

AMP Capital China Growth Fund

ARSN 122 303 744



ASX Announcement

25 FEBRUARY 2016



Manager
ASX Market Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Announcement No: 08/2016

AMP Capital China Growth Fund (ASX: AGF) – 2015 Annual Report

In accordance with ASX Listing Rules 4.5.1 and 4.7.1, AMP Capital Funds Management Limited, the responsible entity for the AMP Capital China Growth Fund (the Fund), presents the Annual Report for the Fund for the year ended 31 December 2015.

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AMP CAPITAL CHINA GROWTH FUND ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2015

ARSN 122 303 744

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25 February 2016

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CHAIRMAN'S REPORT

Dear Investors

Enclosed is a review of the 2015 full year accounts for the AMP Capital China Growth Fund (the Fund).

CHINA A-SHARE MARKET

2015 saw considerable volatility in the China A-share market following very strong performance in 2014. Volatility commenced with a sharp fall in late June and persisted over the last six months of the year, with the China A-share market posting a 15.5% return for the year as a whole, but -15.4% for the six months to December 2015.

A number of factors have contributed to the increased volatility, but central to these are investor concerns about the challenges faced by the Chinese economy in maintaining current growth and the broader implications this has for the global economy.

In response to the market conditions, Chinese officials have consistently reaffirmed the government's commitment to undertake fiscal and monetary measures to ensure the Chinese economy meets its stated growth target of 6.5% for 2016 and avoid an economic 'hard landing'. This comes as China continues its transition towards a more consumption based economy.

FUND PERFORMANCE

We are pleased to advise that in 2015, the Fund delivered a net profit attributable to unitholders, before distributions, of \$77.5 million.

In challenging market conditions the Fund achieved a positive net return of 13.8% (in AUD terms) over the same period. The Fund's performance closely tracked the benchmark return, underperforming by 0.2% (before fees, expenses and taxes) and 1.7% (after fees, expenses and taxes) over the 12-month period. Defensive positioning within the Fund paid off over the second half of the year, with the Fund falling less than the benchmark in the six months to December.

Key contributors to the Fund's performance included an overweight exposure to the industrials sector and an underweight exposure to energy over the period. Stock selection within the industrials sector was also strong. Standout stock performers overall were China CNR Corp and Guangdong Alpha Animation, which rallied due to its increased exposure to comics and games via strategic acquisitions. Meanwhile, stock selection within financials and the Fund's allocation to the materials sector weighed on returns.

Markets stabilised in the fourth quarter – after a sharp pullback in the third quarter – providing investors with temporary relief. However, volatility has continued into the new year, and potential challenges for the Chinese market remain, including continuing concern over weak macroeconomic indicators, potential currency depreciation and the change of the initial public offering issuance system to a registration model. In this environment, companies with merger and acquisition appeal and internet-driven business models are likely to be favoured by investors and the portfolio is positioned accordingly. The investment team also expects investors will continue to pay close attention to policy changes (and tone) as well as growth recovery signals and are focused on exposures which will benefit when sentiment turns.

STRATEGIC REVIEW

In July, a comprehensive Strategic Review of the Fund was initiated with the assistance of expert financial advisers. As part of the review, the RE analysed the performance of the Fund (as compared to its peers) as well as other operational benchmarking. The Strategic Review identified that certain enhancements to the Fund could be made which would benefit existing unitholders and potentially make the Fund more attractive to new investors.

These enhancements have now all been implemented and an update on these enhancements was issued to investors in February 2016. The RE will continue to monitor the effectiveness of the enhancements and has announced it will call an extraordinary general meeting (EGM) in July 2016 where unitholders will have an opportunity to discuss the Fund and its strategy going forward.

DISTRIBUTION

Each year the distributable income of the Fund is distributed to unitholders. For 2015, the Fund declared a distribution of \$0.33575 per unit, which was significantly higher than previous years due to a large amount of gains realised by the Fund. In line with previous years, no discount will apply to units issued under the dividend reinvestment plan (DRP) for the 2015 distribution, in order to alleviate any dilutionary impact.

Having recently taken over from Stephen Dunne as Chairman of AMP Capital Funds Management Limited, I'd like to take this opportunity to thank you for your support of the Fund. I look forward to engaging with our unitholders over the strategy of the Fund at the EGM in July.



ADAM TINDALL
Chairman
AMP Capital Funds Management Limited
Responsible entity of the AMP Capital China Growth Fund



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 financial year ended 31 December 2015.

DIRECTORS

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

- Adam M. Tindall, Chairman - *Appointed 9 October 2015*
- Stephen J.P. Dunne, Chairman - *Resigned 9 October 2015*
- 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 Street, Sydney, NSW 2000.

CORPORATE GOVERNANCE

The corporate governance statement of the Fund is available at <http://www.ampcapital.com.au/other-pages/china-growth-fund-corporate-governance?ext=>

PRINCIPAL ACTIVITY

The principal activity of the Fund is 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 financial year.

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

2015 FINANCIAL PERFORMANCE

For the 12 months to 31 December 2015, the Fund delivered a net profit attributable to unitholders, before distributions, of \$77.5 million. In challenging market conditions the Fund achieved a positive net return of 13.8% (in AUD terms) over the same period. However, it underperformed the benchmark return of 15.5% by 0.2% (before fees, expenses and taxes) and 1.7% (after fees, expenses and taxes) over the 12-month period. Defensive positioning within the Fund paid off over the second half of the year, with the Fund falling less than the benchmark in the six months to December.

The performance of the Fund, for the financial year ended 31 December 2015, was as follows:

	31 DEC 2015 \$'000	31 DEC 2014 \$'000
(Decrease)/increase in net assets attributable to unitholders	(55,839)	181,937
Total investment income	78,605	193,655
Net profit attributable to unitholders before distributions	77,454	192,888

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 decrease in net assets attributable to unitholders of \$55,839,000 (2014: increase of \$181,937,000) was a result of:

- > net gain from changes in the fair value of China A-shares of \$7,059,000 (2014: net gain of \$156,873,000);
 - > foreign exchange gain on translation of China A-shares of \$71,951,000 (2014: gain of \$43,421,000);
 - > dividend income from China A-shares of \$8,615,000 (2014: \$7,314,000); and
 - > net foreign exchange gain on translation of other assets and liabilities of \$4,518,584 (2014: gain of \$1,048,845);
- net of:
- > distributions to unitholders of \$133,292,583 (2014: \$10,950,693).
 - > responsible entity and investment manager fees of \$10,720,896 (2014: \$6,036,460); and
 - > net income comprising other investment income, expenses and taxes of \$3,969,105 (2014: net expense of \$9,732,692).

DISTRIBUTIONS

The Fund has declared a distribution of \$129,696,518 (distribution per unit of \$0.33575) for the financial year ended 31 December 2015 (31 December 2014: \$10,950,693, a distribution per unit of \$0.02923). For this distribution, a cash distribution of \$48,417,425 (31 December 2014: \$853,419) will be paid, and the remaining \$81,279,093 (31 December 2014: \$10,097,274) will be reinvested in additional units in the Fund through the distribution reinvestment plan (DRP). In May 2015, the Fund also made an additional distribution of \$3,596,065 (distribution per unit of \$0.00960), after revising the Fund's distributable income for the year ended 31 December 2014.

The AMP Capital China Growth Fund is required to distribute 100% of its distributable income in accordance with its constitution and the Income Tax Assessment Act 1936. The Fund's distributable income was significantly higher in 2015 than in previous years due to the large amount of gains realised by the Fund during 2015.

Distributions have historically been paid in March each year. In the current year, due to the distribution being significantly higher than previous years, payment is subject to the repatriation of cash from China. This process is currently expected to be completed by the end of March 2016. While this repatriation process has already commenced, and is ongoing, final execution may be subject to delay due to a range of factors, including approvals by the Chinese regulatory authorities.

The default DRP election for new investors in AGF was changed as of 31 December 2015, allowing new investors to opt in rather than requiring them to opt out of the plan.

REVIEW OF OPERATIONS

2015 saw significant global focus on economic stimulus and market reforms in China amid a backdrop of weakening economic indicators over the course of the year. Chinese officials have consistently reaffirmed the government's commitment to undertake fiscal and monetary measures to ensure the Chinese economy meets its stated growth target of 6.5% for 2016 and avoid an economic 'hard landing'. This saw the People's Bank of China lower the reserve requirement ratio for major financial institutions four times over the year and reduced benchmark interest rates five times. There were also targeted measures to further support certain sectors, including property, agriculture and small enterprises. Meanwhile, the long-awaited state-owned enterprise (SOE) reform scheme was announced, with one of the key measures being to encourage mixed ownership by bringing in private investments.

Another noteworthy event during the year was Morgan Stanley Capital International's (MSCI) decision to include China A-shares in its indices. The company said it would expect to include China A-shares in its global benchmarks once a few remaining issues relating to market accessibility are resolved. FTSE also announced that it would commence including China A-shares into its emerging markets indices.

In addition to equity market volatility, a major event for 2015 was the unexpected one-off weakening of the renminbi by around 2% in early August, reflecting changes in the way the People's Bank of China (PBOC) calculates the daily fix and allowing market participants to play a greater role in determining the renminbi's initial trading level. The change also paved the way for the renminbi to join the International Monetary Fund's Special Drawing Rights currency basket which was approved by the International Monetary Fund board to commence from 1 October 2016. The renminbi will receive the third highest weight in the new SDR basket.

Meanwhile, the China Foreign Exchange Trade System (CFETS) created the CFETS CNY index, creating a trade-weighted exchange rate against a basket of 13 currencies including the US dollar (comprising 26.4%) and the euro (comprising 21.4%). The index's base date was 31 December 2014. CFETS explained that the market had usually only focused on the bilateral USD/CNY exchange rate, but that a basket-based exchange rate is the more appropriate measure and it would become a new reference going forward.

Following these new developments for the renminbi, China's foreign currency reserves recorded two consecutive monthly declines in November and December, with the reserve dropping by US\$108.3 billion in December, the largest single-monthly decline in record. For the full year 2015 foreign currency reserves fell US\$513 billion.

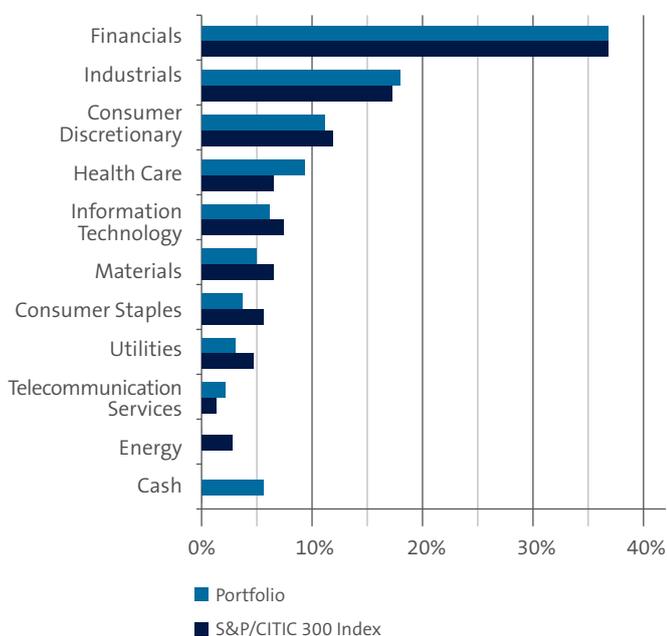
Continuing in the theme of reform, late in the year, China's 5th Plenum passed the proposal to end the one child policy – a medium to long term positive for supporting China's ageing population.

During the year, the Fund introduced the ability to trade through Shanghai-Hong Kong Stock Connect (Stock Connect), a cross-border investment channel linking the Hong Kong and Shanghai stock exchanges. This allows investors in each market to trade shares in the other using their local brokerages, subject to certain quotas. Essentially, Stock Connect broadens the link between the mainland Chinese stock market and the rest of the world. Stock Connect should provide AGF with enhanced liquidity for working capital purposes.

The Fund will continue to invest directly in China A-shares through AMP Capital's Qualified Foreign Institutional Investor quota while Stock Connect will be utilised by the Fund where it is determined appropriate.

In 2016, we continue to see the downwards pressure on the macroeconomic front in China driven by the change in the economic growth model and weak external demand from the global economy. With this backdrop, the Fund will continue to focus on identifying the opportunities in the areas which could be more favourable operational condition due to structural growth instead of cyclical growth. For example, we continue to see the consumption upgrade from tangible consumption like consumer electronics, automobile and property into the lifestyle entertainment like tourism, movie and sports. Moreover, we look for the sectors in which the product offering from China could be competitive in the international space. The Fund will also continue to favour stocks that are expected to achieve above average normalised earnings growth.

Sector allocation for the Fund – % of total equity investments at 31 December 2015



The Fund's twenty largest stock positions as at 31 December 2015 comprised of 43.54% of the portfolio. A full list of stock positions as at 31 December 2015 is provided in the Investor Information on page 39.

Supplementary information about the Fund's investments in China A-shares including sector allocations and twenty largest stock positions is also provided in the December 2015 Quarterly Report.

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.

Since the last cash repatriation, the responsible entity has been actively pursuing further cash repatriations. These repatriations are currently subject to approval by the Chinese regulatory authorities.

To further conserve liquidity until further cash is repatriated from China, payment of responsible entity and investment manager fees have been postponed. In addition, while the distribution for the year ended 31 December 2015 is expected to be paid by the end of March 2016, the timing of this payment may be delayed, dependent on the finalisation of the current repatriation process. The Fund continues to maintain sufficient working capital to meet its other operating requirements. Further details are provided in note 12(b) of the financial report.

A DRP is in place whereby participating investors can reinvest up to 100 per cent of distributions. Non-participating investors receive a partial cash distribution. Investors from certain jurisdictions are not eligible to participate in the DRP and receive a full cash distribution. For further details refer to the Notification of Distribution and other ASX announcements by the Fund.

FINANCIAL POSITION AND NET ASSET VALUE PER UNIT

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

	31 DEC 2015 \$'000	31 DEC 2014 \$'000
Net assets attributable to unitholders	507,915	550,546
Net asset value per unit*	\$1.31	\$1.47

*Net asset value per unit before distribution payable was \$1.65 (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 financial year ended 31 December 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 and daily estimated Net Asset Values available on the fund's web page: www.ampcapital.com.au/china.

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 financial 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 AMP Capital China Growth Fund aims to achieve long-term capital growth with a focus on investing in China A-shares, which are shares in companies listed on China's Shanghai or Shenzhen stock exchanges; and outperform the S&P/CITIC 300 Total Return Index (expressed in Australian dollars).

The Fund's investment management team believes the government's targeted approach to market stimulus and the opening up of China's markets to a broader investment community are expected to create favourable investment opportunities. The investment management team will continue to invest in companies with strong fundamentals that have the potential for superior investment returns over the long-term.

As mentioned above, the Fund has already implemented the ability to trade through Shanghai-Hong Kong Stock Connect. The upcoming launch of Shenzhen Stock Connect and the expected MSCI index inclusion could act as positive market catalysts in 2016.

The RE has announced it will call an extraordinary general meeting (EGM) in July 2016 where unitholders will have an opportunity to discuss the Fund and its strategy going forward.

The Fund is exposed to a range of investment risks through its wholly-owned controlled entity. Key risks that may impact the Fund's business strategies and prospects for future financial years are set out below. These risks have been considered by the investment manager when determining the fair value of the Fund's investment in the controlled entity as set out in note 1(b) and note 12(d) to the financial report.

China risk including investment market risk: The performance of the Fund is subject to movements in the underlying investment markets including volatility in China A-shares, Hong Kong equities and foreign currencies (see currency risk). A fall in share market prices in sectors and sub-sectors for which the underlying investment portfolio has a significant allocation would reduce the value of the underlying investment portfolio.

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 may also be less stringent than Australian standards. 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.

The investment regulations under which the controlled entity invests in China and which regulate repatriation and currency conversion continue to evolve. Changes in the application and interpretation of these regulations may impact the repatriation of cash from China, and may delay the Fund's ability to access capital invested in China.

Currency risk: The performance of the Fund is subject to movements in foreign exchange markets as the Fund is not hedged. In particular, appreciation of the Australian dollar relative to foreign currencies, including the Chinese renminbi, the US dollar and the Hong Kong dollar, would reduce the net asset value of the Fund expressed in Australian dollars.

Tax risk: Changes in taxation law, their interpretation or administrative practice may have the effect of prospectively or retrospectively increasing the level of tax paid in offshore jurisdictions. This may impact negatively on the Fund's returns.

In November 2014, the Chinese tax authorities released a QFII tax circular (the Tax Circular) which states that all capital gains realised after 17 November 2014 will not attract tax in China. For capital gains on "land rich" China A-shares realised prior to this date, the Fund has fully paid its tax liability (10 per cent). The Investment Manager has also been advised by the Chinese tax authorities that the China/Mauritius Double Tax Treaty applies to the controlled entity. Consequently, the portfolio should not be subject to Chinese tax on capital gains on "non-land rich" China A-shares. The investment manager continues to monitor changes in Chinese tax laws and regulations.

These risks will continue to have the potential to impact the Fund and management will continue to monitor and manage these risks closely. Further details are provided in note 12(c) of the financial report.

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.

RELEVANT INFORMATION

Following is a list of relevant information required under the Corporations Act:

- > Fees paid to the responsible entity - refer to note 11 to the financial statements
- > Units held by the responsible entity in the parent entity - refer to note 11 to the financial statements
- > Units issued in the parent entity during the financial year - refer to note 3 to the financial statements
- > Units withdrawn from the parent entity during the financial year - refer to note 3 to the financial statements
- > The value of the Fund's assets and basis of valuation - refer to the Statement of financial position and note 1 respectively
- > The number of units in the parent entity as at 31 December 2015 - refer to note 3 to the financial statements
- > Distributions payable to unitholders at the balance date - refer to the Statement of Financial Position.

These notes have been presented in accordance with ASIC Class Order 98/2395.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Under its constitution, AMP Capital Funds Management Limited (the company) indemnifies, to the extent permitted by law, all officers of the company, (including the directors) for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company.

The company also indemnifies the directors and the officers of AMP Capital China Growth Fund, a controlled entity of the parent entity in Mauritius.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the company against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited (AMPGH) has entered into a deed of indemnity and access with each director and secretary of the company. The deed of indemnity and access provides that:

- > these officers will have access to the books of the company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions), and
- > AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the company and of other AMP group companies.

Directors and officers of AMP Capital Funds Management Limited are not indemnified out of the assets of the Fund.

The auditor of the AMP Capital China Growth Fund is not indemnified out of the assets of the AMP Capital China Growth Fund.

DIRECTORS' INTERESTS

During the financial year and up to the date of this report, Douglas P. Talbot held a direct interest in the Fund. During the financial year Stephen J.P. Dunne also had significant influence over an entity which had an interest in the Fund. Further details of which are disclosed in note 11(b) of the financial statements.

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 financial year ended 31 December 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:



ADAM TINDALL
Chairman
Sydney, 25 February 2016

AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor for the audit of AMP Capital China Growth Fund for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Kieren Cummings'.

Kieren Cummings
Partner
Sydney
25 February 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 \$'000	31 DECEMBER 2014 \$'000
INVESTMENT INCOME			
Net changes in the fair value of financial instruments measured at fair value through profit or loss		62,185	181,168
Dividend income – Hong Kong equities		-	11
Interest income – loan advances to controlled entity		16,405	12,401
Interest income – bank interest		5	3
Foreign exchange gain		10	72
Total investment income		78,605	193,655
EXPENSES			
Professional fees		(407)	(145)
Fund service fees	11(c)	(192)	(198)
Share registry fees		(160)	(84)
ASX fees		(124)	(80)
Responsible entity fees	11(c)	(75)	(67)
Auditor's remuneration	10	(68)	(67)
Custodian fees		(46)	(30)
Other expenses		(49)	(21)
Total operating expenses		(1,121)	(692)
NET PROFIT ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS			
		77,484	192,963
Finance costs on external borrowings facility		(30)	(75)
Net profit attributable to unitholders before distributions		77,454	192,888
Finance costs – distributions to unitholders	2	(133,293)	(10,951)
NET (LOSS)/PROFIT ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		(55,839)	181,937
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		(55,839)	181,937
Earnings per unit (EPU)			
EPU based on the weighted average number of ordinary units			
Basic and diluted earnings per unit	4	\$0.20	\$0.52

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 \$'000	31 DECEMBER 2014 \$'000
ASSETS			
Cash and cash equivalents	7(a)	1,761	1,174
Receivables and other assets	9	4,312	3,542
Financial assets measured at fair value through profit or loss:			
Investment in controlled entity	5	431,717	383,450
Loan advances to controlled entity	6	200,787	174,265
TOTAL ASSETS		638,577	562,431
LIABILITIES			
Payables	8	956	934
Distribution payable		129,706	10,951
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		130,662	11,885
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		507,915	550,546

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	UNITS ON ISSUE \$'000	RETAINED PROFITS/ (ACCUMULATED LOSSES) \$'000	TOTAL \$'000
Balance at 1 January 2015	360,109	190,437	550,546
Net profit attributable to unitholders before distributions	-	77,454	77,454
Distribution to unitholders	-	(133,293)	(133,293)
Distributions reinvested	13,208	-	13,208
Balance at 31 December 2015	373,317	134,598	507,915

	UNITS ON ISSUE \$'000	RETAINED PROFITS/ (ACCUMULATED LOSSES) \$'000	TOTAL \$'000
Balance at 1 January 2014	353,613	8,500	362,113
Net profit attributable to unitholders before distributions	-	192,888	192,888
Distribution to unitholders	-	(10,951)	(10,951)
Distributions reinvested	6,496	-	6,496
Balance at 31 December 2014	360,109	190,437	550,546

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 \$'000	31 DECEMBER 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		-	11
Responsible entity fee paid		(123)	-
Payments for other expenses (inclusive of GST)		(971)	(260)
Payments for purchases of Hong Kong equities		-	(1,199)
Proceeds from sales of Hong Kong equities		-	1,524
Net cash (outflow)/inflow from operating activities	7(b)	(1,094)	76
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional loan advanced to controlled entity		-	(29)
Repayment of loan advanced to controlled entity		2,884	-
Net cash inflow/(outflow) from investing activities		2,884	(29)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs on external borrowings facility		(30)	(75)
Cash distribution paid		(1,133)	(474)
Withholding tax on distributions reinvested		(205)	(72)
Net cash outflow from financing activities		(1,368)	(621)
Net increase/(decrease) in cash and cash equivalents held		422	(577)
Cash and cash equivalents at the beginning of the financial year		1,174	1,718
Net foreign exchange differences		165	33
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7(a)	1,761	1,174

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 financial year and the comparative period, unless otherwise stated. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the Fund constitution and Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act. 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) as issued by the International Accounting Standards Board (IASB).

The financial statements of the Fund for the financial year ended 31 December 2015 are for the parent entity only. Effective from 1 January 2014, the Fund is precluded from presenting consolidated financial statements under Australian Accounting Standards.

The financial report should be read in conjunction with any public announcement in respect of the Fund during the reporting period.

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

(i) Liquidity basis of presentation

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.

As at 31 December 2015, current payables of \$49,374,000 (excluding distributions to be reinvested) exceed cash and cash equivalents of \$1,761,000. This liquidity shortfall includes a cash distribution payable of \$48,418,000. The Financial Report of the Fund has been prepared on a going concern basis because the responsible entity intends to recover this liquidity shortfall and pay debts which will be incurred over the next 12 months out of the proceeds of repatriations of cash from China. Cash to be repatriated from China will be funded through cash held by the controlled entity and from the proceeds of the sale of China A-shares.

While the distribution for the year ended 31 December 2015 is expected to be paid by the end of March 2016, the timing of this payment may be delayed, dependent on the finalisation of the current repatriation process which is subject to Chinese regulatory approval. The Fund continues to maintain sufficient working capital to meet its other operating requirements. Further details are provided in note 12(b) of the financial report.

(ii) Australian Accounting Standards early adopted

AASB 9 Financial Instruments 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.

(iii) Changes in Australian Accounting Standards

The Fund has adopted all mandatory standards and amendments for the financial 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.

(iv) 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 financial year ended 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(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 the fair values of financial assets measured at fair value through profit or loss' in the period in which they arise.

(i) 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 to note 12(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.

(ii) 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 the balance date. As at 31 December 2015, the Fund had no investment in Hong Kong equities (31 December 2014: nil).

(C) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS 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:

(i) Investment entity exception

The financial statements for the Fund for the financial year ended 31 December 2015 are for the parent entity only. Under Australian Accounting Standards the Fund meets the definition of an Investment Entity 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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(C) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS CONT.

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.

This Fund has been determined to be an investment entity even though 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 instruments. 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.

(i) 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).

(ii) 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).

(iii) 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:

(i) 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 recognised as a tax expense.

(ii) Interest income

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

(iii) Net changes in the fair value of financial instruments 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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(F) EXPENSES CONT.

(ii) 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 financial year ended 31 December 2015 (31 December 2014: nil).

(iii) Investment manager fee

Investment manager fees are paid by the controlled entity. To conserve liquidity, the investment manager may postpone the collection of investment manager fees. Further details are provided in note 11(c) of the financial report.

(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 financial liabilities are recognised at the date the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the 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 expired.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(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 net 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, participating investors can reinvest up to 100 per cent of distributions. Non-participating investors receive a partial cash distribution. Unitholders may be compulsorily required to participate in the DRP in respect of 100% of distributions if the responsible entity determines that sufficient cash cannot be repatriated from China in a timely way, to allow payment of distributions in cash. 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.

(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 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 or investment 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 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 relevant 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 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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 2: DISTRIBUTIONS TO UNITHOLDERS

	31 DECEMBER 2015 \$'000	31 DECEMBER 2014 \$'000
Additional distribution reinvested on 29 May 2015	3,316	-
Additional distribution paid in cash on 29 May 2015	280	-
Distribution to be reinvested	81,279	10,098
Distribution payable as cash	48,418	853
	133,293	10,951

NOTE 3: UNITS ON ISSUE

(a) Reconciliation of units

	31 DECEMBER 2015		31 DECEMBER 2014	
	UNITS '000	\$'000	UNITS '000	\$'000
Balance at the beginning of the financial 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 financial year	386,294	373,317	374,593	360,109

There have been no withdrawals from the Fund during the financial year (31 December 2014: nil).

NOTE 4: 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 period.

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.

	31 DECEMBER 2015	31 DECEMBER 2014
Weighted average number of units on issue for basic and diluted earnings per unit	383,060,351	372,618,486

	FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 \$'000	FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 \$'000
Earnings used in calculation of earnings per unit	77,454	192,888
Basic and diluted earnings per unit (\$ per unit)	\$0.20	\$0.52

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

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 5: INVESTMENT IN CONTROLLED ENTITY

	1 JANUARY 2015 TO 31 DECEMBER 2015	1 JANUARY 2014 TO 31 DECEMBER 2014
	\$'000	\$'000
Balance at the beginning of the financial year	383,450	211,104
Net changes in fair values recognised through profit or loss	48,267	172,346
Balance at the end of the financial year	431,717	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 controlled entity are the following:

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Fair value of the underlying investments in China A-shares (i)	607,993	535,941
Fair value of liability for loan advances from the Fund (refer note 7)	(200,787)	(174,265)

The fair value of the investment in controlled entity is exposed to foreign exchange risk and price risk as described in note 12(c) - Market Risk.

UNDERLYING INVESTMENTS IN CHINA A-SHARES

(a) Movement in the fair value of China A-shares during the financial year:

	1 JANUARY 2015 TO 31 DECEMBER 2015	1 JANUARY 2014 TO 31 DECEMBER 2014
	\$'000	\$'000
Balance at the beginning of the financial year	535,941	361,769
Purchases	995,314	490,764
Sales	(1,002,272)	(516,886)
Net change in fair values of China A-shares	7,059	156,873
Foreign exchange gains on translation	71,951	43,421
Balance at the end of the financial year	607,993	535,941

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 5: INVESTMENT IN CONTROLLED ENTITY CONT.

(b) Investment income from China A-shares

	1 JANUARY 2015 TO 31 DECEMBER 2015	1 JANUARY 2014 TO 31 DECEMBER 2014
	\$'000	\$'000
Net change in fair values of China A-shares	7,059	156,873
Dividend income – China A-shares	8,615	7,314
	15,674	164,187

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 31 December 2015, the fair value of the loan was \$200,786,555 (31 December 2014: \$174,264,989). As at 31 December 2015, the face value of the loan outstanding is US\$136,217,361 (31 December 2014: US\$126,664,335).

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

- > The date the Fund demands repayment of the loan, or
- > 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.

(a) Key inputs and assumptions used in determining the fair value of loan advances to controlled entity are:

	31 DECEMBER 2015	31 DECEMBER 2014
Discount rate	4.17%	4.21%

(b) Movement in loan advances to controlled entity during the financial year

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Balance at the beginning of the financial year	174,265	153,147
Additional loan advances made during the financial year	-	29
Loan repayments	(2,884)	-
Net changes in fair values recognised through profit or loss	13,918	9,218
Interest capitalised during the financial year	15,488	11,871
Balance at the end of the financial year	200,787	174,265

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 7: CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related items in the Statement of Financial Position as follows:		
Cash at bank - Australian dollars	111	73
Cash at bank - US dollars	1,072	6
Cash at bank - Hong Kong dollars	564	1,095
Cash at bank - Renminbi	14	-
Cash and cash equivalents at the end of the financial year	1,761	1,174

b) Reconciliation of net profit attributable to unitholders before finance costs to net cash (outflow)/inflow from operating activities

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Net profit attributable to unitholders before finance costs	77,484	192,963
Proceeds from sales of Hong Kong equities	-	1,524
Payments for purchases of Hong Kong equities	-	(1,199)
Net foreign exchange gain	(10)	(72)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(62,185)	(181,168)
Interest income – loan advances to controlled entity	(16,405)	(12,401)
Changes in assets and liabilities:		
Increase in payables	22	429
Net cash (outflow)/inflow from operating activities	(1,094)	76

(c) Non-cash financing activities

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Non-cash financing activities carried out during the financial year on normal commercial terms and conditions included:		
Reinvestment of unitholder distributions	13,208	6,496

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 8: PAYABLES

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Responsible entity fees payable	59	107
Other payables	897	827
Balance at the end of the financial year	956	934

NOTE 9: RECEIVABLES

	31 DECEMBER 2015	31 DECEMBER 2014
	\$'000	\$'000
Interest receivable	4,292	3,540
GST receivable	20	2
Balance at the end of the financial year	4,312	3,542

NOTE 10: AUDITOR'S REMUNERATION

	31 DECEMBER 2015	31 DECEMBER 2014
	\$	\$
Amounts paid or payable to Ernst & Young, the auditor of the Fund, for:		
Audit and review of the financial statements of the Fund	66,695	62,787
Other services in relation to the Fund – audit of compliance plan	1,350	3,908
	68,045	66,695

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 11: RELATED PARTY DISCLOSURES

(A) GENERAL INFORMATION

The responsible entity of the Fund is AMP Capital Funds Management Limited, a subsidiary of AMP Limited.

(B) INVESTMENTS

(i) Related party holdings of the Fund

As at 31 December 2015, there were no investments by the Fund in the responsible entity, or its affiliates (31 December 2014: nil).

(ii) Related party investors in the Fund

Details of related party investors in the Fund, including the responsible entity, entities in the same group as the responsible entity, and other schemes managed by the responsible entity, are set out below:

	NUMBER OF UNITS HELD	INTEREST HELD %	NUMBER OF UNITS ACQUIRED DURING THE FINANCIAL YEAR	NUMBER OF UNITS DISPOSED OF DURING THE FINANCIAL YEAR	DISTRIBUTIONS PAID/REINVESTED OR PAYABLE DURING THE FINANCIAL YEAR \$
31 DECEMBER 2015					
AMP Life Limited	130,124,910	33.69	4,328,095	-	44,896,506
BNP Paribas Noms (NZ) Ltd	13,212,571	3.42	172,240	-	4,561,249
Entity over which Stephen J.P. Dunne (director) has significant influence ¹	63,941	0.02	-	-	614
Douglas P. Talbot (director) ²	39,969	0.01	-	-	13,419

1 Stephen J.P. Dunne resigned as a director of the responsible entity on 9 October 2015, holdings are presented as at this date.

2 Douglas P. Talbot was appointed as a director of the responsible entity on 17 July 2015. The number of units acquired and disposed and distributions presented above are for the period 17 July 2015 to 31 December 2015 only.

31 DECEMBER 2014

AMP Life Limited	125,796,815	33.58	3,081,900	-	3,677,243
BNP Paribas Noms (NZ) Ltd	13,040,331	3.48	172,863	-	381,084
Entity over which Stephen J.P. Dunne (director) has significant influence	63,941	0.02	1,566	-	2,190

AMP Life Limited is the parent entity of the Fund. AMP Limited is the ultimate parent entity.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 11: RELATED PARTY DISCLOSURES CONT.

(C) TRANSACTIONS WITH THE RESPONSIBLE ENTITY

All transactions between the Fund and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of financial instruments as well as applications and redemptions of units.

Responsible entity fees, investment manager fees and performance fees

A total fee of 1.65% per annum 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 is payable to the responsible entity under the Fund constitution. The investment manager is entitled to receive a management fee of 1.65% per annum of the gross assets of the controlled entity under the Investment Management Agreement. These fees are payable quarterly in arrears and reimbursed for certain expenditure incurred in the administration of the Fund. The amount payable to the investment manager is calculated in US dollars and the amount payable to the responsible entity is calculated in Australian dollars. In accordance with the Fund constitution, the responsible entity and investment manager is also entitled to a performance fee of 20% of outperformance above the benchmark, 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 parent entity to the responsible entity if certain requirements are met. These are accounted for on an accrual basis. The benchmark is the S&P/CITIC 300 Total Return Index (converted to Australian dollars).

	31 DECEMBER 2015	31 DECEMBER 2014
	\$	\$
Responsible entity fees expensed during the financial year	75,054	66,984
Investment manager fees expensed during the financial year*	10,645,842	5,969,476
Performance fees expensed during the financial year	-	-
	10,720,896	6,036,460

*Investment manager fees are paid by the controlled entity.

The responsible entity and AMP Services Pty Limited, a related party, are entitled to fund service fees totalling \$191,600 in respect to accounting, administration and other services provided to the Fund (31 December 2014: \$198,912).

The responsible entity fees, investment manager fees and fund service fees are due within 30 days after the end of each quarter. As at 31 December 2014, responsible entity fees, investment manager fees and fund service fees totalling \$10,593,336 (at the 31 December 2014 foreign exchange rate) had not been paid since 1 July 2013. These amounts were paid in January 2015. As at 31 December 2015, responsible entity fees, investment manager fees and fund service fees totalling \$9,004,286 (at the 31 December 2015 foreign exchange rate) have not been paid since 1 April 2015. To conserve liquidity for the Fund, payment of responsible entity and investment manager fees may be postponed in future periods until working capital becomes available from further repatriations of net realised profits from China.

(D) KEY MANAGEMENT PERSONNEL

AASB 124 Related Party Disclosures defines key management personnel (KMP) as including all non-executive directors, executive directors and any other persons having authority or responsibility for planning, directing and controlling the activities of the Fund. The Fund has no direct employees, however the executive directors of the responsible entity have been deemed to be directors of the Fund. These individuals and the responsible entity comprise the KMP of the Fund.

The names of each person holding the position of director of the responsible entity at any time during the financial year and until the date of this report are as follows:

NAME	POSITION
Adam Tindall	Chairman and executive director – <i>Appointed 9 October 2015</i>
Stephen J. P. Dunne	Chairman and executive director – <i>Resigned 9 October 2015</i>
Sharon B. Davis	Executive director
P. Margaret Payn	Executive director
Douglas Talbot	Executive director – <i>Appointed 17 July 2015</i>

Remuneration paid to the responsible entity is detailed in note 11(c) above. No directors of the responsible entity were paid any remuneration by the Fund during the financial year. Compensation paid to these directors by the responsible entity, or related entities of the responsible entity, is not related to services they render to the Fund.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 12: 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 and 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 financial 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.

The risk management strategy of the Fund does not include the use of derivative instruments.

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 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. When a planned repatriation is subject to delay, the payment of distributions, responsible entity and investment manager fees may be postponed to conserve liquidity. Unitholders may be compulsorily required to participate in the DRP in respect of 100% of distributions if the responsible entity determines that sufficient cash cannot be repatriated from China in a timely way, to allow payment of distributions in cash. When this is required, the related funds will remain invested in China A-shares in accordance with the Fund's investment strategy. The Fund maintains sufficient cash and cash equivalents to meet other 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 paid as soon as reasonably practicable after the end of the financial year.

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 31 December 2015 (31 December 2014: nil).

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

(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.

(i) 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.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the 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 comprises 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.

(iii) 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 and the investment in controlled entity, decreases as a result of investment market risk, foreign exchange risk and tax risk.

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.

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 instruments 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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

(C) MARKET RISK CONT.

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 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.

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 income, 10 per cent on dividend income and from 17 November 2014 nil per cent on capital gains on both "land rich" and "non-land" rich China A-shares. In November 2014, the Chinese tax authorities released a Qualified Foreign Institutional Investor (QFII) tax circular which states that all capital gains realised after 17 November 2014 will not attract tax in China. In February 2015, Chinese tax authorities further clarified that tax on capital gains occurring prior to 17 November 2014 shall only be levied for the five years preceding that date, and not from inception of the Fund.

During the financial year the tax position for interest income, dividend income and capital gains on "land rich shares", for the five years to November 2014, was assessed by the Chinese tax authorities and all outstanding tax has been settled by the controlled entity. The investment manager has also been advised by the Chinese tax authorities that the China/Mauritius Double Tax Treaty applies to the controlled entity. Consequently, the portfolio should not be subject to Chinese tax on capital gains on "non-land rich" China A-shares.

Chinese tax laws and regulations are subject to regular review and change. AMP Capital and its tax advisers continue to monitor and assess the impact of changes in Chinese tax laws and regulations together with the application and interpretation of these laws and regulations in China.

Price risk sensitivity

The table below demonstrates the impact of a 50% (31 December 2014: 50%) movement in the combined fair value of the investment in controlled entity and loan advances to controlled entity with all other variables held constant.

	INCREASE IN NET PROFIT ATTRIBUTABLE TO UNITHOLDERS	DECREASE IN NET PROFIT ATTRIBUTABLE TO UNITHOLDERS
	+50%*	-50%*
	\$'000	\$'000
31 December 2015	316,252	316,252
31 December 2014	278,858	278,858

*50% (31 December 2014: 50%) has been assessed at 31 December 2015 as a reasonably possible movement, based on movements in equity prices and foreign exchange rates over the financial year. It is not intended to illustrate a remote, worst case or stress test scenario.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

(D) FAIR VALUE MEASUREMENT CONT.

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 31 December 2015 (31 December 2014: nil).

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
31 DECEMBER 2015				
Investment in controlled entity	-	-	431,717	431,717
Loan advances to controlled entity	-	200,787	-	200,787
	-	200,787	431,717	632,504
31 DECEMBER 2014				
Investment in controlled entity	-	-	383,450	383,450
Loan advances to controlled entity	-	174,265	-	174,265
	-	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 financial year ended 31 December 2015 (31 December 2014: nil). For movement in the 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 investments in China A-shares listed on the Shanghai or Shenzhen stock exchanges. The fair value of 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 12(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 12(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 asset 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.

NOTES TO THE FINANCIAL STATEMENTS CONT. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

NOTE 13: SEGMENT INFORMATION

The Fund operates solely in the business of investing in China A-shares 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 14: EVENTS OCCURRING 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 and daily estimated Net Asset Values available on the Fund's web page: www.ampcapital.com.au/china.

Since 31 December 2015 there have been no other matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Fund.

NOTE 15: COMMITMENTS AND CONTINGENCIES

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

There is tax risk for the controlled entity, as disclosed in note 12(c). The tax risk has been considered by the investment manager in determining the fair value of the investment in controlled entity.

NOTE 16: AUTHORISATION OF THE FINANCIAL REPORT

The financial report of the AMP Capital China Growth Fund for the financial year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors of AMP Capital Funds Management Limited on 25 February 2016.



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 295(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 296 (compliance with accounting standards) and section 297 (true and fair view)
- (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, and
- (c) The financial statements and notes comply with International Financial Reporting Standards applicable to annual reporting as disclosed in note 1(a).

This declaration has been made after receiving the declaration required to be made to the directors in accordance with s295A of the Corporations Act for the financial year ended 31 December 2015.



ADAM TINDALL
Chairman
Sydney, 25 February 2016



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Independent auditor's report to the unitholders of AMP Capital China Growth Fund

We have audited the accompanying financial report of AMP Capital China Growth Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of AMP Capital Funds Management Limited as Responsible Entity of the Fund (the "Responsible Entity") are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Responsible Entity's preparation of the financial report that gives 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 Responsible Entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit 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.



Opinion

In our opinion:

- a. the financial report of AMP Capital China Growth Fund is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of Matter

We draw attention to Note 1(a)(i) of the financial statements. As described in Note 1(a)(i), the distribution for the year ended 31 December 2015 will be paid as soon as reasonably practicable in accordance with the Fund's constitution and PDS. The timing of the distribution payment is dependent on the repatriation of cash from China and may be subject to delay and may extend beyond March 2016. Our opinion is not modified in respect of this matter.

A handwritten signature in blue ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Kieren Cummings'.

Kieren Cummings
Partner
Sydney
25 February 2016



Investor information is presented on pages 36 to 39.

NUMBER OF UNITHOLDERS AND UNITHOLDERS' RIGHTS

There were 386,294,100 ordinary units on issue held by 6,226 unitholders as at 31 December 2015. On a show of hands at any unitholder meeting, every member present in person or represented by a proxy or representative shall have one vote and on a poll every member who is present in person or represented by a proxy or representative shall have one vote for every dollar of the value of the total interest they have in the Fund.

DISTRIBUTION OF UNITS

As at 31 December 2015

INVESTOR RANGES	NUMBER OF HOLDERS	TOTAL UNITS	% OF ISSUED CAPITAL
1–1000	1,322	406,573	0.11
1,001–5,000	1,537	4,285,689	1.11
5,001–10,000	1,095	8,014,601	2.07
10,001–100,000	2,114	57,288,459	14.83
100,001 and over	158	316,298,778	81.88
Total	6,226	386,294,100	100.00

Source: Computershare

There are 933 unitholders with an unmarketable parcel of units in the Fund.

INVESTOR INFORMATION CONT.

As at 31 January 2016

TWENTY LARGEST UNITHOLDINGS

RANK	INVESTOR	NUMBER OF UNITS	% ISSUED CAPITAL
1	AMP Life Limited	130,124,910	33.69
2	HSBC Custody Nominees (Australia) Limited	63,293,949	16.38
3	J P Morgan Nominees Australia Limited	18,651,923	4.83
4	HSBC Custody Nominees (Australia) Limited - A/C 2	17,042,691	4.41
5	BNP Paribas Noms (NZ) Ltd	13,212,571	3.42
6	HSBC Custody Nominees (Australia) Limited - A/C 3	10,250,877	2.65
7	Citicorp Nominees Pty Limited	4,680,804	1.21
8	BNP Paribas Noms Pty Ltd	4,196,735	1.09
9	CS Fourth Nominees Pty Limited	3,866,523	1.00
10	UBS Wealth Management Australia Nominees Pty Ltd	2,911,460	0.75
11	National Nominees Limited	2,673,768	0.69
12	Vigor Door Corporation Pty Ltd	2,213,972	0.57
13	Kevson Pty Ltd	1,511,472	0.39
14	International Finance (Australia) Pty Ltd	1,385,395	0.36
15	Australian Executor Trustees Limited	1,334,792	0.35
16	Ms Feng-Chu Lin	1,211,700	0.31
17	Ms Feng-Chu Lin	1,174,247	0.30
18	Charanda Nominee Company Pty Ltd	1,174,050	0.30
19	Jiliby Pty Ltd	1,150,000	0.30
20	Mr Samuel Lin	1,078,984	0.28
	Total	283,140,823	73.28

SUBSTANTIAL HOLDERS

UNITS AS REPORTED ON THE LATEST NOTICE OF CHANGE OF INTERESTS OF SUBSTANTIAL HOLDER (FORM 604)

AMP Life and its related bodies corporate	143,337,481 units
Lim Advisors Limited	46,964,629 units
Gramercy Funds Management, LLC (GFM)	36,280,599 units

VOTING RIGHTS

All units carry one vote per unit without restrictions.

RESTRICTED SECURITIES

There are no restricted securities on issue.

BUY-BACK

There is no current on-market buy-back of units in the Fund.

MANAGEMENT AGREEMENT

AMP Capital Investors Limited has been appointed as the investment manager by the Fund's wholly owned controlled entity AMP Capital China Growth Fund (Subsidiary Company) under the Investment Management Agreement dated 9 November 2006 to invest and manage the investment portfolio for an initial term of 10 years.

Services

AMP Capital Investors Limited performs investment management services including reviewing the investment portfolio, arranging for the acquisition and disposal of assets within the portfolio (within certain investment parameters) and preparing reports on the investment portfolio.

AMP Capital Investors Limited also procures the appointment of a custodian for the assets and agrees to provide certain information in relation to that custody arrangement.

Indemnities

AMP Capital Investors Limited is indemnified against any losses or liabilities it reasonably incurs in acting under the agreement except to the extent that any loss, liability, cost, charge or expense is caused by the negligence, fraud or dishonesty of AMP Capital Investors Limited or its officers or agents. This obligation continues after the termination of the agreement and the Subsidiary Company is not otherwise liable to AMP Capital Investors Limited for any loss or liability.

AMP Capital Investors Limited indemnifies the Subsidiary Company against any losses or liabilities reasonably incurred arising out of, or in connection with, any negligence, fraud or dishonesty of AMP Capital Investors Limited or its officers or agents.

This obligation continues after the termination of the agreement and AMP Capital Investors Limited is not otherwise liable to the Subsidiary Company for any loss or liability.

Fees

The Subsidiary Company pays AMP Capital Investors Limited base and performance fees for the provision of the investment management services under the agreement.

The base fee of 1.65% per annum is calculated on the gross assets as at the last day of each month and is payable quarterly in arrears on the final day of each quarter. The Subsidiary Company either pays certain out of pocket expenses (e.g. accounting, administration and other services provided to the Fund) associated with the investment and management of the investment portfolio or AMP Capital Investors Limited may cause those expenses to be deducted from the investment portfolio.

The performance fee of 20% of outperformance above the benchmark (if any) is payable quarterly in arrears on the final day of each quarter if certain requirements are met.

Termination

The agreement may be terminated by AMP Capital Investors Limited giving 60 business days' notice in writing to the Subsidiary Company.

The Subsidiary Company may terminate the agreement immediately if a receiver (or similar person) is appointed with respect to the assets and undertakings of AMP Capital Investors Limited, AMP Capital Investors Limited goes into liquidation, AMP Capital Investors Limited ceases to carry on its normal business, AMP Capital Investors Limited breaches any material provision of the agreement and fails to correct it within certain timeframes, AMP Capital Investors Limited's QFII Licence is not renewed, or the performance is more than 20% less than the benchmark return in any two consecutive years.

This agreement will continue for a further 10 year term if the investors in the Fund pass an ordinary resolution to approve such an extension. The investors in the Fund may resolve to terminate the agreement.

INVESTOR INFORMATION CONT.

As at 31 December 2015

INVESTMENT PORTFOLIO

The controlled entity held the following portfolio of China A-shares:

Stock	Weight (%)	Stock	Weight (%)
Aier Eye Hospital Group Co., Ltd.	0.67	Haitong Securities Co., Ltd.	1.54
AISINOCO Ltd.	0.99	Hangzhou Binjiang Real Estate Group Co., Ltd.	0.98
AVIC Aircraft Co., Ltd.	0.80	Henan Pinggao Electric Co., Ltd.	0.74
Bank of Communications Co., Ltd.	1.54	Huatai Securities Co., Ltd.	1.44
BBMG Corporation	0.85	Huaxia Bank Co., Ltd.	0.66
Beijing Gehua CATV Network Co., Ltd.	0.99	HUAYU Automotive Systems Co., Ltd.	1.18
Beijing Originwater Technology Co., Ltd.	2.07	Iflytek Co., Ltd.	0.94
Beijing Tongrentang Co., Ltd.	0.34	Industrial Bank Co., Ltd.	2.19
Bright Dairy & Food Co., Ltd.	0.73	Inner Mongolia Yili Industrial Group Co., Ltd.	1.49
BYD Co., Ltd.	1.36	Jiangsu Changjiang Electronics Tech Co.	0.96
Chengdu Xingrong Investment Co., Ltd.	1.46	Jiangsu Hengrui Medicine Co., Ltd.	2.05
China Avic Avionics Equipment Co., Ltd.	0.45	Jiangsu Kangde Xin Composite Material Co., Ltd.	0.57
China Communications Construction Co., Ltd.	0.57	Jiangsu Leike Defense Technology Co., Ltd.	0.77
China CYTS Tours Holding Co., Ltd.	1.61	Kangmei Pharmaceutical Co., Ltd.	1.55
China Eastern Airlines Corporation Ltd.	0.85	Kweichow Moutai Co., Ltd.	1.27
China Everbright Bank Co., Ltd.	2.01	Midea Group Co., Ltd.	1.04
China International Travel Service Corporation	1.41	Minmetals Rare Earth Co., Ltd.	0.94
China Life Insurance Company Ltd.	1.03	Ping An Bank Co Ltd	1.97
China Merchants Bank Co., Ltd.	4.09	Ping An Insurance Group	5.05
China Merchants Securities Co., Ltd.	0.47	Poly Real Estate Group Co., Ltd.	1.51
China Merchants Shekou Industrial Zone	1.35	Qingdao Haier Co., Ltd.	0.65
China Minsheng Banking Corp Ltd.	3.36	Sanan Optoelectronics Co., Ltd.	1.38
China National Medicines Corporation Ltd.	1.49	Shanghai International Airport Co., Ltd.	1.35
China Pacific Insurance (Group) Co., Ltd.	1.14	Shanghai International Port Group Co., Ltd.	0.94
China Railway Construction Corp Ltd.	0.75	Shanghai Pharmaceutical Co., Ltd.	1.12
China Railway Group Ltd.	0.79	Shanghai Pudong Development Bank Co., Ltd.	2.74
China Shipbuilding Industry Corp.	1.05	Shanghai Tunnel Engineering Co., Ltd.	1.21
China State Construction Engineering Corp., Ltd.	1.03	Shenwah Hongyuan HK Ltd.	0.76
China State Shipbuilding Co., Ltd.	0.77	Shenzhen Jinjia Color Printing Group Co., Ltd.	0.68
China United Network Communications Ltd.	1.90	Spring Airlines Co., Ltd.	0.53
China Vanke Co., Ltd.	2.46	Suning Commerce Group Co., Ltd.	0.67
Chongqing Changan Automobile Co., Ltd.	0.50	Tongfang Co., Ltd.	0.43
CITIC Securities Co., Ltd.	1.66	Wuhan Humanwell Healthcare gr Co., Ltd.	1.65
CSR Corporation Ltd.	2.89	Xi'an Aero-engine Corporation Ltd.	0.93
GD Power Development Co., Ltd.	1.64	Yonyou Software Co., Ltd.	0.74
GF Securities Co., Ltd.	1.01	Yunnan Chihong Zinc & Germanium Co., Ltd.	0.88
Gree Electric Appliances, Inc.	1.59	Zhejiang Dahua Technology Co., Ltd.	0.46
Guangdong Alpha Animation and Culture Co., Ltd.	1.20	Zhejiang Xinan Chemical Industrial Group	1.31
Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd.	0.96	ZTE Corporation	0.90

BROKERAGE COSTS AND INVESTMENT TRANSACTIONS

There were a total of 540 transactions in China A-shares (held by the controlled entity) during the financial year ended 31 December 2015. Total brokerage paid by the Fund on those transactions was approximately \$3,823,408 (excluding GST), through its investment in controlled entity.

AMP CAPITAL CHINA GROWTH FUND
ABN 59 597 237 725

Registered office

33 Alfred Street
Sydney NSW 2000
T: 02 9257 5000

Principal administrative office

Level 17, 50 Bridge Street
Sydney NSW 2000
T: 02 9257 5000

Responsible entity

AMP Capital Funds
Management Limited
ABN 15 159 557 721

Investment manager

AMP Capital Investors Limited
ABN 59 001 777 591

Secretary of the responsible entity

Michelle Favelle

Registry

Computershare Investor
Services Pty Limited
Level 2, 60 Carrington Street
Sydney NSW 2000
T: 1300 787 272

Auditors

Ernst & Young
680 George Street
Sydney NSW 2000

