

ASX Announcement

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AMP Capital China Growth Fund (ASX: AGF)

Preliminary Final Report (Appendix 4E) and Annual Financial Report

AMP Capital Funds Management Limited, the responsible entity for the AMP Capital China Growth Fund (the Fund), presents the Preliminary Final Report (Appendix 4E) and the Annual Report for the Fund for the year ended 31 December 2014.

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AMP Capital China Growth Fund

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Details of the reporting period

Current reporting period: 1 January 2014 to 31 December 2014

Previous corresponding reporting period: 1 January 2013 to 31 December 2013

Balance date: 31 December 2014

2. Results for announcement to the market

Financial results information for AMP Capital China Growth Fund ("Fund")			
	Dec 2014 A\$'000	Dec 2013 (restated) A\$'000	% Change
Increase in net assets attributable to unitholders	181,937	52,525	246
Total investment income	193,655	60,543	220
Net profit attributable to unitholders before distributions	192,888	59,563	224
<p>Due to the activities of the Fund, the most relevant measure of the Fund's financial performance is change in net assets attributable to unitholders; total investment income is the most relevant measure of revenue from ordinary activities; and net profit attributable to unitholders before distributions is the most relevant measure of profit from ordinary activities after tax attributable to members.</p> <p>The increase in net assets attributable to unitholders of \$181,937,000 (2013: \$52,525,000) was a result of:</p> <ul style="list-style-type: none"> • net gain from changes in the fair value of China A shares of \$156,873,000 (2013: net gain of \$13,832,000); • foreign exchange gain on translation of China A shares of \$43,421,000 (2013: gain of \$52,374,000); • dividend income from China A shares of \$7,314,000 (2013: \$5,646,000); <p>net of:</p> <ul style="list-style-type: none"> • Responsible Entity and Investment Manager fees of \$6,036,460 (2013: \$5,652,582); • other Fund expenses and taxes of \$8,683,847 (2013: \$6,636,698); and • distributions to unitholders of \$10,950,693 (2013: \$7,037,720). 			

Distributions payable to unitholders of AMP Capital China Growth Fund	
Amount per AMP Capital China Growth Fund unit (rounded to 5 decimal points)	\$0.02923
Record Date	31 December 2014
Estimate Distribution Payment date	By 31 March 2015
The distribution is an unfranked distribution.	

3. Statement of Comprehensive Income with notes

Refer to the attached Annual Report.

4. Statement of Financial Position with notes

Refer to the attached Annual Report.

5. Statement of Cash Flows with notes

Refer to the attached Annual Report.

6. Statement of Changes in Net Assets Attributable to Unitholders

Refer to the attached Annual Report.

7. Details of distributions

A distribution of \$10,950,693 (\$0.02923 per unit) will be paid to unitholders of AMP Capital China Growth Fund no later than 31 March 2015 for the year from 1 January 2014 to 31 December 2014.

A cash distribution of \$853,419 will be paid, and the remaining \$10,097,274 will be reinvested into additional units in the Fund under the distribution reinvestment plan ("DRP").

The Australian sourced income is \$1,884 (\$0.00001 per unit), and the remaining \$10,948,809 (\$0.02922 per unit) is foreign sourced income.

The distribution does not include a conduit foreign income component.

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

The terms of the Fund's DRP are set out in Section 12 of the Product Disclosure Statement for the Fund dated 20 November 2006. Under the DRP, for eligible investors, 100 per cent of distributions will be reinvested in additional units unless the investor elected to receive a partial cash distribution before 2 January 2015. All units issued under the DRP will rank equally with units previously issued.

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

As the Fund's net asset value per unit currently exceeds the market price, the Responsible Entity has determined that no discount will apply to units issued under the DRP for the 2014 distribution in order to alleviate its dilutionary impact. The responsible entity reviews the level of discount applied to units issued under the DRP on an annual basis in advance of each distribution.

9. Net tangible assets per security

	Current reporting period	Previous corresponding reporting period
Net assets value per unit at the end of the reporting period	\$1.47	\$0.99

Net assets value per unit is the same as net tangible assets per security. Net assets value per unit (cum distribution) at the end of the reporting period was \$1.50 (2013: \$1.01).

10. Control gained or lost over entities during the period

None.

11. Details of associates and joint venture entities

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

12. Other significant information

N/A

13. Accounting standards used by foreign entities

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

14. Commentary on results

	Current reporting period	Previous corresponding reporting period
14.1 Earnings per Unit (EPU) EPU is based on the weighted average number of ordinary units during the reporting period	\$0.51766	\$0.16378 (restated)
14.2 Distribution per Unit (DPU) DPU is based on the number of ordinary units at the end of the reporting period	\$0.02923	\$0.01922
14.3 Significant features of operating performance: Refer to the attached Annual Report.		
14.4 The results of segments that are significant to an understanding of the business as a whole: Refer to the attached Annual Report.		
14.5 Trends in performance: Refer to the attached Annual Report.		
14.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: Refer to the attached Annual Report.		

15. Audit / review of accounts upon which this report is based

This report is based on accounts to which one of the following applies (tick one):

✓	The accounts have been audited. (refer attached financial statements for audit report)		The accounts have been subject to review. (refer attached financial statements)
	The accounts are in the process of being audited or subject to review.		The accounts have <i>not</i> yet been audited or reviewed.

16. Accounts not yet audited or reviewed

N/A

17. Qualification of audit / review

N/A

CHINA GROWTH FUND ANNUAL REPORT

AS AT 31 DECEMBER 2014

ARSN 122 303 744

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24 February 2015

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CHAIRMAN'S REPORT

AMP CAPITAL CHINA GROWTH FUND
ANNUAL REPORT 2014



Dear Investors

Enclosed is a review of the 2014 full year accounts for the AMP Capital China Growth Fund (the Fund).

CHINA A SHARE MARKET

Despite concerns about economic growth, the property market and debt levels, the China A share market performed strongly in 2014, up 63.3%. Four years of slow markets had left China A share valuations relatively cheap and this began to be recognised during the year. A rate cut by the People's Bank of China in November then improved the attractiveness of the market, driving a significant market increase in December.

During 2015, the government is expected to continue to take a targeted approach to market stimulus and these efforts, combined with the opening up of China's markets to a broader investment community, are expected to create favourable investment opportunities.

FUND PERFORMANCE

We are pleased to advise that in 2014, the Fund delivered a net profit attributable to unitholders, before distributions, of \$192.9 million. The Fund also achieved a positive net return of 52.4% (in AUD terms) over the same period.

The Fund underperformed the benchmark return of 63.3% by 7.9% (before fees, expenses and taxes) and 10.9% (after fees, expenses and taxes) over the 12 month period. The Fund improved its relative performance in the final quarter of the year, outperforming the benchmark by 2.2% (after fees, expenses and taxes).

In 2014 strong returns were achieved from the Fund's investments in the insurance and broker sectors, where solid business fundamentals saw the companies perform well, particularly at the end of the year. Investments in industrials also performed strongly. Performance was impacted by underweight positions in the media sector and cyclical material stocks which rebounded despite a soft macro economy. Performance was further impacted by the Fund's underweight positions in the utilities sector which performed well due to lower coal prices, notwithstanding slower growth in demand.

While strong gains were achieved over the final quarter of the year, the Fund's focus remains fixed on achieving long-term capital growth, currently investing in sectors that have government policy support and will benefit from potentially favourable developments. Investment decisions continue to reflect ground up research to select companies with strong fundamentals that have the potential for superior investment returns over the long-term.

SHANGHAI-HONG KONG STOCK CONNECT

November 2014 saw the launch of the Shanghai-Hong Kong Stock Connect, allowing eligible investors for the first time to trade eligible stocks directly between the Shanghai Stock Exchange and the Stock Exchange of Hong Kong. This was a significant milestone in China's long-term plan to open its investment markets to the world and internationalise the Renminbi.

The Fund will continue to invest in the China A share market through the Qualified Foreign Institutional Investor (QFII) program. However, the introduction of Stock Connect is expected to benefit the Fund through an increase in the liquidity of the China A-share market as access is increased for international and institutional investors.

DISTRIBUTION

Each year the net income of the Fund is distributed to unitholders. For 2014, the Fund has declared a distribution of \$0.02923 per unit. As the Fund's net asset value per unit currently exceeds the market price, the responsible entity has determined that no discount will apply to units issued under the dividend reinvestment plan (DRP) for the 2014 distribution in order to alleviate its dilutionary impact. The level of discount applied to units issued under the DRP will continue to be reviewed on an annual basis in advance of each distribution. DRP units and any cash payments for unitholders will be paid by the end of March 2015.

Thank you for your continued support.

STEPHEN DUNNE
Chairman
AMP Capital Funds Management Limited
Responsible entity of the AMP Capital China Growth Fund

BOARD AND CORPORATE GOVERNANCE REPORT

BOARD OF AMP CAPITAL FUNDS MANAGEMENT LIMITED

Since 31 May 2013, AMP Capital Funds Management Limited (AMPCFML) has been the responsible entity (RE) of the AMP Capital China Growth Fund (Fund).

The board of AMPCFML is responsible for the overall governance and performance of the Fund. The directors of AMPCFML during the year ended 31 December 2014 and up to the date of this report are shown below. Directors were in office for the entire period except where stated otherwise:

- > Stephen Dunne, Chairman
- > Sharon Davis
- > Margaret Payn
- > Peter R.J. Sipek - *Resigned 17 June 2014*

Stephen Dunne BBus, MBA, CFA, F Fin Chairman

Chief executive officer, AMP Capital

Stephen Dunne joined AMP Capital in 1994 and was appointed managing director in 2004. AMP Capital is a specialist investment manager which manages funds across a range of asset classes including equities, fixed interest, property and infrastructure. AMP Capital has offices in Australia, Bahrain, China, India, Japan, New Zealand, Singapore, the UK and the USA, with a strong focus on Asia Pacific.

Experience

Stephen has over 25 years experience in investment management, both in Australia and in the United Kingdom. Prior to being appointed managing director, Stephen held a number of roles within AMP Capital, including director of Client and Marketing for Asia Pacific and director of AMP Asset Management for Australia and New Zealand. Before he joined AMP Capital, Stephen held a number of managerial roles at National Mutual Funds Management. Stephen is a chartered financial analyst, holds a Master of Business Administration from Monash University, is a Senior Fellow of the Financial Services Institute of Australasia (Finsia) and is a member of the Australian Institute of Company Directors (AICD).

Other directorships/appointments

- > Member of St. James Ethics Centre Advisory Council
- > Chairman of The Banking and Finance Oath Limited
- > Director of The Australian Financial Markets Association (AFMA)
- > Member of the Australian Advisory Board to the Social Impact Investment Taskforce
- > Member of UTS Business School Advisory Board

Sharon Davis BA (Psych, Sociology), GrDip Bus (Law) Director

Director, Australia & New Zealand, AMP Capital

Sharon was appointed director, Australia & New Zealand on 26 November 2014 having previously been chief operating officer. Sharon is responsible for AMP Capital's Australian and New Zealand business development efforts as well as leading the Global Marketing, Communications and Investment Services functions. Sharon joined the AMPCFML board on 19 July 2012.

Experience

Sharon has an extensive background in management. She has worked in a diverse range of companies in Australia and New Zealand spanning public sector, engineering, management consulting, and financial services industries. Sharon joined AMP in 1996 in the banking subsidiary in New Zealand and has subsequently held several roles in the wealth management & investment management businesses.

Sharon holds a Bachelor of Arts degree (Psychology and Sociology) from the University of Tasmania and a Graduate Diploma of Business (Law) from Charles Sturt University. She also holds a Graduate Certificate in Management from the Macquarie Graduate School of Management, is a member of the Australian Institute of Company Directors, and senior associate of Finsia.

Margaret Payn BA, CA

Director

Chief financial officer, AMP Capital

Margaret was appointed to the role of chief financial officer at AMP Capital in February 2013. She is responsible for leading AMP Capital's finance, strategy and business transformation function and contributes to the strategic direction and financial performance of AMP Capital. Margaret joined the AMPCFML board on 1 March 2013.

Experience

Margaret has more than 20 years' domestic and international experience leading finance, strategy, operations and risk functions in large financial services organisations. She is a chartered accountant and started her career at KPMG in London. Margaret brings to AMP Capital deep knowledge of financial services, particularly across funds management, retail banking and investment banking. Prior to joining AMP Capital, Margaret held leadership roles and directorships with organisations such as ANZ, Schroders plc, Westpac and Citigroup. She is a chartered accountant and has a Bachelor of Arts (Hons) – French with Pure Mathematics from University College, London University.

MANAGED INVESTMENT SCHEME COMPLIANCE COMMITTEE

In order to satisfy *Corporations Act 2001 (Cth)* requirements, a Managed Investment Scheme Compliance Committee (MISCC) was established with a majority of external members. The members of the MISCC during the year ending 31 December 2014 were:

- > Peter Rowe, Chairman
- > Donald Luke
- > John Evans
- > Mellanie Lumby

Peter Rowe Dip Law (SAB) External member

Peter Rowe was appointed as an external member and chairman of the MISCC on 23 December 2011.

Experience

Peter is currently a consultant to Herbert Smith Freehills, having joined the firm in 1986 and was a partner with the firm from 1989 until 2011. He was head of the firm's Financial Services group from 2005 until 2011. Prior to joining Herbert Smith Freehills, Peter worked for Permanent Trustee where he held a variety of roles.

Other directorships/appointments

- > Deputy chairman of the Herbert Smith Freehills Pro Bono and Community
- > Director and member of the Audit and Compliance Committee, Investa Listed Funds Management Limited the responsible entity of Investa Office Fund, a listed Australian REIT
- > Director of the Centre for Volunteering
- > Director of Mission Australia Housing Limited and Mission Australia Housing (Victoria) Limited
- > Director and chairman of the Audit and Risk Management Committee and member of the Remuneration Committee and, Religare Health Trust Trustee Manager Pte Ltd the trustee manager of the Religare Health Trust, a business trust listed on the Singapore Stock Exchange
- > Chairman and audit committee member of UBS Grocon Real Estate Investment Management Pty Limited

Donald Luke BSc, BA (Econ) External member

Donald Luke was appointed as an external member to the MISCC on 23 December 2011.

Experience

Donald was chief executive officer of the Queensland based superannuation fund Sunsuper for 10 years until May 2007. He began his career in financial services with AMP in the early 1970s, working across a broad range of areas including superannuation, life insurance and investments.

He has worked in a variety of managerial roles in the United Kingdom, New Zealand and Australia.

Other directorships/appointments

- > Chairman of MH Carnegie & Co Pty Limited
- > Chairman of QIC Limited
- > Member of the Advisory Committee for FIIG Securities Limited
- > Chairman of Anglicare North Queensland Limited

John Evans MBA, FIA, FIAA, CERA, FFin External member

John Evans was appointed as an external member to the MISCC on 1 December 2013.

Experience

John is an actuary and associate professor in the Sydney Business School at the University of Wollongong with research and teaching interests in risk management and retirement policy. Prior to joining the Sydney Business School, John was an associate professor in the Australian School of Business at UNSW and Head of the School of Risk and Actuarial Studies. Prior to joining UNSW, John owned an actuarial and risk management consulting business, PGE (Australasia) Pty Limited which he ran from 1987 and provided advice to financial institutions on quantitative investment issues. PGE provided advice to the initial industry superannuation funds such as STA and Cbus.

John has served on numerous compliance and risk committees for financial institutions in Australia and was a guardian of the New Zealand Superannuation Fund from 2007 to 2012. John is an active member of the Actuaries Institute and is a member of the Actuaries Institute's Council, the initial editor of the Australian Journal of Actuarial Practice, Convenor of the Research Council Committee and Convenor of the Research Subcommittee of the Risk Management Practice Committee.

Mellanie Lumby BEc LLB, Graduate Diploma in Applied Finance and Investment Member

Mellanie was appointed as a member of the MISCC on 1 December 2013.

Experience

Mellanie is senior legal counsel for AMP Capital. She has over 15 years experience as legal counsel for a number of Australian and UK financial services companies including the Challenger Group, Deutsche Asset Management and BT Funds Management.

CORPORATE GOVERNANCE

FRAMEWORK

The workings of the Fund, and the responsibilities and duties of its officers are regulated by the:

- > Corporations Act
- > ASX Listing Rules
- > Fund constitution
- > Fund compliance plan
- > AMPCFML constitution, and
- > general law.

AMPCFML and its officers:

- > manage the assets of the Fund
- > are responsible for all investment decisions with absolute discretion as to the exercise of AMPCFML's powers (in accordance with the Fund's constitution and the Corporations Act), and
- > undertake the administrative functions of the Fund including preparing the Fund's financial statements, preparation of notices and reports to members and monitoring of registry services.

As a subsidiary of AMP Limited, AMPCFML and its management and officers are subject to the AMP group's corporate governance practices and policies. The AMP group has a set of values that recognise the responsibilities to all stakeholders, including shareholders, customers and clients, business partners and advisers, employees and the community.

The AMPCFML board places great importance on the highest standards of governance and periodically reviews its governance practices to address its obligations as a responsible corporate citizen.

ASX CORPORATE GOVERNANCE STANDARDS

A third edition of the ASX Corporate Governance Principles and Recommendations (ASX Recommendations) was released on 27 March 2014 and will take effect for the AMP group financial year beginning 1 January 2015. AMP group, including AMPCFML, will report against the third edition of the ASX Recommendations in their 2015 annual reports.

In accordance with the second edition of the ASX Recommendations, the AMP group has posted copies of its governance practices (including copies of relevant charters, policies and terms of reference) in the corporate governance and board and management sections of its website: amp.com.au/corporategovernance.

AMP group believes its governance practices were consistent with the second edition of the ASX Recommendations during 2014. The information in this statement is current as at the date of this report. Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Recommendations and, where they have not adopted a particular ASX Recommendation, to explain the reasons. The statement outlining the corporate governance regime that applies to the Fund is set out below.

AMPCFML complies with all second edition ASX Recommendations except for:

> Principle 2

- Recommendation 2.1 - The majority of a listed entity's directors be independent
- Recommendation 2.2 - The chair of the board be independent
- Recommendation 2.3 - The roles of chair and chief executive officer should not be exercised by the same person, and
- Recommendation 2.4 – The board should establish a nomination committee.

> Principle 4

- Recommendation 4.1 -The board should establish an audit committee
- Recommendation 4.2 - Structure of the audit committee, and
- Recommendation 4.3 - Audit committee should have a formal charter.

> Principle 8

- Recommendation 8.1 – The board should establish a remuneration committee.

An explanation of the rationale for these departures from the ASX Recommendations is provided below.

Principle 1 – Lay solid foundations for management and oversight

The AMPCFML board is responsible to investors in the Fund for the overall governance and performance of the Fund, and is also responsible for:

- > overseeing AMPCFML and its various businesses, including management of the Fund
- > approval of AMPCFML's strategy, consistent with that of the AMP group
- > oversight of the administration of effective corporate governance for AMPCFML
- > input into, and approval of, AMPCFML's risk management framework including internal compliance systems and controls, codes of conduct, and ongoing compliance monitoring
- > monitoring AMPCFML's financial performance on an ongoing basis, including approving the financial reports of the Fund, and
- > reporting to investors in the Fund and ensuring all regulatory requirements are met.

The AMPCFML board meets regularly and additionally as required to carry out its functions. Directors are required to monitor and disclose any actual or potential conflicts of interest which may arise, and any related party transactions. Directors are also required to provide AMPCFML with details of their directorships of other entities.

BOARD AND CORPORATE GOVERNANCE REPORT CONT.

The chief executive officer of AMP Capital is responsible for the overall management and performance of AMPCFML. This includes managing its business and operations in accordance with the strategy, plans, risk appetite and policies approved by the board.

The responsibilities of the board, committees of the board and management have been formalised in a corporate governance charter. Matters specific to the operation of the Fund are set out in the Fund's constitution and compliance plan. The AMP group delegations of authority outline decisions reserved by the AMPCFML board and those delegated to senior management.

AMPCFML's related entity and previous responsible entity of the Fund, AMP Capital Investors Limited (AMPCIL), is the investment manager of the Fund. The rights and obligations of both parties (responsible entity and Fund manager) are documented in an investment management agreement.

Non-executive directors of AMP group companies, including AMPCFML, receive a formal letter of appointment, setting out the key terms and conditions of his or her appointment. The terms of appointment of executive directors are covered in his or her AMP group employment contract.

The senior management team responsible for managing the Fund consists of AMP Capital group employees, who are subject to performance reviews twice annually, as part of AMP Capital group's overall employee performance evaluation process. All senior managers of the Fund were evaluated during the year to 31 December 2014 in accordance with this process.

Principle 2 – Structure the board to add value

Details of the composition of the board and profiles of the directors are set out in the section at the start of this statement titled board of AMP Capital Funds Management Limited.

ASX Recommendation 2.1 states that a majority of the board should be independent directors. The AMPCFML constitution states there will be a minimum of three and a maximum of 12 directors. During 2014, the board was made up exclusively of executive directors, who are employees of AMP. The board considers this to be appropriate, given the majority of independent members on the MISCC, and the independence of directors on the board of AMPCFML's parent entity, AMP Capital Holdings Limited (AMP Capital Holdings).

To support the compliance responsibilities of the AMPCFML board, and in accordance with the *Corporations Act 2001 (Cth)*, an independent MISCC has been established. The role, responsibilities and operation of the MISCC is governed by its terms of reference, which are published on the AMP Capital website: ampcapital.com.au/china

The MISCC is required to have at least three members and include a majority of external members. As with the appointment of directors, the nomination of new members of the MISCC is considered by the board having regard to its current composition, and on recommendation of the AMP Capital chief executive officer. Nominated MISCC members are assessed against a range of criteria, including experience, professional skills, personal qualities and their capacity to commit to the MISCC's activities.

The relationship between the AMPCFML and the AMP Capital Holdings boards is set out in the AMPCFML Corporate Governance Charter. As part of its oversight function, the AMP Capital Holdings board monitors the operation of its subsidiary boards, including the AMPCFML board. The AMP Capital Holdings board comprises a majority of non-executive directors and the chairman is an independent non-executive director.

ASX Recommendations 2.2 and 2.3 state that the chair of the board should be an independent director, and the roles of chair and chief executive officer should not be exercised by the same individual. The chief executive officer of AMP Capital is the chairman of both the AMPCIL and AMPCFML boards. The boards consider this to be appropriate given that he brings continuity, expertise and experience to the respective roles. This structure also ensures that the high standards of unitholder consideration and business analysis expected of a fiduciary are maintained by AMPCFML, the responsible entity.

Given its size, the AMPCFML board does not have a nomination committee as proposed by ASX Recommendation 2.4. Nominations of new directors are considered by the full board, having regard to its current composition. Board candidates are nominated by the AMP Capital chief executive officer, and are assessed against a range of criteria, including experience, professional skills, personal qualities and their capacity to commit to the board's activities.

The AMPCFML board periodically reviews its own performance and that of individual directors. This process includes consideration of feedback provided by directors and senior executives via a questionnaire. AMPCFML's executive directors are subject to performance reviews twice yearly as part of AMP's overall employee performance evaluation process. All executive directors of AMPCFML were evaluated during the year ending 31 December 2014 in accordance with this process.

Directors are entitled to obtain independent professional advice on AMPCFML related matters at AMPCFML's expense. Directors must ensure the costs are reasonable and must advise the chairman before the advice is sought. Any advice received must be made available to the rest of the board unless otherwise agreed by the chairman or the board.

The AMPCFML board considers procedures relating to the orientation and education of new directors and MISCC members. AMP provides continuing education and development for directors of the companies in the AMP group, including AMPCFML. New MISCC members participate in a formal induction process.

During 2014, AMPCFML had two appointed company secretaries with responsibility for advising the board on governance matters and facilitating the flow of information between the board and its committees, and between executive managers and directors. All directors have access to the advice and services of the company secretaries, whose appointment and removal are a matter for decision by the board.

Principle 3 – Promote ethical and responsible decision making

AMPCFML's directors, employees, contractors and consultants are subject to the AMP Limited Employee Code of Conduct (the code), which sets out the expected standards of personal and corporate behaviour. It reinforces an already strong ethical culture for the benefit of shareholders, customers and clients, business partners and advisers, employees and the community. The code requires employees to report suspected code violations, and provides that no action be taken against any employee who reports a suspected violation in good faith. The code is available in the corporate governance section of AMP's website: amp.com.au/corporategovernance.

AMP has a whistleblowing policy and processes to support people who report suspected breaches of the code in good faith. A copy of the whistleblowing policy is provided to all directors and employees on joining AMP and a summary is available in the corporate governance section of AMP's website: amp.com.au/corporategovernance.

AMPCFML's directors, officers and employees are subject to the AMP Capital China Growth Fund trading policy. This policy aims to ensure that information is not used for personal advantage or to the detriment of Fund investors and to ensure compliance with the insider trading provisions of the *Corporations Act 2001 (Cth)*. Trading in units in the Fund is covered by this policy. The AMP Capital China Growth Fund trading policy is available at ampcapital.com.au/china.

Additionally, employees of AMP Capital group, including those involved in the management and operations of the Fund, are subject to the AMP Capital personal trading policy. This policy complements the AMP Limited trading policy and includes provisions specific to the AMP Capital group's business.

AMPCFML's directors and employees of the AMP Capital group are subject to the AMP Limited conflict of interest policy. This policy sets out the controls used to monitor, manage and mitigate conflicts of interests, and ensures transactions entered into with related parties are undertaken on an arm's length basis.

As a steward of its clients' assets, AMPCFML takes its fiduciary obligations as a responsible entity seriously. In order to meet these obligations and discharge its responsibilities to assist its clients in achieving the return on their investments they expect, AMPCFML seeks high standards of transparency, corporate governance and social responsibility from the companies in which its funds invest.

DIVERSITY POLICY

The board and senior leadership team of AMP Limited are committed to providing a diverse and inclusive working environment to drive better business decisions and better experiences for AMP customers and employees. Significant progress continues to be made.

In 2014, AMP identified four areas of focus, designed to build on the existing approach and increase inclusion and diversity of thought throughout the organisation.

Committed and inclusive leadership

Inclusive leadership is incorporated into AMP's induction and leadership development programs, capability frameworks and talent management assessments. In 2014, AMP also introduced sessions to help senior leaders reflect on practices and team cultures that may exclude diverse employees from full and discretionary engagement.

Merit-based policies and practices

AMP continues to focus on attracting and appointing women into senior leadership roles. AMP advocates that the shortlist for all executive roles contain a mix of men and women, and both men and women interview candidates through the executive recruitment process. In addition, AMP provides development opportunities for female leaders through programs designed to build the capability and confidence of women who have senior leadership potential.

Decision-making and voice

AMP is leveraging diversity of thought across the organisation, encouraging employees from all areas and levels of the business to share ideas. New design processes are also being used to harness diverse customer perspectives and develop better products and services for AMP customers.

Measurement, accountability and rewards

AMP's diversity and inclusion principles are incorporated into AMP's core capabilities and recruitment practices as well as leadership and talent assessments. In the 2014 employee engagement survey, AMP sought feedback on the support employees feel they receive. 84% of employees believe they are treated fairly regardless of gender, age, ethnicity, race, disability, religion, sexual orientation or other differences and 83% of employees believe their manager supports flexible work arrangements. AMP has now commenced a review to understand if any bias exists in the application of the remuneration and benefits policy. Any areas of concern will be addressed in 2015.

The AMP Group leadership team, consisting of the CEO and his direct reports, sets the goals and direction for diversity and inclusion and are responsible for inspiring and holding leaders to account for the execution and outcomes of all initiatives. The People and Remuneration Committee (PRC) continues to oversee the implementation of AMP's diversity and inclusion initiatives, reporting to the AMP Limited Board on the progress of these initiatives and on the organisation's gender diversity targets. A copy of AMP's diversity and inclusion policy is available in the corporate governance section of the AMP website.

In addition to the AMP group initiatives noted above, AMP Capital maintains a Diversity Council comprising representatives from each business unit who chair diversity working groups in their respective business areas.

BOARD AND CORPORATE GOVERNANCE REPORT CONT.

GENDER DIVERSITY OBJECTIVES AND REPORTING

In 2010, the AMP group set minimum targets for 2015 for the representation of women in senior executive, middle management and AMP Limited board roles.

The AMP group is progressing towards these targets, with women now comprising 34.4% of executive roles (the top 9% of the organisation) and 39% of middle management roles (the next 23.6% of the organisation).

Overall, women make up 51.1% of the AMP group workforce.

In relation to AMPCFML, the board has 66% female membership, and the percentage of female employees in the AMP Capital group has decreased from 50% in 2013 to 49% in 2014. In senior management positions in AMP Capital group the percentage of females has risen from 27% in 2013 to 28% in 2014.

REPRESENTATION OF WOMEN IN ROLES AGAINST 2015 TARGETS

Roles	2015 Target	31 December 2014	31 December 2013
RE board	30%	66%	50%
Senior Executives in AMP Capital	30%	28%	27%
All employees in AMP Capital group	n/a	49%	50%

Principle 4 – Safeguard integrity in financial reporting

The Fund does not comply with Principle 4 of the ASX Recommendations as the financial reporting process for the Fund is overseen by the Management Accounts Committee (MAC) and not a board audit committee. However, many of the compliance functions of an audit committee are undertaken by the MAC, including review of financial reporting processes and financial statements for reporting to the AMPCFML board. The MAC provides the AMPCFML board with the benefit of a dedicated committee to focus on financial reporting integrity, while minimising the overlap and consequent cost to the Fund of establishing a separate audit committee.

Membership of the MAC as at 31 December 2014 consisted of three members, one of which is considered to be independent:

- > Margaret Payn, chairperson
- > Dianne James, member
- > Gerald Naughton, non-executive member

The structure, roles, responsibilities and operation of the MAC are governed by its terms of reference. During 2014, the chairman of the MAC did not also fulfil the role of chairman of the AMPCFML board. The MAC terms of reference require its composition to be of at least three members, each of whom must be financially literate. Members are appointed via the approval of the AMP Capital chief executive officer and must possess specific technical expertise and skill required to fulfil the role, with at least one member to be considered a financial expert.

The AMPCFML board is satisfied that the composition of the MAC is appropriate, given the specific requirements for membership set out in the MAC terms of reference, and existing reporting to the board.

EXTERNAL AUDITORS

The AMP group has adopted a charter of audit independence (audit charter). The AMP Capital group adheres to this audit charter, which provides for:

- > the rotation of the lead and independent review audit partners
- > the annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence financial service fees paid to the external auditor, and each half year it reviews and reports to the board on the independence of the external auditor.

The audit charter requires the external auditor to rotate the lead and independent review audit partners in accordance with the *Corporations Act 2001 (Cth)*, and have suitable succession planning in place to ensure consistency for the AMP group. The lead audit partner for AMP was replaced in 2013 in accordance with these rotation requirements.

The AMP Capital Holdings Audit and Risk Committee receives a quarterly report, detailing the level of audit and non-audit financial services fees paid to the external auditor and for recommending to the AMP Limited Board the terms of engagement and fees of external auditors for AMP Limited and its group companies.

The AMP Limited Audit Committee is responsible for reviewing the performance of the external auditor and for recommending to the AMP Limited Board the terms of engagement and fees of external auditors for AMP Limited and its group companies. A performance evaluation of Ernst & Young was conducted during 2014.

If it becomes necessary to replace the external auditor for independence or performance reasons, the AMP Limited Audit Committee will formalise a procedure for the selection and appointment of the new auditor and make a recommendation to the AMP Limited Board. The decision of the AMP Limited Board will only apply to the AMP Capital group after consideration and approval by the AMP Capital Holdings board.

BOARD AND CORPORATE GOVERNANCE REPORT CONT.

Principle 5 – Make timely and balanced disclosure

AMPCFML is committed to transparency and quality in its communication to investors. The board's policy is to ensure announcements are made in a timely manner, are factual, are expressed in a clear and objective manner, and do not omit material information. This allows investors to assess the impact of the information when making investment decisions.

The board has adopted the AMP Capital China Growth Fund market disclosure policy for the Fund in relation to compliance with the ASX Listing Rules, and having regard to the ASX Recommendations. Information is communicated to shareholders through the distribution of the annual report, half year report, monthly performance reports and other communications as required.

Principle 6 – Respect the rights of investors

AMP Capital is committed to transparency and quality in its communication to investors. The group's approach to communicating with shareholders and financial markets is set out in AMP's market disclosure policy, which is available in the corporate governance section of AMP's website.

AMP Capital aims to not only deliver timely and relevant information which meets disclosure requirements, but also provide investors with regular updates on the performance of the Fund, changes in the investment portfolio and movements in the Chinese economy.

The Fund publishes monthly and quarterly updates on performance which are disclosed to the ASX and available on the Fund's website. Investors who have provided their email address are sent an email with a link to the more detailed quarterly updates when they are published. The annual report is provided to investors in both hard copy and online according to their preference.

Principle 7 – Recognise and manage risk

The AMP Limited Board has overall responsibility for establishing a system of risk management, internal controls and compliance for the AMP group, and for monitoring and reviewing its effectiveness. It also has responsibility for approving the risk appetite of the AMP group and the risk management related policies to support that appetite, and for seeking to ensure these are implemented. A summary of the enterprise risk management policy, which sets out the principles, processes, roles and responsibilities for the management of risk at AMP, is available in the corporate governance section of AMP's website.

In accordance with AMP's enterprise risk management policy, the AMP Capital group has a risk management framework in place, which enables the identification of risks, development of appropriate responses, and the monitoring of risks and controls.

The AMPCFML board, as part of the AMP Capital group, is responsible for ensuring appropriate measures are in place to manage material business risk specific to its operations and business, including the Fund, in line with AMP Capital group's risk management framework and the Fund's compliance plan.

The AMP Capital group's risk management framework covers the following risk categories:

- > strategic risk
- > operational risk (including compliance risk)
- > financial and market risk (including financial reporting), and
- > product risk.

Management of the AMP Capital group engage in a regular process to review risks and how they are being managed.

Material business risks that could have a significant impact on AMPCFML or the Fund's ability to meet its objectives are formally reviewed and assessed on a quarterly basis. For the year ended 31 December 2014, management have confirmed that an effective risk management framework was in place for the AMP Capital group, including AMPCFML and the Fund.

The AMP Capital Audit and Risk Committee and board have oversight of the risk management framework of the AMP Capital group and receive quarterly reporting on whether material business risks are being managed effectively.

In addition, the AMPCFML board received and considered the annual certification from the AMP Capital chief executive officer and chief financial officer in accordance with ASX Recommendation 7.3 and s.295A of the *Corporations Act 2001 (Cth)* stating that:

- > the Fund's financial statements presents a true and fair view of its financial position and performance, and is in accordance with Australian Accounting Standards; and
- > the risk management and internal control systems are sound, appropriate and operating effectively in all material respects in relation to financial reporting risks.

To support AMPCFML's risk management framework, AMPCFML has established a MISCC. The primary purpose of the MISCC is to support the board in meeting its responsible entity requirements under the *Corporations Act 2001 (Cth)*. In particular, the MISCC:

- > monitors the extent to which the responsible entity complies with Fund compliance plans, and
- > reports to the AMPCFML board any breach of the *Corporations Act 2001 (Cth)* involved in operating the Fund and any breach of the Fund's constitution in accordance with the *Corporations Act 2001 (Cth)*.

Principle 8 – Remunerate fairly and responsibly

The Fund is not responsible for the remuneration of AMPCFML's directors, officers or employees.

Executive directors on the board are remunerated by the AMP group in accordance with its remuneration policies and procedures. Fees for the non-executive members of the MISCC are set by the AMP Capital chief executive officer and are payable by AMPCFML in its corporate capacity.

BOARD AND CORPORATE GOVERNANCE REPORT CONT.

Comprehensive information on AMP group's remuneration policies and practices is contained in the AMP Limited remuneration report. AMP uses a variety of equity-based remuneration arrangements to align employee interests with shareholders' long-term interests and aid in the retention of selected individuals. AMP's policy on hedging of equity incentives prohibits employees from using any hedging arrangements over the restricted shares, share rights, share bonus rights, options or performance rights held by employees in any of AMP's equity incentive plans. The purpose of the policy is to ensure that the alignment between employee and shareholder interests is not undermined by the use of hedging arrangements.

No non-executive committee member, AMP director or AMP group employee is entitled to receive securities of the Fund, or options over such securities, as part of their remuneration.

There is a clear distinction between the remuneration structure for AMP group non-executive directors and executives. Further information is available in the AMP Limited remuneration report.

The AMPCFML board does not have a remuneration committee as suggested by ASX Recommendation 8.1. Instead, the remuneration policies of AMP Capital are approved by the AMP Limited People and Remuneration Committee. During 2014, the AMP Limited People and Remuneration Committee comprised three independent directors and was chaired by a director who is not the chair of the AMP Limited Board. The AMP Limited People and Remuneration Committee's terms of reference are available on AMP's website: amp.com.au/corporategovernance.

DIRECTORS' REPORT

The directors of AMP Capital Funds Management Limited (ABN 15 159 557 721), the responsible entity of the AMP Capital China Growth Fund (the Fund or the parent entity), present their report together with the financial report of the Fund for the financial year ended 31 December 2014.

The financial statements of the Fund are for the parent entity only. Following changes in Australian Accounting Standards, the Fund is precluded from presenting consolidated financial statements effective from 1 January 2014. This change has resulted in restatement of certain prior period comparative information (refer note 1(a) to the financial statements) which were previously presented in the parent entity financial statements. Parent entity information was included in the notes of the most recent annual financial report. 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 2014 Quarterly Report.

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:

- > Stephen J. P. Dunne
- > Sharon B. Davis
- > P. Margaret Payn
- > Peter R. J. Sipek - *Resigned 17 June 2014*

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.

PRINCIPAL ACTIVITY

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

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

REVIEW OF RESULTS AND OPERATIONS

2014 FINANCIAL PERFORMANCE

For the 12 months to 31 December 2014, the AMP Capital China Growth Fund delivered a net profit attributable to unitholders, before distributions of \$192.9 million. The Fund also achieved a positive net return of 52.4% (in AUD terms) over the same period. While the Fund underperformed the benchmark by 7.9% (before fees, expenses and taxes) and by 10.9% (after fees, expenses and taxes) over the 12 month period, the Fund improved its relative performance in the final quarter of the year, outperforming the benchmark in the final three months of the year by 2.2% (after fees, expenses and taxes).

The performance of the Fund, for the financial year ended 31 December 2014, was as follows:

	31 December 2014	31 December 2013 (restated)
	\$'000	\$'000
Increase in net assets attributable to unitholders	181,937	52,525
Total investment income	193,655	60,543
Net profit attributable to unitholders before distributions	192,888	59,563

The comparative information has been restated from previous parent entity financial statements.

The movement in the fair value of China A shares and investment income from China A shares are set out in note 6 to the financial statements.

The increase in net assets attributable to unitholders of \$181,937,000 (2013: \$52,525,000) was a result of:

- > net gain from changes in the fair value of China A shares of \$156,873,000 (2013: net gain of \$13,832,000)
- > foreign exchange gain on translation of China A shares of \$43,421,000 (2013: gain of \$52,374,000), and
- > dividend income from China A shares of \$7,314,000 (2013: \$5,646,000)

net of:

- > responsible entity and investment manager fees of \$6,036,460 (2013: \$5,652,582)
- > other Fund expenses and taxes of \$8,683,847 (2013: \$6,636,698), and
- > distributions to unitholders of \$10,950,693 (2013: \$7,037,720).

DIRECTORS' REPORT CONT.

DISTRIBUTIONS

The Fund has declared a distribution of \$10,950,693 (distribution per unit of \$0.02923) for the financial year ended 31 December 2014 (31 December 2013: \$7,037,720, a distribution per unit of \$0.01922). For this distribution, a cash distribution of \$853,419 (31 December 2013: \$474,427) will be paid, and the remaining \$10,097,274 (31 December 2013: \$6,563,293) will be reinvested in additional units in the Fund through the distribution reinvestment plan (DRP). This distribution is intended to be paid by 31 March 2015.

REVIEW OF OPERATIONS

In 2014, the Chinese economy continued to be soft, however the government's selective efforts to stimulate the economy were enough to ensure gross domestic product (GDP) growth of 7.4% for 2014. While China recorded the weakest annual expansion since 1990, positive signs were seen in December with industrial output and retail sales figures stronger than anticipated.

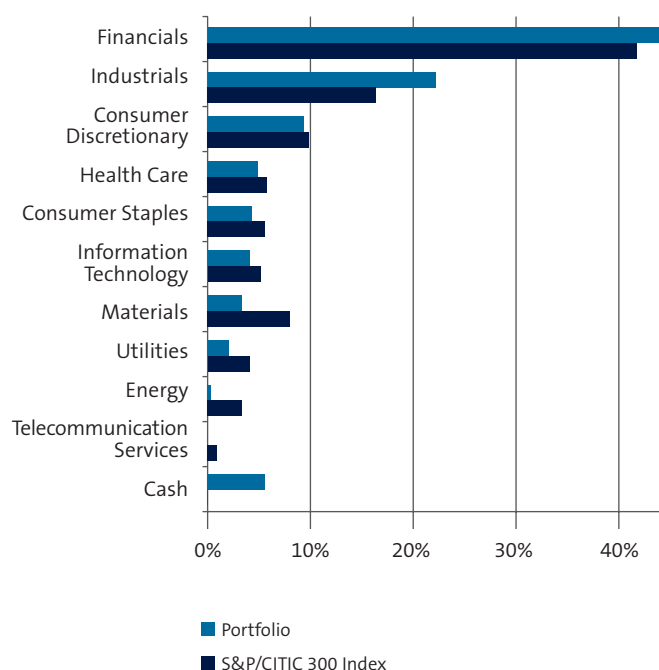
Rather than opt for broad-based monetary easing or large stimulus packages, during most of 2014 the government chose to take a more targeted stimulus approach. Efforts were made to support the property market, especially in over-supplied cities and support was given to the development of rural areas and micro and small-sized enterprises. In November, interest rates were cut for the first time since 2012 and local government's supported the property market by providing various measure including the easing of home purchase restrictions and providing housing subsidies and mortgage guarantees.

Another positive step in moving China towards a more sophisticated and market-based economy was steps taken by the People's Bank of China (PBOC) to expand the daily trading band of RMB from 1% to 2%. The band widening provided a strong signal that increased RMB/USD volatility was expected moving forward.

The launch of the Shanghai-Hong Kong Stock Connect in November was a major milestone for China and Hong Kong equity markets. Although the early response towards the programme was lukewarm, it is possible that Stock Connect will continue to evolve through expanding the trade quota, widening the number and types of securities covered under the program, lowering the hurdle for participating retail investors from Mainland China and linking the Shenzhen Stock Exchange with the Hong Kong Stock Exchange. This could serve as a potential catalyst for favourable fund flows towards the local A-share market and is expected to be one of many important steps for preparing the RMB for internationalisation and potentially leading to the inclusion of China A shares within the MSCI.

In 2015, the Fund will likely continue to favour sectors with strong tailwinds from government policy support and potential favourable developments in areas such as brokerage and railway sectors. It will also continue to focus on sub-sectors such as health care, media and consumer electronics which are expected to benefit from a better operating environment and more stable economic growth. 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 2014



The Fund's twenty largest stock positions as at 31 December 2014 comprised of 55.40% of the portfolio. A full list of stock positions as at 31 December 2014 is provided in the Investor Information on page 41.

CAPITAL MANAGEMENT

To best achieve the Fund's long term capital growth strategy, the Fund has a dividend reinvestment plan (DRP) whereby 100% of distributions are reinvested unless the investor elects to receive a partial cash distribution. Having at least part of all distributions automatically reinvested aims to increase the Fund's potential to reinvest in the China A share market by retaining the maximum amount of funds in the investment portfolio. The investment manager continues to actively manage the capital position of the Fund. The Fund's liquid and readily accessible working capital comprises cash held in Australia and Hong Kong as well as Hong Kong equities.

The Fund has a secured \$5 million borrowing facility in place with ANZ Bank to assist in meeting any short term liquidity requirements. As at 31 December 2014, the facility remained fully undrawn. The facility will expire on 25 July 2015.

DIRECTORS' REPORT CONT.

From time-to-time, as part of normal capital management processes, the Fund repatriates net realised profits from China. The third such repatriation was undertaken in January 2015, with US\$13.3 million (\$16.3 million at the 31 December 2014 foreign exchange rate) repatriated to provide the Fund with additional liquidity which facilitated the payment of the responsible entity fees totalling US\$8.3 million (\$10.2 million at the 31 December 2014 foreign exchange rate) that had been postponed from the September quarter 2013. 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 repatriation of net realised profits from China.

The responsible entity continues to monitor the difference between the Fund's share price and the net asset value per unit (NAV) and remains committed to activities which are in the interest of all unitholders and which should sustainably and cost effectively improve the difference between the Fund's share price and NAV per unit. The responsible entity continues to believe strong investment performance and ongoing marketing of the Fund are the best approach for sustainably improving the difference between the Fund's share price and NAV per unit.

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 December 2014	31 December 2013
	\$'000	\$'000
Net assets attributable to unitholders	550,546	362,113
	31 December 2014	31 December 2013
Net asset value per unit*	\$1.47	\$0.99

*Net asset value per unit before distribution payable was \$1.50 (2013: \$1.01)

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 2014.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As at the date of this report, the directors are not aware of any 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). These objectives do not include the payment of regular income to investors.

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.

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 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.

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 realised prior to this date, the Fund will be subject to 10% tax on gross capital gains, if referable to land rich China A shares. Capital gains on non-land rich China A shares realised before 17 November 2014 should not be subject to tax in China under the China/Mauritius Double Tax Treaty (the Treaty).

DIRECTORS' REPORT CONT.

There is a risk that the Fund's application for Treaty relief for non-land rich capital gains realised prior to 17 November 2014 may be rejected and tax at 10% on gross gains may be payable in China. This risk has been considered by the investment manager in determining the fair value of the controlled entity.

The investment manager continues to engage closely with the Chinese tax authorities to achieve more tax certainty for the Fund.

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

The following is a list of relevant information required under the *Corporations Act 2001 (Cth)*:

- > 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 2014 - 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 2001 (Cth)*. 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 of the Company. The deed of indemnity and access provides that:

- > The director will have access to the books of each Company for their period of office and for seven years after they cease to hold office (subject to certain conditions), and
- > AMPGH agrees to indemnify the director, to the extent permitted by law, against any liability incurred by the director in his or her capacity as a director 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

Stephen J.P. Dunne has significant influence over an entity which has an interest in the Fund, details of which are disclosed in note 11(b) of the financial statements.

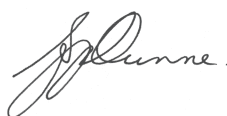
AUDITOR'S INDEPENDENCE DECLARATION

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 2014.

ROUNDING

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

Signed in accordance with a resolution of the directors:



STEPHEN DUNNE

Chairman

Sydney, 24 February 2015

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

In relation to our audit of the financial report of AMP Capital China Growth Fund for the financial year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

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

Ernst & Young

A handwritten signature in black ink, appearing to be 'D. Handley-Greaves'.

Darren Handley-Greaves
Partner
Sydney
24 February 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		31 December 2014	31 December 2013 (restated)
	Notes	\$'000	\$'000
INVESTMENT INCOME			
Net changes in the fair value of financial instruments measured at fair value through profit or loss		181,168	49,599
Dividend income – Hong Kong equities		11	67
Interest income – loan advances to controlled entity		12,401	10,829
Interest income – bank interest		3	11
Foreign exchange gain		72	37
Total investment income		193,655	60,543
EXPENSES			
Responsible entity fees	11(c)	(67)	(115)
Custodian fees		(30)	(24)
Share registry fees		(84)	(140)
ASX fees		(80)	(33)
Accounting service fees	11(c)	(150)	(136)
Auditor's remuneration	10	(67)	(67)
Professional fees		(145)	(9)
Other expenses		(69)	(58)
Total operating expenses		(692)	(582)
NET PROFIT ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS			
		192,963	59,961
Finance costs on external borrowings facility		(75)	(398)
Net profit attributable to unitholders before distributions		192,888	59,563
Finance costs – distributions to unitholders	2	(10,951)	(7,038)
NET PROFIT ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		181,937	52,525
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		181,937	52,525
Earnings per unit (EPU)			
EPU based on the weighted average number of ordinary units			
Basic and diluted earnings per unit	4	\$0.52	\$0.16

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		31 December 2014	31 December 2013	1 January 2013
	Notes	\$'000	(restated) \$'000	(restated) \$'000
ASSETS				
Cash and cash equivalents	8(a)	1,174	1,718	299
Receivables and other assets		3,542	2,954	2,403
Financial assets measured at fair value through profit or loss:				
Hong Kong equities		-	733	2,879
Investment in controlled entity	6	383,450	211,104	174,264
Loan advances to controlled entity	7	174,265	153,147	131,755
Total assets		562,431	369,656	311,600
LIABILITIES				
Payables	9	934	497	410
Distribution payable		10,951	7,046	8,348
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		11,885	7,543	8,758
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		550,546	362,113	302,842

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Units on issue	Retained profits/ (accumulated losses)	Total
	Notes	\$'000	\$'000	\$'000
Balance at 31 December 2013 (as previously reported)		353,613	(22,965)	330,648
Transition adjustment due to adoption of AASB 2013-5	5(b)	-	31,465	31,465
Balance at 1 January 2014 (restated)		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

		Units on issue	Retained profits/ (accumulated losses)	Total
	Notes	\$'000	\$'000	\$'000
Balance at 31 December 2013 (as previously reported)		346,866	(44,025)	302,842
Transition adjustment due to adoption of AASB 2013-5	5(b)	-	-	-
Balance at 1 January 2013		346,866	(44,025)	302,842
Net profit attributable to unitholders before distributions (restated)		-	59,563	59,563
Distribution to unitholders		-	(7,038)	(7,038)
Distributions reinvested		6,747	-	6,747
Balance at 31 December 2013 (restated)		353,613	8,500	362,113

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		31 December 2014	31 December 2013
			(restated)
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		11	67
Responsible entity fee paid		-	(115)
Payments for other expenses (inclusive of GST)		(260)	(383)
Payments for purchases of Hong Kong equities		(1,199)	(16,404)
Proceeds from sales of Hong Kong equities		1,524	17,342
Net cash inflow from operating activities	8(b)	76	507
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional loan advanced to controlled entity		(29)	(3,185)
Repayment of loan advanced to controlled entity		-	6,151
Net cash (outflow)/inflow from investing activities		(29)	2,966
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs on external borrowings facility		(75)	(384)
Cash distribution paid		(474)	(1,499)
Withholding tax on distributions reinvested		(72)	(94)
Net cash outflow from financing activities		(621)	(1,977)
Net (decrease)/increase in cash and cash equivalents held		(577)	1,496
Cash and cash equivalents at the beginning of the financial year		1,718	299
Net foreign exchange differences		33	(77)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8(a)	1,174	1,718

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the Fund constitution and Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001 (Cth)*. 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 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.

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.

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

Australian Accounting Standards early adopted

AASB 9 Financial Instruments

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

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

Changes in Australian Accounting Standards

The Fund has adopted all mandatory standards and amendments for the financial year beginning on or after 1 January 2014. Adoption of these standards and amendments has impacted the Fund's financial position or performance and also the financial report disclosures as described below:

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

This standard provides an exception to the consolidation requirement and is mandatory for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for their investments in controlled entities at fair value through profit or loss. In accordance with the transitional provisions of this standard, the Fund has applied this standard retrospectively.

Adoption of this standard has impacted the Fund's financial position and performance, as investment in controlled entity and loan advances to controlled entity which were previously recognised at cost are now recognised at fair value and consolidated financial statements are no longer prepared. The consequential changes to the accounting policies of the Fund are disclosed at note 1(b) and 1(c). Refer to note 5 for details of the impact of adopting this standard.

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 2014. 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 2014

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

Investment in controlled entity and loan advances to controlled entity

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

The fair value of loan advances to controlled entity and investment in controlled entity, in combination, is determined by the investment manager using the fair value of the underlying investments in China A shares together with certain tax inputs and assumptions (refer 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. The aggregated nominal amount of underlying working capital approximates its fair value.

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

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

Investment in Hong Kong equities

These investments are equities listed on the Hong Kong stock exchange. Equities listed on the Hong Kong stock exchange are held for working capital. These investments are financial assets and are recognised using the trade date accounting method. The fair value of a listed equity security is determined by reference to the bid price of the security, as quoted on its primary exchange at the balance date.

(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:

Investment entity exception

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
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis

Typical characteristics of an investment entity include:

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

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

This Fund has been determined to be an investment entity notwithstanding that some of the unitholders are related parties. All transactions between the Fund and its related parties are at market value and on normal commercial terms and conditions. This includes purchases and sales of financial 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.

Fair value measurement of investment in controlled entity

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

Fair value measurement of loan advances to controlled entity

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

Fair value measurement of investments in Hong Kong equities

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

(D) INVESTMENT INCOME

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

Dividend income

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

Interest income

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

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

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

(E) RECEIVABLES

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

(F) EXPENSES

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

Responsible entity fee

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

Performance fee

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

No performance fees were paid or payable in respect of the financial year ended 31 December 2014 (31 December 2013: nil).

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(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 expires.

(I) CASH AND CASH EQUIVALENTS

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

(J) NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

(K) TAXATION

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

(L) DISTRIBUTABLE INCOME

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

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

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

(M) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

(i) Functional and presentation currency

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

(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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(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 of the Fund.

Unitholders have various rights under the Fund constitution and the *Corporations Act 2001 (Cth)*, including the right to:

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

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

(O) GOODS AND SERVICES TAX (GST)

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

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

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

(P) ROUNDING

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

NOTE 2: DISTRIBUTIONS TO UNITHOLDERS

	31 December 2014 \$'000	31 December 2013 \$'000
Distribution to be reinvested	10,098	6,564
Distribution payable as cash	853	474
	10,951	7,038

NOTE 3: UNITS ON ISSUE

(a) Reconciliation of units

	31 December 2014		31 December 2013	
	Units '000	\$'000	Units '000	\$'000
Balance at the beginning of the financial year	366,113	353,613	355,699	346,866
Units issued	8,480	6,496	10,414	6,747
Balance at the end of the financial year	374,593	360,109	366,113	353,613

There have been no withdrawals from the Fund during the financial year (31 December 2013: nil).

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2014	31 December 2013
Weighted average number of units on issue for basic and diluted earnings per unit	372,618,486	363,687,550
	For the financial year ended 31 December 2014	For the financial year ended 31 December 2013 (restated)
	\$'000	\$'000
Earnings used in calculation of earnings per unit	192,888	59,563
Basic and diluted earnings per unit (\$ per unit)	\$0.52	\$0.16

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

NOTE 5: FINANCIAL IMPACT ON ADOPTION OF AASB 2013-5

The Fund has adopted AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities (AASB 2013-5) from 1 January 2014. In accordance with the transitional provisions of this standard, the Fund has applied this Standard retrospectively. Adoption of this standard requires the financial statements to be prepared for the parent entity only and from 1 January 2014, the Fund is not required to present consolidated financial statements.

Adoption of this standard has impacted the parent entity's net assets attributable to unitholders which was previously presented in the Parent Entity Information note. In particular, investment in controlled entity and loan advances to controlled entity which were previously recognised at cost are now recognised at fair value and consolidated financial statements are no longer prepared. The impacts of restating prior period comparatives under AASB 2013-5 are as follows:

(A) STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013	As previously reported \$'000	Restatement adjustment \$'000	Restated \$'000
NET CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS:			
Investment in controlled entity	-	36,917	36,917
Loan advances to controlled entity	-	13,890	13,890
Hong Kong equities	(1,208)	-	(1,208)
	(1,208)	50,807	49,599
Reversal of impairment of investment in controlled entities	2,520	(2,520)	-
Foreign exchange gain	16,859	(16,822)	37
	18,171	31,465	49,636
Increase in net assets attributable to unitholders	21,060	31,465	52,525

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 5: FINANCIAL IMPACT ON ADOPTION OF AASB 2013-5 CONT.

(B) STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013	As previously reported \$'000	Restatement adjustment \$'000	Restated \$'000
Investment in controlled entity	203,347	7,757	211,104
Loan advances to controlled entity	129,439	23,708	153,147
	332,786	31,465	364,251
Net assets attributable to unitholders	330,648	31,465	362,113
AS AT 1 JANUARY 2013	As previously reported \$'000	Restatement adjustment \$'000	Restated \$'000
Investment in controlled entity	200,827	(26,563)	174,264
Loan advances to controlled entity	105,192	26,563	131,755
	306,019	-	306,019
Net assets attributable to unitholders	302,842	-	302,842

NOTE 6: INVESTMENT IN CONTROLLED ENTITY

	1 January 2014 to 31 December 2014 \$'000	1 January 2013 to 31 December 2013 (restated) \$'000
Balance at the beginning of the financial year	211,104	174,264
Net changes in fair values recognised through profit or loss	172,346	36,840
Balance at the end of the financial year	383,450	211,104

As a result of adopting AAASB 2013-5, the Fund no longer consolidates its controlled entity. However, the Fund has provided certain disclosures, 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 6: INVESTMENT IN CONTROLLED ENTITY CONT.

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

	31 December 2014 \$'000	31 December 2013 \$'000
Fair value of the underlying investments in China A shares (i)	535,941	361,769
Fair value of liability for loan advances from the Fund (refer note 7)	(174,265)	(153,147)

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

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

	1 January 2014 to 31 December 2014 \$'000	1 January 2013 to 31 December 2013 (restated) \$'000
Balance at the beginning of the financial year	361,769	307,643
Purchases	490,764	460,926
Sales	(516,886)	(473,006)
Net change in fair values of China A shares	156,873	13,832
Foreign exchange gains on translation	43,421	52,374
Balance at the end of the financial year	535,941	361,769

(ii) Investment income from China A shares

	1 January 2014 to 31 December 2014 \$'000	1 January 2013 to 31 December 2013 (restated) \$'000
Net change in fair values of China A shares	156,873	13,832
Dividend income – China A shares	7,314	5,646
	164,187	19,478

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 7: 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 2014, the fair value of the loan was \$174,264,989 (31 December 2013: \$153,147,208 (restated)). As at 31 December 2014, the face value of the loan outstanding is US\$126,664,335 (31 December 2013: US\$115,796,048)

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

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

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

	31 December 2014	31 December 2013
Discount rate	4.21%	4.18%

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

	31 December 2014	31 December 2013
		(restated)
	\$'000	\$'000
Balance at the beginning of the financial year	153,147	131,755
Additional loan advances made during the financial year	29	3,185
Loan repayments	-	(6,151)
Net changes in fair values recognised through profit or loss	9,218	14,008
Interest capitalised during the financial year	11,871	10,350
Balance at the end of the financial year	174,265	153,147

NOTE 8: CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

	31 December 2014	31 December 2013
		(restated)
	\$'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:		
Australian dollars	73	138
US dollars	6	1
Hong Kong dollars	1,095	1,579
Cash and cash equivalents at the end of the financial year	1,174	1,718

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 8: CASH AND CASH EQUIVALENTS CONT.

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

	31 December 2014	31 December 2013 (restated)
	\$'000	\$'000
Net profit attributable to unitholders before finance costs	192,963	59,961
Proceeds from sales of Hong Kong equities	1,524	17,342
Payments for purchases of Hong Kong equities	(1,199)	(16,404)
Net foreign exchange gain	(72)	(37)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(181,168)	(49,599)
Interest income – loan advances to controlled entity	(12,401)	(10,829)
Changes in assets and liabilities:		
Increase in payables	429	73
Net cash inflow from operating activities	76	507

(c) Non-cash financing activities

	31 December 2014	31 December 2013 (restated)
	\$'000	\$'000
Non-cash financing activities carried out during the financial year on normal commercial terms and conditions included:		
Reinvestment of unitholder distributions	6,496	6,747

NOTE 9: PAYABLES

	31 December 2014	31 December 2013 (restated)
	\$'000	\$'000
Responsible entity fees payable	107	40
Other payables	827	457
Balance at the end of the financial year	934	497

NOTE 10: AUDITOR'S REMUNERATION

	31 December 2014	31 December 2013 (restated)
	\$'000	\$'000
Amounts paid or payable to Ernst & Young, the auditor of the Fund, for:		
Audit and review of the financial statements of the Fund	62,787	62,787
Other services in relation to the Fund – audit of compliance plan	3,908	3,908
	66,695	66,695

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2014, there were no investments by the Fund in the responsible entity, or its affiliates (31 December 2013: 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 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
31 DECEMBER 2013					
AMP Life Limited	122,714,915	33.52	3,066,068	-	2,359,022
BNP Paribas Noms (NZ) Ltd	12,867,468	3.51	244,409	-	247,359
Entity over which Stephen J.P. Dunne (director) has significant influence	62,375	0.02	2,179	-	1,199

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

(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).

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 11: RELATED PARTY DISCLOSURES CONT.

	31 December 2014	31 December 2013 (restated)
	\$'000	\$'000
Responsible entity fees expensed during the financial year	66,984	115,183
Investment manager fees expensed during the financial year*	5,969,476	5,536,399
Performance fees expensed during the financial year	-	-
	6,036,460	5,651,582

*Investment manager fees are paid by the controlled entity.

The investment manager is also entitled to a fund service fee of \$198,912 in respect to accounting, administration and other services provided to the Fund (31 December 2013: \$184,590).

The responsible entity fees, investment manager fees and the fund service fee are normally paid within 30 days after the end of each quarter. In January 2015, US\$13.3 million (\$16.3 million at the 31 December 2014 foreign exchange rate) was repatriated to provide the Fund with additional liquidity which facilitated the payment of the responsible entity fees totalling US\$8.3 million (\$10.2 million at the 31 December 2014 foreign exchange rate) that had been postponed from the September quarter 2013. 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 repatriation 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
Stephen J. P. Dunne	Chairman and executive director
Sharon B. Davis	Executive director
P. Margaret Payn	Executive director
Peter R. J. Sipek	Executive director - <i>Resigned 17 June 2014</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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

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

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

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

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

(A) CREDIT RISK

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

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

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

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

(B) LIQUIDITY RISK

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

The Fund manages its liquidity risk through cash flow forecasts and liquidity planning based on the maturities of financial assets (for example, cash, receivables and other financial assets) and financial liabilities (for example, distribution payable) and projected cash flows from operating and investing activities. The risk is managed through the Fund's cash surpluses, use of working capital debt facilities and investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet operating requirements.

Maturity analysis for financial liabilities

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

Net assets attributable to unitholders are subject to the exit provisions as defined by the Fund constitution. The Fund did not have any derivative financial instruments (liabilities) as at 31 December 2014 (31 December 2013: nil). The Fund has a secured revolving borrowing facility of \$5 million on commercial terms with Australia and New Zealand Banking Group Limited to assist in meeting its short term liquidity requirements. As at 31 December 2014, the facility remained fully undrawn. The facility will expire on 25 July 2015.

(C) MARKET RISK

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

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

Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

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 comprise of monetary and non-monetary financial assets denominated in currencies other than Australian dollar.

Loan advances to controlled entity and investment in listed equities

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, investments in listed Hong Kong equities denominated in Hong Kong dollars and cash held in foreign currencies.

Investment in controlled entity

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

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

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

Price risk

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

Investment market risk

The underlying investment portfolio is exposed to changes in share market prices for equities including volatility in China A shares (held by the controlled entity) and Hong Kong equities. These changes in share market prices are caused by either factors specific to the individual stocks or factors affecting all instruments in the market.

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.

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

Foreign exchange risk

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

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% on interest, 10% on dividends and from 17 November 2014 0% on capital gains on both land rich and non-land rich China A shares. The tax rates on capital gains changed on 17 November 2014, when the Chinese Ministry of Finance released a QFII tax circular (the Tax Circular) which states that all capital gains realised after this date will not attract tax in China.

Prior to 17 November 2014, the portfolio was subject to 10% tax on capital gains realised on land rich China A shares. At the same time the portfolio was not subject to Chinese tax on capital gains on non-land rich China A shares, pursuant to the Treaty.

From 17 November 2014, the Tax Circular provides greater certainty that these non-land rich capital gains will not be subject to tax in China. For capital gains on non-land rich China A shares realised before 17 November 2014, there remains a risk that the controlled entity's application for Treaty relief may not be successful and that the controlled entity would be liable to pay tax in China at 10% on a gross basis. If Treaty relief is found not to apply the controlled entity's projected tax cash outflows could increase by up to \$25.1 million as at 31 December 2014 (31 December 2013: \$28.5 million).

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

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

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.

Price risk sensitivity

The table below demonstrates the impact of a 50% (31 December 2013: 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. Price risk sensitivity for equities listed on the Hong Kong stock exchange are not significant to the Fund.

	Increase in net profit attributable to unitholders +50%* \$'000	Decrease in net profit attributable to unitholders -50%* \$'000
31 December 2014	278,858	278,858
31 December 2013	182,126	182,126

*50% (31 December 2013: 50%) has been assessed at 31 December 2014 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.

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 2014 (31 December 2013: nil).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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
31 DECEMBER 2013				
Hong Kong equities	733	-	-	733
Investment in controlled entity	-	-	211,104	211,104
Loan advances to controlled entity	-	153,147	-	153,147
	733	153,147	211,104	364,984

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONT.

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 2014 (31 December 2013: nil). For movement in the Fund's investment in controlled entity (a Level 3 financial asset), refer to note 6.

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:

- (v) *Observable*: The underlying investment portfolio of the investment in controlled entity mainly comprises of investments in China A shares listed on the Shanghai or Shenzhen stock exchanges. The fair value of a listed security 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, and
- (vi) *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.

Hong Kong equities are listed on the Hong Kong stock exchange and have therefore been assessed as a Level 1 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 6 and note 7.

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 31 December 2014 there have been no matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Fund.

NOTE 15: COMMITMENTS AND CONTINGENCIES

The Fund had no commitments or contingencies at 31 December 2014 (31 December 2013: 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 2014 was authorised for issue in accordance with a resolution of the directors of AMP Capital Funds Management Limited on 24 February 2015.

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 2001 (Cth)*, in the opinion of the directors of the responsible entity:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001 (Cth)*, 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 2001 (Cth)* for the financial year ended 31 December 2014.



STEPHEN DUNNE
Chairman
Sydney, 24 February 2015

INDEPENDENT AUDIT REPORT



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Independent Auditor's Report to the Unitholders of AMP Capital China Growth Fund

Report on the financial report

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 2014, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the 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 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 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 entity's financial position as at 31 December 2014 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).

A stylized signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A stylized signature of 'Darren Handley-Greaves' in a cursive script.

Darren Handley-Greaves
Partner
Sydney
24 February 2015

INVESTOR INFORMATION

Investor information is presented on pages 38-41.

NUMBER OF UNITHOLDERS AND UNITHOLDERS' RIGHTS

There were 374,593,484 ordinary units on issue held by 6,011 unitholders as at 31 December 2014. 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 2014

Investor ranges	Number of holders	Total units	% of issued capital
1-1000	926	334,848	0.09
1,001-5,000	1,377	3,707,139	0.99
5,001-10,000	993	7,154,477	1.91
10,001-100,000	2,463	69,624,027	18.59
100,001 and over	252	293,772,993	78.42
Total	6,011	374,593,484	100

Source: Computershare

There are 600 unitholders with an unmarketable parcel of units in the Fund.

INVESTOR INFORMATION CONT.

As at 31 January 2015

TWENTY LARGEST UNITHOLDINGS

Rank	Investor	Number of units	% issued capital
1	AMP Life Limited	125,796,815	33.58
2	J P Morgan Nominees Australia Limited	46,546,115	12.43
3	BNP Paribas Noms (NZ) Ltd	13,040,331	3.48
4	HSBC Custody Nominees (Australia) Limited	11,550,813	3.08
5	BNP Paribas Noms Pty Ltd	10,452,549	2.79
6	HSBC Custody Nominees (Australia) Limited - A/C 2	8,145,781	2.17
7	UBS Wealth Management Australia Nominees Pty Ltd	7,048,079	1.88
8	National Nominees Limited	2,546,693	0.68
9	Vigor Door Corporation Pty Ltd	2,336,153	0.62
10	Brispot Nominees Pty Ltd	2,040,388	0.54
11	Citicorp Nominees Pty Limited	1,787,214	0.48
12	Australian Executor Trustees Limited	1,563,295	0.42
13	Jiliby Pty Ltd	1,550,000	0.41
14	Kevson Pty Ltd	1,461,199	0.39
15	Kembla No 20 Pty Ltd	1,400,000	0.37
16	Ms Feng-Chu Lin	1,211,700	0.32
17	Navigator Australia Ltd	1,187,286	0.32
18	Ms Feng-Chu Lin	1,165,453	0.31
19	Charanda Nominee Company Pty Ltd	1,135,000	0.30
20	Mr Anthony Woolley	1,129,000	0.30
	Total	243,093,864	64.90

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	138,837,146 units
Lim Asia Multi-Strategy Fund Inc.	26,892,075 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.

INVESTOR INFORMATION CONT.

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 2014

INVESTMENT PORTFOLIO

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

Stock	Weight (%)	Stock	Weight (%)
Aerospace Times Electronic Technology Co., Ltd.	0.85	Haining China Leather Market Co., Ltd.	0.69
AISINOCO Ltd.	0.68	Haitong Securities Co., Ltd.	4.20
Anhui Anke Biotechnology (Group) Co., Ltd.	0.42	Hong Yuan Securities Co., Ltd.	1.07
AVIC Aircraft Co., Ltd.	0.32	Huaneng Power International, Inc.	2.19
Bank of Beijing Co., Ltd.	1.64	Huayi Brothers Media Corporation	0.74
Bank of Communications Co., Ltd.	1.90	HUAYU Automotive Systems Co., Ltd.	1.26
Baoshan Iron & Steel Co., Ltd.	0.85	Industrial Bank Co., Ltd.	1.61
Beijing Dinghan Technology Co., Ltd.	0.30	Inner Mongolia Yili Industrial Group Co., Ltd.	0.96
Beijing Originwater Technology Co., Ltd.	0.91	Jiangsu Changjiang Electronics Tech Co.	0.95
Beijing Xinwei Telecom Tech Group Co., Ltd.	0.75	Jiangsu Hengrui Medicine Co., Ltd.	0.83
Bestv New Media Co., Ltd.	1.47	Jiangxi Copper Co., Ltd.	0.87
BlueFocus Communication Group Co., Ltd.	0.43	Kweichow Moutai Co., Ltd.	1.88
China Avic Avionics Equipment Co., Ltd.	0.54	Ping An Bank Co., Ltd.	1.80
China CNR Corporation Ltd.	0.96	Ping An Insurance Group	6.73
China Communications Construction Co., Ltd.	1.59	Poly Real Estate Group Co., Ltd.	1.88
China CYTS Tours Holding Co., Ltd.	0.92	Qingdao Haier Co., Ltd.	0.64
China First Heavy Industries	0.48	Rising Nonferrous Metals Share Co., Ltd.	0.85
China Life Insurance Company Ltd.	1.87	SAIC Motor Corporation, Ltd.	1.32
China Merchants Bank Co., Ltd.	3.53	Shandong Denghai Seeds Co., Ltd.	0.43
China Minsheng Banking Corp Ltd.	4.33	Shanghai Electric Group Company Ltd.	1.06
China National Medicines Corporation Ltd.	1.04	Shanghai International Airport Co., Ltd.	0.44
China Pacific Insurance (Group) Co., Ltd.	1.98	Shanghai International Port Group Co., Ltd.	1.57
China Railway Construction Corp Ltd.	1.85	Shanghai Jahwa United Co., Ltd.	0.32
China Railway Group Ltd.	1.53	Shanghai Pharmaceutical Co., Ltd.	0.70
China Shipbuilding Industry Corp.	1.67	Shanghai Pudong Development Bank Co., Ltd.	2.48
China Shipping Container Lines Co., Ltd.	0.24	Shanxi Xishan Coal and Electricity Power	0.45
China Southern Airlines Co., Ltd.	0.35	Shenzhen Agricultural Products Co., Ltd.	0.51
China State Construction Engineering Corp., Ltd.	3.73	Shenzhen Sunlord Electronics Co., Ltd.	0.57
China State Shipbuilding Co., Ltd.	0.42	Sinolink Securities Co., Ltd.	0.44
China Vanke Co., Ltd.	3.34	Starlake Bioscience Co., Inc. Zhaoqing Guangdong	0.51
Chongqing Changan Automobile Co., Ltd.	0.87	Tianguang Fire-Fighting Co., Ltd.	0.37
CITIC Securities Co., Ltd.	5.19	Tianjin Tasly Pharmaceutical Co., Ltd.	1.08
CSR Corporation Ltd.	0.90	Tianjin Tianbao Infrastructure Co., Ltd.	0.93
CTS International Logistics Corp., Ltd.	0.43	Tongfang Co., Ltd.	0.33
Daqin Railway Co., Ltd.	1.34	Topchoice Medical Investment Co., Inc.	0.79
Founder Technology Group Corp.	0.36	Xiamen Tungsten Co., Ltd.	0.95
GF Securities Co., Ltd.	1.60	Xi'an Aero-engine Corporation Ltd.	1.14
Gree Electric Appliances, Inc.	1.39	Yonyou Software Co., Ltd.	0.57
Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd.	0.34	Zhejiang Jingu Co., Ltd.	0.60

BROKERAGE COSTS AND INVESTMENT TRANSACTIONS

There were a total of 523 transactions in China A shares (held by the controlled entity) and Hong Kong equities during the financial year ended 31 December 2014. Total brokerage paid by the Fund on those transactions was approximately \$1,943,705 (excluding GST), through its investment in controlled entity.

CORPORATE DIRECTORY

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