11,132,044)	(801,630)	-	-
Distributions paid	-	-	(1,820,963)	-	-
Net cash flows (used in)/ from financing activities	(1,596,159)	49,546,285	(2,017,193)	60,717,350	50,000,000
Net increase/(decrease) in cash and cash equivalents	6,009,080	5,616,659	(3,312,587)	21,226,907	6,235,653
Cash and cash equivalents at beginning of the year/period	15,922,655	10,305,996	21,226,907	-	-
Cash and cash equivalents at end of the year/period	21,931,735	15,922,655	17,914,320	21,226,907	6,235,653
Analysis of balances of cash and cash equivalents					
Bank balances	21,931,735	15,922,655	17,914,320	21,226,907	6,235,653
Supplementary cash flow information:					
Cash received in dividend income	2,192,084	2,469,131	2,585,740	3,006,036	-
Cash received in interest income	-	-	-	-	236,615

GUOTAI JUNAN INVESTMENT FUNDS

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

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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 three sub-funds which are Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund and Guotai Junan Hong Kong Dollar Bond Fund (collectively the "Sub-Funds") which has been authorised by the Hong Kong Securities and Future Commission (the "SFC").

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

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

The investment objectives of the sub-funds are as follows:

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

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

- Guotai Junan Equity Income Fund ("GJEI")

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

GUOTAI JUNAN INVESTMENT FUNDS
-Guotai Junan Greater China Growth Fund
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-Guotai Junan Hong Kong Dollar Bond Fund

NOTES TO FINANCIAL STATEMENTS

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

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

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

2.1 BASIS OF PREPARATION

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

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 amendments to HKFRS effective as of 1 January 2013:

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Sub Funds are required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Sub Funds' fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. HKFRS 13 also requires additional disclosures.

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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:

- HKAS 32 Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*¹
- HKFRS 9 *Financial Instruments*²

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

² No mandatory effective date yet determined but is already available for adoption

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

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 above in accordance with HKAS 39.

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)

Financial instruments (continued)

(i) Classification (continued)

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

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

Loans and receivables

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

(ii) Recognition

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

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

(iii) Initial measurement

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

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

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.

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

Financial instruments (continued)

(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.

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-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)

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 the rights to receive cash flows from the asset have expired or the Sub-Funds have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

(a) the Sub-Funds have transferred substantially all the risks and rewards of the asset

or

(b) the Sub-Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

Fair value measurement

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

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

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

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

Fair value measurement (continued)

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

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

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

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

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

Impairment of financial assets

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

GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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

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

Cash and cash equivalents

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

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

Interest revenue and expense

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

Dividend revenue

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

Foreign currency translations

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

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

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

GUOTAI JUNAN INVESTMENT FUNDS
-Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations (continued)

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

Redeemable units

Classification of redeemable units

Redeemable units are classified as equity instruments when:

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

Classification of redeemable units (continued)

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

Related parties

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

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

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

GUOTAI JUNAN INVESTMENT FUNDS
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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.

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. For GJGC, the fair value of the investments, using the fair value measurements under fair value hierarchy of Level 3, was HK\$201,600 as at 31 December 2012. Such investment was subsequently resumed trading and disposed by GJGC during the year ended 31 December 2013. Further details are included in note 5 to the financial statements.

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 Sub-Fund's presentation currency is also the HK\$.

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.

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

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
	2013	2012	2013	2012	2013
	HK\$	HK\$	HK\$	HK\$	HK\$
Units of the Sub-Funds	-	-	399,600	399,600	500,000

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 for the period from 22 November 2013, and at 0.7 % per annum of the net asset value of GJHB subsequent to 31 December 2014. The management fee is calculated and accrued as at each valuation day and payable monthly in arrears. As at 31 December 2013, a management fee of HK\$176,775 (2012: HK\$148,300) for GJGC, HK\$82,697 (2012: HK\$80,027) for GJEI, and HK\$15,166 for GJHB were payable to the Manager.

Trustee fee

For GJGC, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum annual fee of HK\$412,000 in relation to the Sub-Fund. This fee is calculated and accrued on each valuation day and paid monthly in arrears. As at 31 December 2013, a trustee fee of HK\$35,630 (2012: HK\$34,897) for GJGC was payable to the trustee.

For GJEI, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum annual fee of HK\$420,000 in relation to the Sub-Fund. This fee will be calculated and accrued on each valuation day and paid monthly in arrears. As at 31 December 2013, a trustee fee of HK\$35,000 (2012: HK\$35,000) for GJEI was payable to the Trustee.

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

Trustee fee (continued)

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

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.

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, and HK\$40,000 for GJHB. Such fee may vary depending on the number of holders of redeemable units in the Sub-Funds and is calculated and paid quarterly in arrears to the Trustee. There is no maximum amount applicable to the Registrar Fees. As at 31 December 2013, a registrar fee of HK\$3,312 (2012: HK\$3,303) for GJGC, and HK\$3,312 (2012: HK\$3,512) for GJEI, and HK\$3,507 for GJHB were payable to the Registrar.

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

Brokerage and handling fees

Guotai Junan Securities (Hong Kong) Limited ("GJS"), the fellow subsidiary of the Manager, charged the Sub-Funds a brokerage and handling fee at a fixed rate of 1% for each initial public offering subscription and 0.25% for each listed securities transaction. During the year/period ended 31 December 2013, included in the brokerage and handling fees of the statement of comprehensive income were HK\$127,159 (2012: HK\$201,704) for GJGC, HK\$86,728 (2012: HK\$178,647) for GJEI, and nil for GJHB 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 2013 and 2012.

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-Guotai Junan Greater China Growth Fund
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-Guotai Junan Hong Kong Dollar Bond Fund

NOTES TO FINANCIAL STATEMENTS

31 December 2013

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

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 2013 and 2012.

Due from brokers

As at 31 December 2013, cash and receivables for securities sold but were not yet settled of HK\$2,000,000 (2012: HK\$2,000,000) and HK\$115,367 (2012: nil), respectively were held with GJS, further details of which are disclosed in note 6 to the financial statements.

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% (2012: 10%) in such jurisdictions for 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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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
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$
Financial assets held for trading:					
Listed equity securities, at cost	94,336,050	106,568,320	45,935,462	41,590,609	43,688,300
Unrealised gain/(loss)	<u>20,341,493</u>	<u>368,212</u>	<u>(1,374,264)</u>	<u>1,384,008</u>	<u>(77,631)</u>
Total financial assets at fair value through profit or loss	<u>114,677,543</u>	<u>106,936,532</u>	<u>44,561,198</u>	<u>42,974,617</u>	<u>43,610,669</u>

Detailed portfolio listings as at 31 December 2013 are set out on pages 42 to 45 for the Sub-Funds.

Valuation techniques

Listed investment in equity securities and debt securities

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

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

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

The following table analyses within the fair value hierarchy the Sub-Funds' financial assets measured at fair value at 31 December 2013.

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$
Quoted prices in active markets (Level 1)	114,677,543	106,734,932	44,561,198	42,974,617	43,610,669
Significant observable inputs (Level 2)	-	-	-	-	-
Significant unobservable inputs (Level 3)	<u>-</u>	<u>201,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>114,677,543</u>	<u>106,936,532</u>	<u>44,561,198</u>	<u>42,974,617</u>	<u>43,610,669</u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund
	Year ended 31 December 2013 HK\$	Year ended 31 December 2012 HK\$	Year ended 31 December 2013 HK\$	For the period from 29 February 2012 (date of inception) to 31 December 2012 HK\$	For the period from 22 November 2013 (date of inception) to 31 December 2013 HK\$
Financial assets held for trading:					
At beginning of the year/period	201,600	-	-	-	-
Transfers (out)/into	(201,600)	1,584,100	-	-	-
Total losses recognised in profit or loss	-	(1,382,500)	-	-	-
At 31 December	-	201,600	-	-	-

6. DUE FROM BROKERS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$
Cash deposits held with broker	2,000,000	2,000,000	-	-	-
Receivables for securities sold but not yet settled	-	-	115,367	-	-
	<u>2,000,000</u>	<u>2,000,000</u>	<u>115,367</u>	<u>-</u>	<u>-</u>

As at 31 December 2013, cash held with GJS of HK\$2,000,000 (2012: HK\$2,000,000) was non-interest bearing and pledged as a collateral to GJS as a credit support.

7. CASH AND BANK BALANCES

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

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

8. DISTRIBUTIONS

No distribution was declared or paid for the Sub-Funds during the year ended 31 December 2013.

On 31 December 2012, the Manager declared on behalf of GJEI to distribute final distribution of HK\$1,820,963 at HK\$3 each unit, in respect of 606,987.70 units issued on that date. The final distribution was paid on 14 January 2013.

9. CAPITAL

As at 31 December 2013, 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 2013 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
	2013	2012	2013	2012	2013
	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets	<u>138,142,660</u>	<u>124,454,000</u>	<u>62,237,377</u>	<u>62,198,479</u>	<u>49,471,179</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
	2013	2012	2013	2012	2013
At beginning of the year/period	1,660,504.43	962,382.48	606,987.70	-	-
Issued during the year/period	249,693.94	867,505.44	5,738.38	606,987.70	500,000.00
Redeemed during the year/ period	<u>(284,105.85)</u>	<u>(169,383.49)</u>	<u>(7,644.57)</u>	<u>-</u>	<u>-</u>
At 31 December	<u>1,626,092.52</u>	<u>1,660,504.43</u>	<u>605,081.51</u>	<u>606,987.70</u>	<u>500,000.00</u>

GUOTAI JUNAN INVESTMENT FUNDS
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31 December 2013

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
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$
Net asset value used for calculating published net asset value per redeemable unit	138,090,660	125,888,703	62,237,377	64,335,189	49,870,028
Adjustment to fair value of financial assets at fair value through profit or loss (a)	-	(336,403)	-	(83,851)	-
Adjustment to preliminary expenses (b)	-	-	-	(274,896)	(538,849)
Adjustment to distribution payable to unitholders (c)	-	-	-	(1,820,963)	-
Write-down fair value of suspended listed equities	-	(1,152,300)	-	-	-
Over-accrual of audit fees	52,000	54,000	-	43,000	140,000
Net asset value per financial statements	<u>138,142,660</u>	<u>124,454,000</u>	<u>62,237,377</u>	<u>62,198,479</u>	<u>49,471,179</u>
Number of redeemable units in issue	1,626,092.52	1,660,504.43	605,081.51	606,987.70	500,000.00
Published net asset value per redeemable unit	<u>84.92</u>	<u>75.81</u>	<u>102.86</u>	<u>105.99</u>	<u>99.74</u>

- (a) As at 31 December 2012, 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 HKAS 39.
- (b) The explanatory memorandum provides for the amortisation of preliminary expense over the first 12 months of operation of GJEI and over 60 months of operation GJHB, instead of those amounts being expensed as incurred during the current period, as required under HKFRSs.
- (c) The final distribution to unitholders in 2012 was declared on 31 December 2012, which was not included in the net asset value published as at 31 December 2012.

GUOTAI JUNAN INVESTMENT FUNDS
-Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

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 three 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 GJEI, 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.

(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.

GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Interest rate risk (continued)

For GJHB, 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 carry 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 the Sub-Fund'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:

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) HK\$
At 31 December 2013	+/-1%	200,000/(200,000)

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 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-Funds do not expose to significant currency risk as majority of its operations and transactions are in HK\$ and denominated in HK\$.

GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

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 primarily invests in debt securities as at 31 December 2013, the Manager considers GJHB 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	
		2013	2012	2013	2012
		HK\$	HK\$	HK\$	HK\$
HSI	+/-5%	<u>4,529,000</u>	<u>5,400,000</u>	<u>2,378,000</u>	<u>2,150,000</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.

(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.

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NOTES TO FINANCIAL STATEMENTS

31 December 2013

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

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 and GJHB are the same as their carrying amounts as at 31 December 2013 of HK\$466,618 (2012: HK\$425,258), HK\$353,508 (2012: HK\$2,166,525), and HK\$637,406 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 monitor the credit risk by monitoring the credit quality of brokers on a regular basis. If the credit quality or the financial position of brokers deteriorates significantly the Manager will deal with other providers. For GJHB, most of the debt securities were issued by Hong Kong government with AAA rating as at 31 December 2013. In addition, substantially all of the bank deposits of the Sub-Funds are held by the reputable financial institutions located in Hong Kong.

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

(d) Capital management

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

GUOTAI JUNAN INVESTMENT FUNDS
-Guotai Junan Greater China Growth Fund
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

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 25 April 2014.

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

31 December 2013

A. GUOTAI JUNAN GREATER CHINA GROWTH FUND

	% of Net Assets	
	31 December 2013	31 December 2012
Equity		
- United States	0.98	0.65
- Hong Kong	82.02	85.27
	<u>83.00</u>	<u>85.92</u>

B. GUOTAI JUNAN EQUITY INCOME FUND

	% of Net Assets	
	31 December 2013	31 December 2012
Equity		
- Hong Kong	71.63	69.09
	<u>71.63</u>	<u>69.09</u>

C. GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

	% of Net Assets	
	31 December 2013	22 November 2013 (date of inception)
Debt Securities		
- Hong Kong	88.15	-
	<u>88.15</u>	<u>-</u>

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

31 December 2013

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
A8 DIGITAL MUSIC HOLDINGS LTD	2,028,000	1,054,560	0.76%
AAC TECHNOLOGIES HOLDINGS INC	60,500	2,277,825	1.65%
ANTA SPORTS PRODUCTS LTD	71,000	681,600	0.49%
BEIJING JINGNENG CLEAN ENERGY	300,000	1,221,000	0.88%
BOSHIWA INTERNATIONAL HOLDING ¹	690,000	-	0.00%
BYD ELECTRONIC INTERNATIONAL CO LTD	371,000	1,673,210	1.21%
CHINA ALL ACCESS HOLDINGS LTD	3,079,000	10,191,490	7.38%
CHINA CINDA ASSET MANAGEMENT	10,000	48,400	0.04%
CHINA COMMUNICATIONS CONSTRUCTION	200,000	1,250,000	0.90%
CHINA COMMUNICATIONS SERVICES	596,000	2,860,800	2.07%
CHINA CREATIVE HOME GROUP LTD	1,168,000	2,114,080	1.53%
CHINA DATANG CORP RENEWABLE POWER CO LTD	1,983,000	3,252,120	2.35%
CHINA EVERBRIGHT INTERNATIONAL	500,000	5,190,000	3.76%
CHINA GALAXY SECURITIES CO LTD	200,000	1,352,000	0.98%
CHINA LIFE INSURANCE CO LTD	140,000	3,395,000	2.46%
CHINA LUMENA NEW MATERIALS CORPORATION	1,250,000	1,900,000	1.38%
CHINA MEDICAL SYSTEM HOLDINGS	519,000	4,302,510	3.11%
CHINA OIL & GAS GROUP LTD	500,000	715,000	0.52%
CHINA OILFIELD SERVICES LTD	50,000	1,202,500	0.87%
CHINA PETROLEUM & CHEMICAL CORPORATION	424,000	2,683,920	1.94%
CHINA RAILWAY CONSTRUCTION CORPORATION	247,000	1,906,840	1.38%
CHINA STATE CONSTRUCTION INTERNATIONAL	300,000	4,170,000	3.02%
CHINA TAIPING INSURANCE HOLDINGS	192,400	3,047,616	2.21%
CITIC SECURITIES CO LTD	213,500	4,515,525	3.27%
CONSUN PHARMACEUTICAL GROUP LTD	15,000	72,600	0.05%
GCL-POLY ENERGY HOLDINGS LTD	925,000	2,220,000	1.61%
GUODIAN TECHNOLOGY & ENVIRONMENT	1,000,000	1,980,000	1.43%
HAIER ELECTRONICS GROUP CO LTD	67,000	1,507,500	1.09%
HILONG HOLDING LTD	784,000	5,205,760	3.77%
HISENSE KELON ELECTRICAL HOLDINGS	158,000	1,854,920	1.34%
HONGHUA GROUP LTD	360,000	939,600	0.68%
HUADIAN POWER INTERNATIONAL CO	400,000	1,212,000	0.88%
LENOVO GROUP LTD	574,000	5,412,820	3.92%
MERRY GARDEN HOLDINGS LTD	2,966,000	2,372,800	1.72%
PING AN INSURANCE GROUP	52,500	3,646,125	2.64%
SEMICONDUCTOR MANUFACTURING INTERNATIONAL	6,000,000	3,660,000	2.65%
SHANGHAI INDUSTRIAL HOLDINGS LTD	42,000	1,190,700	0.86%

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2013

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
SINO OIL AND GAS HOLDINGS LTD	5,700,000	1,425,000	1.03%
SPT ENERGY GROUP INC	660,000	3,042,600	2.20%
TENCENT HOLDINGS LTD	17,600	8,704,960	6.30%
TERMBRAY PETRO-KING OILFIELD	593,000	2,431,300	1.76%
TONG REN TANG TECHNOLOGIES CO LTD	66,000	1,633,500	1.18%
VST HOLDINGS LTD	557,200	1,097,684	0.79%
ZTE CORPORATION	176,000	2,710,400	1.96%
<u>UNITED STATES</u>			
CONCORD MEDICAL SERVICES HOLDINGS LTD	31,800	1,351,278	0.98%
TOTAL INVESTMENT		<u>114,677,543</u>	<u>83%</u>
TOTAL INVESTMENT, AT COST		<u>94,336,050</u>	

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

GUOTAI JUNAN INVESTMENT FUNDS
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 -Guotai Junan Hong Kong Dollar Bond Fund

UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2013

GUOTAI JUNAN EQUITY INCOME FUND

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
AGRICULTURAL BANK OF CHINA LTD	478,000	1,821,180	2.93%
ANTA SPORTS PRODUCTS LTD	112,000	1,075,200	1.73%
BANK OF CHINA LTD	607,000	2,166,990	3.48%
BANK OF COMMUNICATIONS CO LTD	349,000	1,909,030	3.07%
BOC HONG KONG HOLDINGS LTD	67,500	1,677,375	2.70%
CHINA CITIC BANK CORP LTD	347,000	1,460,870	2.35%
CHINA CONSTRUCTION BANK CORP	323,000	1,889,550	3.04%
CHINA MERCHANTS BANK CO LTD	105,000	1,734,600	2.79%
CHINA MINSHENG BANKING CORPORATION LTD	167,500	1,442,175	2.32%
CHINA POWER INTERNATIONAL DEVELOPMENT LTD	517,000	1,426,920	2.29%
CHINA SOUTH CITY HOLDINGS LTD	900,000	1,980,000	3.18%
CHONGQING RURAL COMMERCIAL BANK	486,000	1,827,360	2.94%
CNOOC LTD	86,000	1,240,120	1.99%
EMPEROR INTERNATIONAL HOLDINGS	746,000	1,566,600	2.52%
EVERGRANDE REAL ESTATE GROUP LTD	647,000	1,915,120	3.08%
FANTASIA HOLDINGS GROUP CO LTD	891,000	1,193,940	1.92%
GUANGZHOU R&F PROPERTIES CO LTD	176,000	1,995,840	3.21%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	369,000	1,933,560	3.11%
JIANGSU EXPRESSWAY CO LTD	170,000	1,620,100	2.60%
MAN WAH HOLDINGS LTD	95,200	1,155,728	1.86%
NEW WORLD DEPARTMENT STORE CHINA LTD	368,000	1,604,480	2.58%
PACIFIC TEXTILES HOLDINGS LTD	60,000	711,600	1.14%
QINGLING MOTORS CO LTD	200,000	464,000	0.75%
SHENZHEN INVESTMENT LTD	710,000	2,073,200	3.33%
SOHO CHINA LTD	256,500	1,713,420	2.75%
XINGDA INTERNATIONAL HOLDINGS LTD	250,000	1,157,500	1.86%
YANZHOU COAL MINING CO LTD	262,000	1,854,960	2.98%
ZHEJIANG EXPRESSWAY CO LTD	266,000	1,949,780	3.13%
TOTAL INVESTMENT		44,561,198	71.63%
TOTAL INVESTMENT, AT COST		45,935,462	

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

UNAUDITED INVESTMENT PORTFOLIO (CONTINUED)

31 December 2013

GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

Listed Investment Debt Securities	Holdings	Market Value HK\$	% of NAV
<u>HONG KONG</u>			
CHINA DEVELOPMENT BANK HONG KONG SER FXCD (REGS) 2.28% 13/04/2015	1,000,000	1,010,857	2.04%
HONG KONG GOVT BOND PROGRAMME SER 4208 FRN 28/07/2014	13,000,000	13,240,500	26.76%
WING LUNG BANK LTD FXCD 1.3%	1,000,000	996,173	2.01%
HK GOVT BOND PROGRAMME SER 4214 22/06/2015	13,500,000	13,898,250	28.09%
HONG KONG GOVT BOND PROGRAMME 0.46% 11/05/2015	100,000	100,109	0.20%
HONG KONG GOVT BOND PROGRAMME 1.43% 02/12/2015	100,000	101,766	0.21%
HONG KONG GOVT SER 5 YR 2.07% 03/11/2014	100,000	101,514	0.21%
HONG KONG GOVT BOND PROGRAMME SER 4218 (REGS) FRN 24/06/2016	13,500,000	14,161,500	28.63%
TOTAL INVESTMENT		<u>43,610,669</u>	<u>88.15%</u>
TOTAL INVESTMENT, AT COST		<u>43,688,300</u>	

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

UNAUDITED PERFORMANCE RECORD

31 December 2013

Net asset value

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$
31 December 2013	<u>138,142,660</u>	<u>62,237,377</u>	<u>49,471,179</u>
31 December 2012	<u>124,454,000</u>	<u>62,198,479</u>	<u>-</u>
31 December 2011	<u>61,353,617</u>	<u>-</u>	<u>-</u>
31 December 2010	<u>83,935,201</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\$
31 December 2013	<u>84.95</u>	<u>102.86</u>	<u>98.94</u>
31 December 2012	<u>74.95</u>	<u>102.47</u>	<u>-</u>
31 December 2011	<u>63.75</u>	<u>-</u>	<u>-</u>
31 December 2010	<u>95.76</u>	<u>-</u>	<u>-</u>

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

UNAUDITED PERFORMANCE RECORD (CONTINUED)

31 December 2013

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\$
<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>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>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>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>