

ASX Announcement

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AMP Capital China Growth Fund (ASX: AGF) Appendix 4D and Half Year Financial Report

AMP Capital Funds Management Limited, the Responsible Entity for the AMP Capital China Growth Fund (the Fund), is pleased to release the Fund's financial report and Appendix 4D for the half year ended 30 June 2015.

The attached documents comprise the information required by ASX Listing Rule 4.2A, and should be read in conjunction with the most recent annual financial report for the Fund, being the annual financial report for the year ended 31 December 2014. Performance figures are annualised for periods of one year or more.

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AMP Capital China Growth Fund
APPENDIX 4D
HALF YEAR FINANCIAL RESULTS

1. Details of the reporting period

Current period: 1 January 2015 to 30 June 2015

Previous corresponding period: 1 January 2014 to 30 June 2014.

Balance date: 30 June 2015

2. Results for announcement to the market

Financial results information for AMP Capital China Growth Fund ("Fund")			
	1 January 2015 to 30 June 2015 A\$'000	1 January 2014 to 30 June 2014 A\$'000	% change
Increase/(decrease) in net assets attributable to unitholders	181,956	(55,720)	N/A
Total investment income/(loss)	185,977	(55,379)	N/A
Net profit/(loss) attributable to unitholders before distributions	185,552	(55,720)	N/A
<p>Due to the activities of the Fund, the most relevant measure of the Fund's financial performance is change in net assets attributable to unitholders; total investment income is the most relevant measure of revenue from ordinary activities; net profit attributable to unitholders before distributions is the most relevant measure of profit from ordinary activities after tax attributable to members.</p> <p>The increase in net assets attributable to unitholders of \$181,956,000 (2014: \$55,720,000 decrease) was a result of:</p> <ul style="list-style-type: none"> • net gain from changes in the fair value of China A shares of \$143,971,000 (2014: net loss of \$36,582,000); • foreign exchange gain on translation of China A shares of \$40,881,000 (2014: loss of \$18,183,000); • dividend income from China A shares of \$3,614,000 (2014: \$4,565,000); <p>net of:</p> <ul style="list-style-type: none"> • responsible entity and investment manager fees of \$5,613,233 (2014: \$2,702,480); • net income comprising other investment income, expenses and taxes of \$24,057 (2014: net expense of \$2,528,018); • net foreign exchange gain on translation of other assets and liabilities of \$2,675,241 (2014: net loss of \$289,502); and • distributions to unitholders of \$3,596,065 (2014: nil). 			

3. Net tangible assets per security

	30 June 2015	31 December 2014
Net assets value at the end of the reporting period	\$1.93	\$1.47

Net assets value per unit is the same as net tangible assets per security. Net asset value per unit (cum distribution) at the end of the reporting period was \$1.93 (31 December 2014: \$1.50).

4. Control gained or lost over entities during the period

None.

5. Details of distributions

During the half year ended 30 June 2015, the Fund's distributable income for the year ended 31 December 2014 was revised upwards. Accordingly, on 4 May 2015, the Fund declared an additional distribution of \$3,596,065 (distribution per unit of \$0.00960). This distribution was paid on 29 May 2015, comprising a cash distribution of \$280,198 and \$3,315,867 reinvested in additional units in the Fund through the distribution reinvestment plan (DRP). No distribution was declared for the half year ended 30 June 2014.

The Fund declared a distribution of \$10,950,693 (distribution per unit of \$0.02923) for the financial year ended 31 December 2014. This distribution was paid on 26 March 2015, comprising a cash distribution of \$853,419 and \$10,097,274 reinvested in additional units in the Fund through the DRP.

Distributions paid on 26 March 2015 and 29 May 2015, totalled \$14,546,758 (\$0.03883 per unit). This comprised Australian sourced income of \$1,919 (\$0.00001 per unit) and the remaining \$14,544,839 (\$0.03882 per unit) was foreign sourced income.

6. Details of distribution reinvestment plan ("DRP")

The terms of the Fund's DRP are set out in Section 12 of the Product Disclosure Statement for the Fund dated 20 November 2006. Under the DRP, for eligible investors, 100 per cent of distributions are reinvested in additional units unless the investor elected to receive a partial cash distribution before the record date. All units issued under the DRP rank equally with units previously issued.

Investors from any jurisdiction outside of Australia, New Zealand, Hong Kong or Singapore may not participate in the DRP and will receive a full cash distribution.

7. Details of associates and joint venture entities

The Fund did not have any interest in associates or joint venture entities during the current reporting period.

8. Accounting standards used by foreign entities

The controlled entity of the Fund, a company incorporated in Mauritius complies with the International Financial Reporting Standards.

9. Qualification of audit / review

The financial report is not subject to review qualification.

AMP CAPITAL CHINA GROWTH FUND

ARSN 122 303 744

**DIRECTORS' REPORT AND FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2015**

**AMP Capital Funds Management Limited
33 Alfred Street
Sydney NSW 2000
ACN 159 557 721**

AMP CAPITAL CHINA GROWTH FUND

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AMP CAPITAL CHINA GROWTH FUND

DIRECTORS' REPORT

The directors of AMP Capital Funds Management Limited (ABN 15 159 557 721), the responsible entity of the AMP Capital China Growth Fund (the Fund or the parent entity), present their report together with the financial report of the Fund for the half year ended 30 June 2015.

Directors

The directors of the responsible entity during the half year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise:

- Stephen J.P. Dunne
 - Sharon B. Davis
 - P. Margaret Payn
 - Douglas P. Talbot
- Appointed 17 July 2015

Fund Information

AMP Capital China Growth Fund is an Australian Registered Scheme. AMP Capital Funds Management Limited, the responsible entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the responsible entity is located at 33 Alfred St, Sydney NSW 2000.

Principal Activity

The principal activity of the Fund during the half year was the investment in China A shares, which are shares in companies listed on China's Shanghai or Shenzhen stock exchanges via the Fund's wholly-owned controlled entity, a company incorporated in Mauritius. There has been no significant change in the nature of this activity during the half year.

The investment manager holds a Qualified Foreign Institutional Investor (QFII) License which permits the Fund to invest in China A shares.

Review of Results and Operations

The performance of the Fund, for the half year ended 30 June 2015, was as follows:

	1 January 2015 to 30 June 2015 \$'000	1 January 2014 to 30 June 2014 \$'000
Increase/(decrease) in net assets attributable to unitholders	181,956	(55,720)
Total investment income/(loss)	185,977	(55,379)
Net profit/(loss) attributable to unitholders before distributions	185,552	(55,720)

The movement in the fair value of China A shares and investment income from China A shares are set out in note 5 to the financial statements.

The increase in net assets attributable to unitholders of \$181,956,000 (2014: \$55,720,000 decrease) was a result of:

- net gain from changes in the fair value of China A shares of \$143,971,000 (2014: net loss of \$36,582,000);
- foreign exchange gain on translation of China A shares of \$40,881,000 (2014: loss of \$18,183,000);
- dividend income from China A shares of \$3,614,000 (2014: \$4,565,000);

net of:

- responsible entity and investment manager fees of \$5,613,233 (2014: \$2,702,480);
- net income comprising other investment income, expenses and taxes of \$24,057 (2014: net expense of \$2,528,018);
- net foreign exchange gain on translation of other assets and liabilities of \$2,675,241 (2014: loss of \$289,502); and
- distributions to unitholders of \$3,596,065 (2014: nil).

Distributions

During the half year ended 30 June 2015, the Fund's distributable income for the year ended 31 December 2014 was revised upwards. Accordingly, on 4 May 2015, the Fund declared an additional distribution of \$3,596,065 (distribution per unit of \$0.00960). This distribution was paid on 29 May 2015, comprising a cash distribution of \$280,198 and \$3,315,867 reinvested in additional units in the Fund through the distribution reinvestment plan (DRP). No distribution was declared for the half year ended 30 June 2014.

AMP CAPITAL CHINA GROWTH FUND

DIRECTORS' REPORT (Continued)

Distributions

The Fund declared a distribution of \$10,950,693 (distribution per unit of \$0.02923) for the financial year ended 31 December 2014. This distribution was paid on 26 March 2015, comprising a cash distribution of \$853,419 and \$10,097,274 reinvested in additional units in the Fund through the DRP.

Financial Position and Net Asset Value per Unit

The financial position and net asset value per unit of the Fund as at the end of the half year was as follows:

	30 June 2015	31 December 2014
	\$'000	\$'000
Net assets attributable to unitholders	745,710	550,546
	30 June 2015	31 December 2014
Net asset value per unit*	\$1.93	\$1.47

*Net asset value per unit before distribution payable was \$1.93 (31 December 2014: \$1.50).

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Fund during the half year ended 30 June 2015.

Significant Events After the Balance Date

Since balance date, the China A share market has continued to experience high levels of volatility. The directors' report and financial report should also be read in conjunction with the Fund's ASX announcements.

As at the date of this report, the Directors are not aware of any other matter or circumstance that has arisen since the end of the half year that has significantly affected or may significantly affect the operations of the Fund, the results of its operations or its state of affairs, which is not already reflected in the financial report.

Likely Developments and Expected Results

The Fund will continue to maintain its investment strategy as outlined in section 4 of the Product Disclosure Statement for the Fund dated 20 November 2006. The performance of the Fund in the future will be subject to movements in the underlying investment markets.

Capital Management

The investment manager continues to actively manage the capital position of the Fund. The Fund's liquid and readily-accessible working capital includes cash held in Australia, Mauritius and Hong Kong.

From time-to-time, as part of normal capital management processes, the Fund repatriates net realised profits from China. Since inception, the Fund has made three cash repatriations in October 2008, February 2013 and January 2015. Historically, the process of repatriating cash from China has taken six to 24 months. The timeframe for repatriation of funds from China can vary significantly and the processes may be subject to delay when there is any change in applicable regulations or when regulatory approval requires additional information or analysis, including the assessment of tax liabilities by the Chinese tax authorities.

Currently, the responsible entity is actively pursuing a further cash repatriation, which will be subject to approval by the Chinese regulators.

The Fund continues to maintain sufficient working capital to meet its operating requirements. In order to further conserve liquidity until further cash is repatriated from China, payment of responsible entity and investment manager fees have been postponed.

A dividend reinvestment plan is in place whereby 100 per cent of distributions are reinvested unless the investor elects to receive a partial cash distribution. Having at least part of all distributions automatically reinvested aims to increase the Fund's potential to reinvest in the China A share market by retaining the maximum amount of funds in the investment portfolio.

Since inception of the Fund, discussions have been held with many interested investors regarding the Fund trading at a discount to net asset value. The responsible entity has considered many options and continues to investigate ways to improve performance for the benefit of all unit holders.

Previously, many of these options would not have resulted in the discount being sustainably closed or were not in the best interest of all investors. However, recent deregulation and ongoing clarification of taxation laws in China mean some of these options may be viable in the future subject to the repatriation considerations discussed above.

AMP CAPITAL CHINA GROWTH FUND

DIRECTORS' REPORT (Continued)

Exploring Options to Further Improve Fund Performance

On 13 July 2015, AMP Capital released an announcement updating investors on the impact of the recent market volatility and also on its plans for the fund. Further to this announcement, AMP Capital has engaged Goldman Sachs to actively investigate a range of options to improve fund performance for the benefit of all unitholders.

Environmental Regulation and Performance

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, a copy of which is attached to this report and forms part of the directors' report for the half year ended 30 June 2015.

Rounding

The amounts contained in this report and in the financial report have been rounded under the option available to the Fund under ASIC Class Order 98/100. The Fund is an entity to which the class order applies and, in accordance with the class order, amounts in the directors' report and the financial report have been rounded to the nearest thousand dollars (where rounding is appropriate).

Signed in accordance with a resolution of the directors:



Stephen Dunne
Chairman
Sydney, 26 August 2015



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Auditor's Independence Declaration to the Directors of AMP Capital Funds Management Limited

In relation to our review of the financial report of AMP Capital China Growth Fund for the half-year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Clare Sporle
Partner
Sydney
26 August 2015

AMP CAPITAL CHINA GROWTH FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2015**

		1 January 2015 to 30 June 2015	1 January 2014 to 30 June 2014
	Notes	\$'000	\$'000
INVESTMENT INCOME			
Net changes in fair values of financial assets measured at fair value through profit or loss		178,274	(61,039)
Dividend income – Hong Kong equities		-	11
Interest income – loan advances to controlled entity		7,734	5,782
Other interest income		4	2
Foreign exchange loss		(35)	(135)
Total investment income/(loss)		185,977	(55,379)
EXPENSES			
ASX fees		(106)	(70)
Accounting service fees		(75)	(75)
Share registry fees		(48)	(37)
Professional fees		(44)	-
Responsible entity fees		(35)	(38)
Auditor's remuneration	4	(26)	(26)
Custodian fees		(22)	(17)
Other expenses		(39)	(42)
Total operating expenses		(395)	(305)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS		185,582	(55,684)
Finance costs on external borrowings facility		(30)	(36)
Net profit/(loss) attributable to unitholders before distributions		185,552	(55,720)
Finance costs – distributions to unitholders		(3,596)	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		181,956	(55,720)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		181,956	(55,720)
Earnings per unit (EPU)			
EPU based on the weighted average number of ordinary units			
Basic and diluted earnings per unit	2	\$0.49	(\$0.15)

AMP CAPITAL CHINA GROWTH FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

		30 June 2015	31 December 2014
	Notes	\$'000	\$'000
ASSETS			
Cash and cash equivalents		2,004	1,174
Receivables and other assets		3,852	3,542
Financial assets measured at fair value through profit or loss:			
Investment in controlled entity	5	553,814	383,450
Loan advances to controlled entity	6	186,615	174,265
Total Assets		746,285	562,431
LIABILITIES			
Payables		553	934
Distribution payable		22	10,951
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		575	11,885
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		745,710	550,546

AMP CAPITAL CHINA GROWTH FUND

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Units on issue	Retained profits/ (accumulated losses)	Total
Notes	\$'000	\$'000	\$'000
Balance at 1 January 2015	360,109	190,437	550,546
Net profit attributable to unitholders before distributions	-	185,552	185,552
Distribution to unitholders	-	(3,596)	(3,596)
Distributions reinvested	13,208	-	13,208
Balance at 30 June 2015	373,317	372,393	745,710

	Units on issue	Retained profits/ (accumulated losses)	Total
Notes	\$'000	\$'000	\$'000
Balance at 1 January 2014	353,613	8,500	362,113
Net loss attributable to unitholders before distributions	-	(55,720)	(55,720)
Distribution to unitholders	-	-	-
Distributions reinvested	6,496	-	6,496
Balance at 30 June 2014	360,109	(47,220)	312,889

AMP CAPITAL CHINA GROWTH FUND

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2015

	1 January 2015 to 30 June 2015	1 January 2014 to 30 June 2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	-	11
Responsible entity fee paid	(122)	-
Payments for other expenses (inclusive of GST)	(645)	(127)
Payments for purchases of Hong Kong equities	-	(1,199)
Proceeds from sales of Hong Kong equities	-	572
Net cash outflow from operating activities	(767)	(743)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of loan advanced to controlled entity	2,884	-
Net cash inflow from investing activities	2,884	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs on external borrowings facility	(30)	(36)
Cash distribution paid	(1,133)	(475)
Withholding tax on distributions reinvested	(205)	(72)
Net cash outflow from financing activities	(1,368)	(583)
Net increase/(decrease) in cash and cash equivalents held	749	(1,326)
Cash and cash equivalents at the beginning of the half year	1,174	1,718
Net foreign exchange differences	81	(30)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	2,004	362

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current half year and the comparative period, unless otherwise noted. The accounting policies of the Fund are set out below. Where necessary, comparative information has been restated or reclassified to be consistent with current period disclosures.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with the Fund constitution and with the requirements of the *Corporations Act* and AASB 134 Interim Financial Reporting. The Fund is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board (IASB).

The half year financial report does not include all notes normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Fund as that given by the annual financial report. As a result, this financial report should be read in conjunction with the most recent annual financial report of the Fund and any public announcement in respect of the Fund during the half year.

The financial report has been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. Certain assets and liabilities may not be settled within 12 months, in particular investment in controlled entity, loan advances to controlled entity and net assets attributable to unitholders. Given the nature of the Fund, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

Australian Accounting Standards early adopted

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The Fund elected to early adopt this standard from 1 January 2011. This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.

On 20 December 2013, the Australian Accounting Standards Board (AASB) issued AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (AASB 2013-9) to include the new hedge accounting requirements. This has not been adopted by the Fund. It is not expected to have any impact on the Fund's financial position or performance.

Changes in Australian Accounting Standards

The Fund has adopted all mandatory standards and amendments for the half year beginning 1 January 2015. Adoption of these standards and amendments has not had any effect on the financial position or performance of the Fund.

Australian Accounting Standards issued but not yet effective

Other than AASB 9, Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the half year ended 30 June 2015. When applied in future periods, these recently issued or amended standards are not expected to have an impact on the Fund's financial position or performance or the presentation and disclosures in the financial report.

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial Assets Measured at Fair Value through Profit or Loss

The following financial assets have been designated as 'financial assets measured at fair value through profit or loss' and are accounted for in the Fund's financial statements at fair value. Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in fair values of financial assets measured at fair value through profit or loss' in the period in which they arise.

Investment in controlled entity and loan advances to controlled entity

A controlled entity is an entity over which the Fund exercises control. Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The fair value of loan advances to controlled entity and investment in controlled entity, in combination, is determined by the investment manager using the fair value of the underlying investments in China A shares together with certain tax inputs and assumptions (refer note 7(c)) and the underlying working capital held by the controlled entity. The fair value of China A shares is determined by reference to the bid price of the security, as quoted on its primary exchange at the balance date, and the foreign currency exchange rate at the balance date. If any China A shares in the underlying investment portfolio are suspended from the relevant exchange at the balance date, fair value is determined by reference to the last traded price, unless it is determined that another valuation basis is more appropriate. The aggregated nominal amount of underlying working capital approximates its fair value.

The fair values of these assets are based on their respective rights and rankings. Loan advances to a controlled entity rank ahead of investment in a controlled entity and the fair value of these loan advances is determined by the investment manager using discounted cash flow techniques based on their respective contractual cash flows. The discount rate used is a market rate applicable for an instrument with similar terms, credit ratings and conditions as at the balance date.

Investment in controlled entity is the residual value after deducting fair value of the loan advances to controlled entity. If the combined fair value is lower than the loan advances to controlled entity value, the combined fair value is deemed to be the fair value of the loan advances to controlled entity and the value of the investment in controlled entity is deemed to be nil.

Investment in Hong Kong equities

These investments are equities listed on the Hong Kong stock exchange. Equities listed on the Hong Kong stock exchange are held for working capital. These investments are financial assets and are recognised using the trade date accounting method. The fair value of a listed equity security is determined by reference to the bid price of the security, as quoted on its primary exchange at balance date. As at 30 June 2015, the Fund had no investment in Hong Kong equities (31 December 2014: nil).

(c) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial report. Estimates and assumptions are determined based on information available at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Investment entity exception

The financial statements of the Fund for the half year ended 30 June 2015 are for the parent entity only. Under Australian Accounting Standards the Fund meets the definition of an Investment Entities and is precluded from presenting consolidated financial statements.

An investment entity is an entity that:

- (a) obtains funds from one or more unitholders for the purpose of providing the unitholder(s) with investment management services
- (b) commits to its unitholder(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Typical characteristics of an investment entity include:

- (i) it has more than one investment
- (ii) it has more than one unitholder
- (iii) it has unitholders that are not related parties of the entity, and
- (iv) it has ownership interests in the form of equity or similar interests.

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Significant Accounting Estimates, Judgements and Assumptions (continued)

Investment entity exception (continued)

This Fund has been determined to be an investment entity notwithstanding that some of the unitholders are related parties. All transactions between the Fund and its related parties are at market value and on normal commercial terms and conditions. This includes purchases and sales of financial assets. As such, the related parties do not transact with the Fund on terms that are unavailable to other unitholders therefore this does not preclude the Fund from meeting the definition of an investment entity.

Fair value measurement of investment in controlled entity

The estimation process for determining the fair value of the investment in controlled entity is as described in note 1(b).

Fair value measurement of loan advances to controlled entity

The estimation process for determining the fair value of loan advances to controlled entity is as described in note 1(b).

Fair value measurement of investments in Hong Kong equities

The estimation process for determining the fair value of listed equity securities is as described in note 1(b).

(d) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividend income is derived from investments in Hong Kong equities. They are recognised as income on the date the share is quoted ex-dividend with any related foreign withholding tax recorded as a tax expense.

Interest income

Interest income earned on loan advances to controlled entity and cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial assets measured at fair value through profit or loss

Net changes in the fair value of financial assets are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(e) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Fund will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(f) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Responsible entity fee

A fee of 1.65% per annum is based on the gross asset value of the Fund less the value of its investment in controlled entity and the value of loan advanced to controlled entity. It is payable to the responsible entity under the Fund constitution. The responsible entity may postpone the collection of the fee.

Performance fee

A performance fee of 20 % of outperformance above the benchmark is payable quarterly in arrears on the final day of each quarter as a cash payment or by way of an issue of units in the Fund to the responsible entity if certain requirements are met. These, if any, are accounted for on an accruals basis. The benchmark is the S&P/CITIC 300 Total Return index (converted to Australian dollars).

No performance fees were paid or payable in respect of the half year ended 30 June 2015 (30 June 2014: nil).

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair value.

(h) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and liabilities are recognised at the date the Fund becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial assets are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the responsible entity's option and which the responsible entity uses in its day to day management of the Fund's cash requirements, and are subject to an insignificant risk of changes in value.

(j) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves and are classified as financial liabilities and not as equity because the responsible entity has a contractual obligation to pay distributable income of the Fund to unitholders. As there are no equity holders, total comprehensive income attributable to unitholders of the Fund is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair values of investment in controlled entity, loan advances to controlled entity and investment in listed equity securities.

(k) Taxation

Under current legislation, the Fund is not subject to income tax in Australia since, under the terms of the Fund constitution, the unitholders are presently entitled to the taxable income of the Fund.

(l) Distributable Income

In accordance with the Fund constitution, the Fund fully distributes its distributable income to unitholders each tax year. Distributions are payable at the end of each year and are determined by reference to the taxable income of the Fund. Distributions are recognised in the Statement of Comprehensive Income as finance costs.

Distributable income includes capital gains arising from the disposal of assets. It does not include unrealised gains or losses arising from changes in the fair value of financial assets; accrued income not yet assessable; expenses provided for or accrued but not yet deductible; tax free or deferred income and realised capital losses which are retained to offset future realised capital gains. Distributions are payable at the end of each year.

The Fund has a distribution reinvestment plan (DRP). Under the DRP, 100% of distributions will be reinvested in additional units unless the unitholders elect to receive a partial cash distribution. Unitholders may be compulsorily required to participate in the DRP in respect of 100% of distributions if determined by the responsible entity. Investors from jurisdictions outside of Australia, New Zealand, Hong Kong or Singapore may not participate in the DRP.

(m) Foreign Currency Transactions and Translation

(i) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which it operates (the functional currency). The presentation currency of this financial report, and the functional currency of the Fund, is the Australian dollar.

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign Currency Transactions and Translation (continued)

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rate at the date when the fair value was determined. Non-monetary items denominated in foreign currencies are retranslated at the rate of exchange as at the balance date and differences are taken to investment income in the Statement of Comprehensive Income.

(n) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Fund.

Each unit issued confers upon the unitholder an equal interest in the Fund, and is of equal value. A unit does not confer an interest in any particular asset of the Fund.

Unitholders have various rights under the Fund constitution and the *Corporations Act*, which, subject to certain conditions, include the right to:

- receive income distributions
- attend and vote at meetings of unitholders, and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(o) Goods and Services Tax (GST)

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the particular expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

(p) Rounding

Where indicated, the amounts in the financial report have been rounded to the nearest thousand dollars, under the option available to the Fund under ASIC Class Order 98/100.

AMP CAPITAL CHINA GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 2: EARNINGS PER UNIT

Basic earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the half year.

Diluted earnings per unit are the same as basic earnings per unit.

The following reflects the income and unit data used in the basic and diluted earnings per unit computations.

	1 January 2015 to 30 June 2015	1 January 2014 to 30 June 2014
Weighted average number of units on issue for basic and diluted earnings per unit	379,773,004	370,610,753
	1 January 2015 to 30 June 2015	1 January 2014 to 30 June 2014
	\$'000	\$'000
Earnings used in calculation of earnings per unit	185,552	(55,720)
Basic and diluted earnings per unit (\$ per unit)	\$0.49	(\$0.15)

There have been no other transactions involving unitholders since the balance date and before the completion of these financial statements.

NOTE 3: UNITS ON ISSUE

Reconciliation of units

	1 January 2015 to 30 June 2015		1 January 2014 to 30 June 2014	
	units '000	\$'000	units '000	\$'000
Balance at the beginning of the half year	374,593	360,109	366,113	353,613
Units issued	11,701	13,208	8,480	6,496
Balance at the end of the half year	386,294	373,317	374,593	360,109

There have been no withdrawals from the Fund during the half year ended 30 June 2015 (30 June 2014: nil).

NOTE 4: AUDITOR'S REMUNERATION

	1 January 2015 to 30 June 2015	1 January 2014 to 30 June 2014
	\$	\$
Amounts paid or payable to Ernst & Young, the auditor of the Fund, for:		
Review of the financial statements of the Fund	26,030	26,030
	26,030	26,030

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 5: INVESTMENT IN CONTROLLED ENTITY

	1 January 2015 to 30 June 2015	1 January 2014 to 31 December 2014
	\$'000	\$'000
Balance at the beginning of the period	383,450	211,104
Net changes in fair values recognised through profit or loss	170,364	172,346
Balance at the end of the period	553,814	383,450

The Fund has been determined to be an investment entity and does not consolidate its controlled entity. However, the Fund has provided certain disclosures in respect of its controlled entity, as outlined below:

Ownership of controlled entity

The Fund has 100% ownership of AMP Capital China Growth Fund, a controlled entity domiciled and incorporated in Mauritius. The controlled entity does not control any other entity.

The principal activity of the controlled entity is to make investments in China A shares, which are shares in companies listed on China's Shanghai or Shenzhen stock exchanges. The underlying investment portfolio of the controlled entity mainly comprises investments in China A shares.

The Fund had no commitments, restrictions or contingent liabilities in relation to its investment in controlled entity other than those specified in the financial report.

Key inputs used in determining the fair value of the investment in the controlled entity are the following:

	30 June 2015	31 December 2014
	\$'000	\$'000
Fair value of the underlying investments in China A shares (i)	708,556	535,941
Fair value of liability for loan advances from the Fund (refer note 6)	(186,615)	(174,265)

The fair value of the investment in controlled entity is exposed to foreign exchange risk and price risk as described in note 7(c) - *Market Risk*.

Underlying investments in China A shares

(i) Movement in the fair value of China A shares during the half year:

	1 January 2015 to 30 June 2015	1 January 2014 to 31 December 2014
	\$'000	\$'000
Balance at the beginning of the period	535,941	361,769
Purchases	680,671	490,764
Sales	(692,908)	(516,886)
Net change in fair values of China A shares	143,971	156,873
Foreign exchange gains on translation	40,881	43,421
Balance at the end of the period	708,556	535,941

(ii) Investment income from China A shares:

	1 January 2015 to 30 June 2015	1 January 2014 to 31 December 2014
	\$'000	\$'000
Net change in fair values of China A shares	143,971	156,873
Dividend income – China A shares	3,614	7,314
	147,585	164,187

AMP CAPITAL CHINA GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 6: LOAN ADVANCES TO CONTROLLED ENTITY

The Fund has provided an at call loan (denominated in US dollars) to its controlled entity at a fixed rate of 9% per annum. As at 30 June 2015, the fair value of the loan was \$186,615,033 (31 December 2014: \$174,264,989). As at 30 June 2015, the face value of the loan outstanding is US\$130,208,296 (31 December 2014: US\$126,664,335).

The term of the loan will continue until the earlier of:

- (a) The date the Fund demands repayment of the loan, or
- (b) the tenth anniversary of the advance date (15 December 2006) unless both parties agree in writing no less than one month prior to this date to extend the term of the loan.

(i) **Key inputs and assumptions used in determining the fair value of Loan advances to controlled entity are:**

	30 June 2015	31 December 2014
Discount rate per annum	4.02%	4.21%

(ii) **Movement in loan advances to controlled entity during the half year:**

	1 January 2015 to 30 June 2015	1 January 2014 to 31 December 2014
	\$'000	\$'000
Balance at the beginning of the half year	174,265	153,147
Additional loan advances made during the period	-	29
Loan repayments	(2,884)	-
Net change in fair value recognised through profit or loss	7,910	9,218
Interest capitalised during the period	7,324	11,871
Balance at the end of the half year	186,615	174,265

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 7: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring.

Financial instruments of the Fund comprise cash and cash equivalents, net assets attributable to unitholders, and other financial instruments such as investments in controlled entity, receivables, payables, loan advances to controlled entity and investment in Hong Kong equities. The responsible entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Fund is exposed to credit risk, liquidity risk and market risk.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures for the half year is provided below. Where the Fund has material risk exposures, risk sensitivity analysis is presented for illustrative purposes. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the responsible entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

This information is prepared and reported to relevant parties within the responsible entity on a regular basis as deemed appropriate, including the AMP Capital Investors Limited Risk and Investment Committees and other key management.

As part of its risk management strategy, the Fund may use derivative instruments to manage certain risk exposures.

The responsible entity's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern, so it can continue to provide returns to unitholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the responsible entity may reinvest distributions. The Fund does not have any externally imposed capital requirements.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations under a contract.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the balance date.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Credit risk is not considered to be significant to the Fund. Receivables balances are monitored on an ongoing basis. The Fund's exposure to bad debts is not significant.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund manages its liquidity risk through cash flow forecasts and liquidity planning based on the maturities of financial assets (for example, cash, receivables and other financial assets) and financial liabilities (for example, distribution payable) and projected cash flows from operating and investing activities. The risk is managed through the Fund's cash surpluses, and investment in financial instruments, which under normal market conditions are readily convertible to cash which can be repatriated subject to regulatory approval.

Since inception, the Fund has made three cash repatriations, occurring in October 2008, February 2013 and January 2015. Historically, the process of repatriating cash from China has taken between six to 24 months. The timeframe for repatriation of funds from China can vary significantly, and the processes may be subject to delay when there is any change in applicable regulations or where regulatory approval requires additional information or analysis, including the assessment of tax liabilities by the Chinese tax authorities (refer note 7(c)). Where a planned repatriation is subject to delay, the payment of responsible entity and investment manager fees may be postponed to conserve liquidity. The Fund maintains sufficient cash and cash equivalents to meet other operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise management fees payable and other payables, distribution payable and net assets attributable to unitholders. Responsible entity fees are payable on terms set out in note 1(f). Other payables have no contractual maturities but are typically settled within 30 days. Distributions are expected to be paid or reinvested yearly by 31 March, although there may be times when no distribution is payable on the scheduled distribution date.

Net assets attributable to unitholders are subject to the exit provisions as defined by the Fund constitution. The Fund did not have any derivative financial instruments (liabilities) as at 30 June 2015 (31 December 2014: nil).

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 7: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market Risk

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

Market risk is managed and monitored using sensitivity analysis, and minimised by ensuring all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund's exposure to interest rate risk is on its loan advances to controlled entity and cash and cash equivalents. Loan advances to controlled entity is at a fixed rate of 9% and is therefore not exposed to cash flow interest rate risk.

In addition, changes in the fair value of loan advances to controlled entity, as a result of changes in market interest rates, is fully offset by an equal and opposite change in the fair value of the Fund's investment in controlled entity, resulting in no impact on the net profits and net assets attributable to unitholders. Consequently, the Fund is not exposed to interest rate risk on loan advances to controlled entity. The interest rate sensitivity for cash and cash equivalents are not significant to the Fund.

Foreign exchange risk

Foreign exchange risk is the risk that fair value of the future cash flows or the fair values of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund's underlying portfolio comprise of monetary and non-monetary financial assets denominated in currencies other than Australian dollar.

Loan advances to controlled entity

The Fund's exposure to monetary assets denominated in currencies other than the Australian dollar arises in respect of its loan advances to controlled entity denominated in US dollars and cash held in foreign currencies.

Investment in controlled entity

The Fund's exposure to non-monetary assets denominated in currencies other than the Australian dollar arises in respect of its 100% equity ownership in a controlled entity denominated in US dollars.

The foreign exchange risks relating to loan advances to controlled entity and the investment in controlled entity are a component of price risk. The impact of changes in exchange rates on other foreign currency denominated assets is not significant.

The Fund has not used derivative instruments to manage its foreign currency exposures.

Price risk

Price risk is the risk that the fair value of the Fund's financial instruments measured at fair value, comprising loan advances to controlled entity, decreases as a result of investment market risk, foreign exchange risk and tax risk.

Investment market risk

The underlying investment portfolio is exposed to changes in share market prices for equities including volatility in China A shares (held by the controlled entity). These changes in share market prices are caused by either factors specific to the individual stocks or factors affecting all instruments in the market. Stocks in the underlying investment portfolio are also subject to ongoing reforms in China including changes in government regulations and policy. Disclosure and regulatory standards in China are evolving, and this means material information may not always be disclosed so less information may be available to the Fund than would be the case if the Fund invested in Australia.

Concentrations of risk arise when a number of financial assets or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund monitors its underlying investment portfolio's exposure to ensure concentrations of risk remain within acceptable levels and reduces exposure to manage the excessive risk concentrations when they arise.

Foreign exchange risk

The Fund's investment in controlled entity mainly comprises of investments in China A shares denominated in Renminbi. Consequently, the fair value of the investment in controlled entity is subject to fluctuations in foreign exchange rates.

AMP CAPITAL CHINA GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 7: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

Tax risk

The fair value of investment in the controlled entity is subject to certain tax assumptions in relation to the underlying investment portfolio. The portfolio is subject to tax in China at 10 per cent on interest, 10 per cent on dividends and from 17 November 2014 nil per cent on capital gains on both "land rich" and "non-land rich" China A shares. The tax rates on capital gains changed on 17 November 2014, when the Chinese Ministry of Finance released a QFII tax circular (the "Tax Circular") which states that all capital gains realised after this date will not attract tax in China. In February 2015, additional communications from the Chinese tax authorities have clarified that tax on capital gains realised prior to 17 November 2014 shall only be levied for the five years preceding that date, and not from inception.

Prior to 17 November 2014, the portfolio was subject to 10 per cent tax on capital gains realised on "land rich" China A shares. At the same time the portfolio was not subject to Chinese tax on capital gains on "non-land rich" China A shares, pursuant to the China/Mauritius Double Tax Treaty (the Treaty). For capital gains on "non-land rich" China A shares realised before 17 November 2014, there remains a risk that the controlled entity's application for Treaty relief may not be successful and that the controlled entity would be liable to pay tax in China at 10 per cent on a gross basis for the preceding five years. The investment manager has submitted the relevant documentation, including application for Treaty relief, to the Chinese tax authorities and this position is subject to approval. If Treaty relief is found not to apply to the controlled entity, then its projected tax cash outflows could increase by up to \$14.1 million as at 30 June 2015 (31 December 2014: \$25.1 million).

Uncertainty in respect of tax risk has been considered by the investment manager in determining the fair value of the investment in controlled entity. AMP Capital and its tax advisors continue to engage closely with the Chinese tax authorities to achieve more certainty regarding how relief applies under the Treaty.

All investments present a risk of loss of capital. The Fund's maximum price risk exposure at the balance date in relation to its investment in subsidiary is its carrying amount as indicated in the Statement of Financial Position.

(d) Fair value measurement

Financial assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial asset or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The table below shows an analysis of financial assets measured at fair value on a recurring basis by each level of the fair value hierarchy. The Fund did not measure any financial asset at fair value on a non-recurring basis as at 30 June 2015 (31 December 2014: nil).

	Level 1	Level 2	Level 3	Total
30 June 2015	\$'000	\$'000	\$'000	\$'000
Investment in controlled entity	-	-	553,814	553,814
Loan advances to controlled entity	-	186,615	-	186,615
Total	-	186,615	553,814	740,429

AMP CAPITAL CHINA GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 7: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
31 December 2014	\$'000	\$'000	\$'000	\$'000
Investment in controlled entity	-	-	383,450	383,450
Loan advances to controlled entity	-	174,265	-	174,265
Total	-	174,265	383,450	557,715

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the half year ended 30 June 2015 (31 December 2014: nil). For movement in Fund's investment in controlled entity (a Level 3 financial asset), refer to note 5.

Investment in controlled entity has been assessed as a Level 3 financial asset under the three level hierarchy because the key inputs and assumptions used to determine its fair value are both observable and unobservable:

i. Observable: The underlying investment portfolio of the investment in controlled entity mainly comprises of investments in China A shares listed on the Shanghai or Shenzhen stock exchanges. The fair value of a China A shares is determined by reference to the 'bid' price of the security, as quoted on the primary exchange at the balance date, and the foreign currency exchange rate at the balance date. If any China A shares in the underlying investment portfolio are suspended from the relevant exchange at the balance date, fair value is determined by reference to the last traded price, unless it is determined that another valuation basis is more appropriate.

ii. Unobservable: Tax position in relation to the underlying investment portfolio (refer note 7(c)).

The fair value of the investment in controlled entity is determined by the investment manager in accordance with the Fund's valuation policy as set out in note 1(b) and is reviewed by the Management Accounts Committee (MAC).

The sensitivity attached to the assessment of the fair value of the investment in controlled entity as a result of change in the unobservable inputs is explained in note 7(c).

The fair value of loan advances to controlled entity is determined using discounted cash flow techniques based on their respective contractual cash flows. The discount rate used is a market rate applicable for an instrument with similar terms, credit ratings and conditions as at the balance date and is therefore assessed as a Level 2 financial instrument under the three level hierarchy.

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in note 1(b), note 5 and note 6.

AMP CAPITAL CHINA GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 8: SEGMENT INFORMATION

The Fund operates solely in the business of investing in China via its controlled entity. Consequently, revenue, profit and net assets for the operating segment are the amounts reflected in the financial statements.

The responsible entity operates and is domiciled in Australia. Investments in China A shares are facilitated through the Fund's wholly owned controlled entity domiciled in Mauritius.

NOTE 9: EVENTS OCCURRING AFTER THE BALANCE DATE

Since balance date, the China A share market has continued to experience high levels of volatility. The financial report should be read in conjunction with the Fund's ASX announcements.

Since 30 June 2015 there have been no matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Fund.

NOTE 10: COMMITMENTS AND CONTINGENCIES

The Fund had no commitments or contingencies at 30 June 2015 (31 December 2014: nil) other than those specified in the financial report.

There is a tax risk for the controlled entity, as disclosed in note 7(c). The tax risk has been considered by the investment manager in determining the fair value of the investment in controlled entity.

NOTE 11: AUTHORISATION OF THE FINANCIAL REPORT

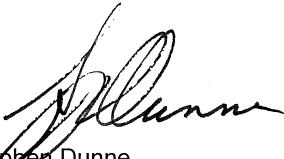
The financial report of the AMP Capital China Growth Fund for the half year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors of AMP Capital Funds Management Limited on 26 August 2015.

AMP CAPITAL CHINA GROWTH FUND

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of AMP Capital Funds Management Limited, the responsible entity, I state that for the purpose of Section 303(4) of the *Corporations Act*, in the opinion of the directors of the responsible entity:

- (a) The financial statements and notes are in accordance with the *Corporations Act*, including section 304 (compliance with accounting standards) and section 305 (true and fair view); and
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.



Stephen Dunne
Chairman

Sydney, 26 August 2015



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working world

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To the unitholders of AMP Capital China Growth Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AMP Capital China Growth Fund (the 'Fund'), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AMP Capital China Growth Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AMP Capital China Growth Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Clare Sporle
Partner
Sydney
26 August 2015