

## ASX Announcement

25 FEBRUARY 2016



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

Announcement No: 09/2016

### **AMP Capital China Growth Fund (ASX: AGF) – Subsidiary financial statements for the year ended 31 December 2015**

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AMP Capital Funds Management Limited, the responsible entity of the AMP Capital China Growth Fund (the “Fund”), presents the financial statements of its Mauritian subsidiary, ‘AMP Capital China Growth Fund’ (the “Mauritian Subsidiary”) for the year ended 31 December 2015. These financial statements, which are presented in United States dollars, were audited by Ernst & Young, Mauritius.

Under Australian Accounting Standards the Fund meets the definition of an Investment Entity and is precluded from presenting consolidated financial statements. The Fund’s main asset is its investment in the Mauritian Subsidiary. In accordance with ASX listing rule 4.8, the responsible entity has provided the financial statements of the Mauritian Subsidiary.

The Mauritian Subsidiary carries the same name as the Fund. The financial statements of the Mauritian Subsidiary do not include all assets, liabilities, revenues and expenses of the Fund. The Fund’s investment in the Mauritian Subsidiary is recognised in the Fund’s financial statements as ‘loan advances to controlled entity’ and ‘investment in controlled entity’.

The preliminary Final Report (Appendix 4E) and Annual Report of the Fund, including the directors’ report and financial report, have been released separately.

#### **Investor enquiries**

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**AMP Capital China Growth Fund**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2015**

**AMP Capital China Growth Fund**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**1.**

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		Date of appointment	Date of resignation
Board of Directors	Mervyn Peacock	12 October 2006	-
	Kapildeo Joory	12 October 2006	-
	Fareed Soreefan	17 December 2009	-
	Simon Laurence Vinson	19 June 2014	28 May 2015
	Matthew Hault	17 June 2015	-
	Mehjabeen Thorabally		
	(Permanent alternate director to Kapildeo Joory)	8 September 2015	-
	Kerry Kim Wai Ching	3 November 2015	-
Administrator and Secretary	International Financial Services Limited IFS Court Bank Street TwentyEight Cybercity Ebene 72201 Mauritius		
Registered Office	IFS Court Bank Street TwentyEight Cybercity Ebene 72201 Mauritius		
Investment Manager	AMP Capital Investors Limited 33 Alfred Street Sydney NSW 2000 Australia		
Banker	Barclays Bank Plc International Banking Division 3rd Floor, Barclays House 68-68A Cybercity, Ebene Mauritius		
Custodian	China Construction Bank No.1, Tower One Nao Shi Kou Street Beijing, 100032 China		
	BNP Paribas Fund Services Australasia Pty Ltd L8, 60 Castlereagh Street Sydney 2000 NSW Australia		
Auditors	Ernst & Young 9 <sup>th</sup> Floor, NeXTeracom Tower 1 Cybercity, Ebene Mauritius		

The directors present the audited financial statements of AMP Capital China Growth Fund (the "Fund") for the year ended 31 December 2015.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Fund is to seek long term capital appreciation by investing in Chinese listed securities including 'A-shares', listed bonds and cash pursuant to a Qualified Foreign Institutional Investor Licence which has been granted by the China Securities Regulatory Commission.

#### **RESULTS**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

#### **DIRECTORS**

The present membership of the Board is set out on page 2.

#### **DIRECTORS' INTEREST IN SHARES**

Mr Mervyn Peacock holds 186,209 shares in AMP Capital China Growth Fund (Australia), the Parent Fund.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Fund. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office until the next Annual Meeting.

**CERTIFICATE FROM THE SECRETARY  
UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001**

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4.

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of AMP Capital China Growth Fund under the Companies Act 2001 during the financial year ended 31 December 2015.

  
.....  
for International Financial Services Limited  
Secretary

Registered Office:

IFS Court  
Bank Street  
TwentyEight  
Cybercity  
Ebene 72201  
Mauritius

22 February 2016

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### AMP CAPITAL CHINA GROWTH FUND

#### Report on the Financial Statements

We have audited the financial statements of AMP Capital China Growth Fund on pages 7 to 27 which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund's internal control. 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 statements.

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

#### *Opinion*

In our opinion, the financial statements on pages 7 to 27 give a true and fair view of the financial position of the Fund as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AMP CAPITAL CHINA GROWTH FUND (CONTINUED)

**Report on the Financial Statements (Continued)**

*Other matter*

This report has been prepared solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

We have no relationship with or interests in the Fund other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

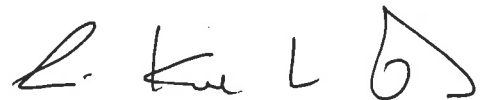
In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.



ERNST & YOUNG  
Ebène, Mauritius

22 FEB 2016

Date: .....



LI KUNE LAN POOKIM, A.C.A, F.C.C.A  
Licensed by FRC



	Notes	2015 USD	2014 USD
<b>Assets</b>			
Cash and cash equivalents		32,549,716	37,749,700
Other receivables and prepayments	7	10,872	11,375
Financial assets at fair value through profit or loss	6 (a)	442,345,014	438,587,418
<b>Total assets</b>		<b>474,905,602</b>	<b>476,348,493</b>
<b>Liabilities</b>			
Other payables	8	9,704,135	11,361,239
Interest bearing loans and borrowings	9	136,217,361	126,664,335
Income tax payable	10	3,194,802	4,953,230
<b>Total liabilities (excluding net assets attributable to shareholders)</b>		<b>149,116,298</b>	<b>142,978,804</b>
<b>Net assets attributable to shareholders</b>		<b>325,789,304</b>	<b>333,369,689</b>
<b>Represented by</b>			
Management shares	11(a)	100	100
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>325,789,204</b>	<b>333,369,589</b>
<b>Net assets attributable to shareholders</b>		<b>325,789,304</b>	<b>333,369,689</b>
<b>Number of redeemable participating shares</b>	11 (b)	<b>15,285,465</b>	<b>15,285,465</b>
<b>NAV per redeemable participating share</b>		<b>21.31</b>	<b>21.81</b>

Approved by the Board on 22 February 2016 and signed on its behalf by:

  
.....  
Director

  
.....  
Director

**AMP Capital China Growth Fund**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**8.**

	Notes	2015 USD	2014 USD
<b>Income</b>			
Net gain on financial assets at fair value through profit or loss	6(b)	10,409,170	137,480,567
Dividend income		6,806,601	7,084,164
Interest income	5	99,290	47,874
		<b>17,315,061</b>	<b>144,612,605</b>
<b>Expenses</b>			
Interest on loan		12,028,384	11,096,121
Management fees	14	8,380,838	5,554,995
Transaction costs		3,051,059	1,796,425
Net foreign exchange loss		1,674,484	289,888
Professional fees		257,516	130,260
Custody fees	14	200,308	132,439
Audit fees		79,291	79,657
Consultancy fees		20,634	24,726
Licence fees		5,600	5,600
Board meeting expenses		5,402	4,097
Bank charges		3,362	1,559
		<b>25,706,878</b>	<b>19,115,767</b>
<b>Operating (loss) / profit before tax</b>		<b>(8,391,817)</b>	<b>125,496,838</b>
Income tax benefit / (expense)	10	811,432	(2,189,568)
<b>(Decrease) / Increase in net assets attributable to holders of redeemable participating shares</b>		<b>(7,580,385)</b>	<b>123,307,270</b>

The notes on pages 11 to 27 form an integral part of these financial statements.

**AMP Capital China Growth Fund**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF**  
**REDEEMABLE PARTICIPATING SHARES**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**9.**

	<b>Number of shares</b>	<b>Net assets attributable to holders of redeemable participating shares</b>
		<b>USD</b>
As at 1 January 2014	15,285,465	210,062,319
Increase in net assets attributable to holders of redeemable participating shares from operations	-	123,307,270
As at 31 December 2014	15,285,465	333,369,589
As at 1 January 2015	15,285,465	333,369,589
Decrease in net assets attributable to holders of redeemable participating shares from operations	-	(7,580,385)
As at 31 December 2015	15,285,465	325,789,204

**AMP Capital China Growth Fund**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015**

**10.**

	<b>2015</b>	<b>2014</b>
	<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>		
Operating (loss) / profit for the year	(8,391,817)	125,496,838
<b>Adjustment to reconcile profit before tax to net cash flows:</b>		
Interest income	(99,290)	(47,874)
Dividend income	(6,806,601)	(7,084,164)
Net gain on financial assets at fair value through profit or loss	(10,409,170)	(137,480,567)
Interest expense	12,028,384	11,096,121
Unrealised foreign exchange loss	1,890,036	220,667
<b>Net changes in operating assets and liabilities</b>		
Increase in prepayments	(500)	-
Increase in accruals and payables	66,553	28,822
(Decrease) / increase in management fees payable	(1,949,015)	5,554,995
	<b>(13,671,420)</b>	<b>(2,215,162)</b>
Taxation	(946,996)	(1,202,727)
Interest received	100,293	45,107
Payment for purchase of investments	(805,835,267)	(454,774,365)
Proceeds from disposal of investments	812,486,841	477,306,200
Dividends received	6,806,601	7,084,164
<b>Net cash generated from operating activities</b>	<b>(1,059,948)</b>	<b>26,243,217</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	25,000
Repayment of borrowings	(2,250,000)	-
<b>Net cash from financing activities</b>	<b>(2,250,000)</b>	<b>25,000</b>
Net (decrease) / increase in cash and cash equivalents	(3,309,948)	26,268,217
Cash and cash equivalents at start of the year	37,749,700	11,702,150
Effect of foreign exchange rate changes	(1,890,036)	(220,667)
Cash and cash equivalents at end of the year	<b>32,549,716</b>	<b>37,749,700</b>
<b>Cash and cash equivalents made up of:</b>		
Cash at bank	<b>32,549,716</b>	<b>37,749,700</b>

The notes on pages 11 to 27 form an integral part of these financial statements.

**1. GENERAL INFORMATION**

AMP Capital China Growth Fund (the "Fund") was incorporated in Mauritius under the Companies Act 2001 on 12 October 2006 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Fund operates as a Collective Investment Scheme (an authorisation issued by the Financial Services Commission under section 97 of the Securities Act 2005) and as an Expert Fund under regulation 79 of the Securities (Collective Investment Schemes and Closed End Fund) Regulations 2008. The Fund's registered office is at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The Fund's investment activities are managed by AMP Capital Investors Limited (the "Investment Manager"), with the administration delegated to International Financial Services Limited.

**2. ACCOUNTING POLICIES**

**2.1 Statement of compliance**

The financial statements of AMP Capital China Growth Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

**2.2 Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the fair valuation of financial assets at fair value through profit or loss. The financial statements of the Fund are presented in United States Dollar ("USD").

**2.3 Summary of significant accounting policies**

**(a) Foreign currency transactions**

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Fund's performance is evaluated and its liquidity is managed in USD. Therefore, the USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD which is the Fund's functional and presentation currency.

*Transactions and balances*

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences on financial instruments other than those classified at fair value through profit or loss are included in the statement of profit or loss and other comprehensive income as "Net foreign exchange loss".

**(b) Financial instruments**

Financial instruments carried on the statement of financial position include financial assets at fair value through profit or loss, cash and cash equivalents, other receivables, other payables, interest bearing loans and borrowings and net assets attributable to holders of redeemable participating shares. The particular recognition and measurement methods adopted are disclosed in the individual accounting policy statements associated with each item.

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 Summary of significant accounting policies (Continued)**

**(c) Financial assets at fair value through profit or loss (FVTPL)**

The Fund's equity investments are China A shares listed on the Shanghai or Shenzhen Stock Exchange. The equity investments that the Fund held as at 1 January 2011 and acquired on or subsequent to 1 January 2011, are accounted for under IFRS 9. These investments can be recognised at either 'fair value through profit or loss' or 'fair value through other comprehensive income'. The Fund has elected to recognise these investments at 'fair value through profit or loss'. They are initially recognised at fair value being the consideration given. After initial recognition, they are subsequently measured at fair value with gains or losses in the statement of profit or loss and other comprehensive income.

Purchases and sales of securities are recognised on the trade date, that is, the date on which the Fund commits to purchase or sell the asset. Securities are initially recognised at fair value and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Securities are derecognised when the rights to receive cash flows from the securities have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

The fair value of the financial assets traded in active markets is based on closing market prices at the reporting date.

**(d) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other short-term receivables have been included in this category.

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**(e) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand. Cash equivalents are short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

**(f) Receivables**

Receivables are measured at their nominal value. Amounts are generally received within 30 days of being recorded as receivables. Given the short-term nature of most receivables, the nominal amount approximates fair value.

**(g) Payables**

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

**(h) Interest bearing loans and borrowings**

Interest bearing loans and borrowings are carried at amortised cost.

**(i) Management shares**

The management shares are non-redeemable and are classified as equity.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (Continued)

(j) Redeemable participating shares

Redeemable participating shares are redeemable at the option of the shareholder or the Fund and are classified as financial liabilities. The liabilities arising from the redeemable shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS.

The Fund issues shares at the net asset value of the existing shares. The Fund's net asset value per share is calculated by dividing the net assets attributable to shareholders by the number of shares in issue.

(k) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments carried 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 instrument'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.

(l) Offsetting

Financial assets or liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. This is generally not the case with master-netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

(m) Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from those assets have expired or when the Fund has transferred its contractual right to receive the cash flows from the assets and either:

- substantially all of the risks and rewards of ownership have been transferred; or
- the Fund has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation specified in the liability is discharged, cancelled or expired.

(n) Revenue and expense recognition

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

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

Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.



2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (Continued)

(o) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(p) Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly to control, the other party or exercise significant influence over the other party in making financial and operating decisions.

(q) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Fund operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Changes in accounting policy and disclosures

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the financial statements of the Fund. The nature and the impact of each new standard or amendment is described below:

#### Amendments to IAS 19 Defined Benefit Plans: Employee Contributions – effective 1 July 2014

~~IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans.~~ Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

This amendment had no impact on the financial position or performance of the Fund.

#### Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle

The Fund have applied these improvements for the first time in these financial statements. They include:

	Effective for accounting period beginning on or after
<b>Annual Improvements 2010-2012 Cycle</b>	
IFRS 2 Share-based Payment	1 July 2014
IFRS 3 Business Combinations	1 July 2014
IFRS 8 Operating Segments	1 July 2014
IAS 16 Property, Plant and Equipment	1 July 2014
IAS 38 Intangible Assets	1 July 2014
IAS 24 Related Party Disclosures	1 July 2014
<b>Annual Improvements 2011-2013 Cycle</b>	
IFRS 3 Business Combinations	1 July 2014
IFRS 13 Fair Value Measurement	1 July 2014
IAS 40 Investment Property	1 July 2014

An assessment on the adoption of the standard or interpretation or improvement on the financial statements or performance of the Fund and its impact, if any, is described below:

#### IFRS 2 Share-Based Payment

The amendment defines 'performance condition' and 'service condition' to clarify various issues, including the following:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The amendment is applicable for share-based payments for which the grant date is on or after 1 July 2014 and must be applied prospectively.

This amendment did not have an impact on the financial position or performance of the Fund.

#### IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39.

This amendment did not have an impact on the financial position or performance of the Fund.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policy and disclosures (Continued)

**Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle (Continued)**

**IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

This amendment did not have an impact on the financial position or performance of the Fund.

**IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

This amendment did not have an impact on the financial position or performance of the Fund.

**IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

The expenses incurred for management services are disclosed in note 14.

***Annual Improvements 2011-2013 Cycle***

These improvements are effective from 1 July 2014 and the Fund has not applied these following amendments in the financial statements. They include:

**IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This amendment did not have an impact on the financial position or performance of the Fund.

**IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Fund does not apply the portfolio exception in IFRS 13.

**IAS 40 Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

This amendment did not have an impact on the financial position or performance of the Fund.

### 3. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

	Effective for accounting period beginning on or after
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statement	1 January 2016
Disclosure initiative – Amendments to IAS 1	1 January 2016
Annual improvements 2012 – 2014 Cycle	1 July 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Fund may make judgement, reporting estimates and assumptions that affect the reported amounts in the financial statements. Assumptions made at each balance date are based on best estimates at that date. Estimates and judgements are continuously evaluated and based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Fund's accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

#### *Going Concern*

The Fund's Board of directors has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Board of directors is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### *Determination of functional currency*

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered the United States Dollar (USD) as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective country in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been disclosed.

### 5. INTEREST INCOME

	2015	2014
	USD	USD
Interest income from deposit account	93,572	42,049
Interest income from reserve Funds	5,718	5,825
Total	99,290	47,874

These interests are earned on accounts held with the Custodian.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprises of equity securities which are listed on the Chinese stock market namely Shanghai and Shenzhen. The movement during the year is as follows:

(a) Movement statement

	2015 USD	2014 USD
Opening fair value	438,587,418	323,638,686
Additions during the year	805,835,267	454,774,365
Net gain during the year	10,409,170	137,480,567
Disposal proceeds	(812,486,841)	(477,306,200)
Closing fair value	442,345,014	438,587,418

(b) Net gain on financial assets at fair value through profit or loss

	Realised gain on disposal USD	Unrealised (loss) / gain on fair valuation USD	Net gain USD
2015	105,135,937	(94,726,767)	10,409,170
2014	23,671,772	113,808,795	137,480,567

(c) Details of investments as at 31 December 2015

Securities name	Number of shares	Percentage Holding (%)	Market Value at 31-Dec- 15 USD	% of Net Asset Value
AVIC Aircraft Co Ltd	924,445	0.03	3,526,319	1.08
Aier Eye Hospital Group Co Ltd	612,682	0.06	2,979,626	0.91
Aisino Co Ltd	509,400	0.06	4,385,942	1.35
BBMG Corp	2,591,949	0.05	3,740,077	1.15
Bank of Communications Co Ltd	6,886,484	0.01	6,829,641	2.10
Beijing Gehua CATV Network Co Ltd	1,321,574	0.10	4,381,774	1.34
Beijing Originwater Techno Co Ltd	1,146,800	0.10	9,142,823	2.81
Beijing Tongrentang Co Ltd	216,444	0.02	1,486,936	0.46
Bright Dairy & Food Co Ltd	1,311,868	0.11	3,216,234	0.99
Byd Co Ltd	604,400	0.02	5,994,111	1.84
CITIC Securities Co Ltd/China	2,463,305	0.02	7,340,297	2.25
CSR Corp Ltd	6,469,593	0.02	12,802,493	3.93
Chengdu Xingrong Investment Co Ltd	5,872,924	0.20	6,439,451	1.98
China Avic Avionics Equipment Co Ltd	528,200	0.03	2,003,444	0.61
China CSSC Holdings Ltd	637,690	0.05	3,420,405	1.05
China CYTS Tours Holding Co Ltd	1,985,727	0.28	7,128,141	2.19
China Communications Construction Co Ltd	1,210,827	0.01	2,500,491	0.77
China Eastern Airlines Corp Ltd	3,222,300	0.02	3,776,288	1.16
China Everbright Bank Co Ltd	13,623,879	0.03	8,895,720	2.73
China International Travel Service Corp	683,210	0.07	6,240,173	1.92
China Life	1,044,895	0.00	4,555,405	1.40
China Merchants Bank Co Ltd	6,531,954	0.03	18,096,257	5.55
China Merchants Securities Co Ltd	624,000	0.01	2,085,253	0.64
China Merchants Shekou Industrial Zone	1,860,295	0.03	5,976,000	1.83
China Minsheng Banking Corp Ltd	10,003,057	0.03	14,849,924	4.56
China National Medicines Corp Ltd	1,126,947	0.24	6,580,915	2.02
China Pacific Insurance	1,130,339	0.01	5,023,651	1.54
China Railway Construction Corp Ltd	1,599,910	0.01	3,321,237	1.02
China Railway Group Ltd	2,071,963	0.01	3,484,329	1.07
China Shipbuilding Industry Co Ltd	3,219,300	0.02	4,660,192	1.43
China State Construction Engineering C L	4,666,400	0.02	4,556,021	1.40

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(c) Details of investments as at 31 December 2015 (Continued)

Securities name	Number of shares	Percentage Holding (%)	Market Value at 31-Dec-15	% of Net Asset Value
China United Network Communications Ltd	8,830,230	0.04	8,403,785	2.58
China Vanke Co Ltd	2,892,100	0.03	10,880,560	3.34
Chongqing Changan Automobile	848,999	0.02	2,218,725	0.68
GD Power Development Co Ltd	11,999,412	0.06	7,262,180	2.23
GF Securities Co Ltd	1,493,000	0.02	4,471,918	1.37
GREE APPLIANCES	2,040,306	0.03	7,022,428	2.16
Guangdong Alpha Animation and Culture Co	665,952	0.05	5,303,126	1.63
Guangzhou Baiyunshan Pharmaceutical Hold	915,450	0.07	4,267,382	1.31
Haitong Securities Co Ltd	2,797,250	0.02	6,814,786	2.09
Hangzhou Binjiang Real Estate Grp Co Ltd	3,546,956	0.13	4,347,938	1.33
Henan Pinggao Electric Co Ltd	1,090,000	0.03	3,273,223	1.00
Huatai Securities Co Ltd	2,100,600	0.03	6,379,178	1.96
Huaxia Bank Co Ltd	1,556,126	0.01	2,909,229	0.89
Huayu Automotive Systems Co Ltd	2,003,891	0.08	5,202,908	1.60
Iflytek co ltd	725,800	0.06	4,141,137	1.27
Industrial Bank Co Ltd	3,689,118	0.02	9,697,740	2.98
Inner Mongolia Yili Industrial Group Co	2,599,502	0.04	6,577,217	2.02
Jiangsu Changjiang Electronics Technolog	1,250,195	0.12	4,239,450	1.30
Jiangsu Hengrui Medicine Co Ltd	1,197,838	0.06	9,060,891	2.78
Jiangsu Kangde Xin Composite Mtrl Co	432,399	0.07	2,537,021	0.78
Jiangsu Leike Defense Technology Co Ltd	364,000	0.11	3,405,353	1.05
KWEICHOW MOUTAI	167,530	0.01	5,629,138	1.73
Kangmei Pharmaceutical Co Ltd	2,627,802	0.06	6,859,253	2.11
Midea Group Co Ltd	911,900	0.02	4,608,932	1.41
Minmetals Rare Earth Co Ltd	1,310,000	0.13	4,175,958	1.28
Ping An Bank Co Ltd	4,716,438	0.03	8,708,589	2.67
Ping An Insurance Group Co of China Ltd	4,039,912	0.03	22,396,950	6.87
Poly Real Estate Group Co Ltd	4,065,531	0.03	6,661,521	2.04
Qingdao Haier Co Ltd	1,875,274	0.03	2,864,777	0.88
SHENWAN HONGYUAN HK LTD	2,037,000	0.01	3,359,657	1.03
Sanan Optoelectronics Co Ltd	1,628,681	0.06	6,089,746	1.87
Shanghai International Airport Co LTD	1,311,814	0.07	5,963,525	1.83
Shanghai International Port Group Co Ltd	4,164,113	0.02	4,155,392	1.28
Shanghai Pharmaceuticals Holding Co Ltd	1,619,492	0.06	4,965,518	1.52
Shanghai Pudong Development Bank	4,308,911	0.03	12,123,291	3.72
Shanghai Tunnel Engineering Co Ltd	3,280,000	0.10	5,374,399	1.65
Shenzhen Jinjia Color Printing Group Co	1,278,400	0.10	3,023,935	0.93
Spring Airlines Co., Ltd.	247,700	0.03	2,326,860	0.71
Suning Commerce Group Co., Ltd.	1,427,300	0.02	2,956,324	0.91
Tsinghua Tongfang Co Ltd	683,800	0.02	1,903,891	0.58
Wuhan Humanwell Healthcare gr Co Ltd	2,123,572	0.17	7,279,585	2.23
XI An Aero-Engine PLC	593,889	0.03	4,118,335	1.26
Yonyou Software Co Ltd	670,000	0.05	3,282,109	1.01
Yunnan Chihong Zinc & Germanium Co Ltd	2,280,625	0.14	3,877,372	1.19
ZTE	1,385,525	0.03	3,975,042	1.22
Zhejiang Dahua Technology Co Ltd	355,000	0.03	2,017,294	0.62
Zhejiang Xinan Chemical Industrial Group	3,700,000	0.54	5,811,876	1.78
<b>Total</b>	<b>192,552,094</b>		<b>442,345,014</b>	



7. OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
	USD	USD
Prepayments	7,725	7,225
Interest receivable	3,147	4,150
At 31 December	10,872	11,375

8. OTHER PAYABLES

	2015	2014
	USD	USD
Other payables	183,160	116,607
Interest on loan payable	3,122,315	2,896,957
Management fee payable	6,398,660	8,347,675
At 31 December	9,704,135	11,361,239

9. INTEREST BEARING LOANS AND BORROWINGS

(a)

	Effective Interest Rate	2015	2014
		USD	USD
Non-current			
Loan from AMP Capital Funds Management Limited, as responsible entity of AMP Capital China Growth Fund	9%	136,217,361	126,664,335

The Fund has entered into a loan agreement with AMP Capital Funds Management Limited, as responsible entity of AMP Capital China Growth Fund, which is a registered collective investment scheme in Australia and is also the shareholder of the Fund (the "Shareholder").

The term of the loan facility commences on the Advance Date and will continue until the earlier of demand by the lender for repayment of the loan or the tenth anniversary of the Advance Date.

Interest accrues daily and is calculated from the Advance Date on the principal amount of the loan outstanding from time to time until the loan is repaid in full. Under the agreement, the Shareholder is entitled to an interest fee as compensation for loan provided under the agreement. The interest is calculated as 9% per annum of the shareholder's loan.

At any time during the term of the loan, the Shareholder may by notice in writing to the borrower (Conversion Notice), convert all or part of the loan into fully paid redeemable participating shares of the Fund. The Conversion Notice must specify the amount of the Loan that the Lender wishes to convert.

(b) The Fund has entered into a Facility Agreement with Australia New Zealand Banking Group Limited and AMP Capital Funds Management Limited, as responsible entity of AMP Capital China Growth Fund on 25 July 2012. As per the terms of the agreement, all the redeemable participating shares and management shares of the Fund have been pledged to Australia and New Zealand Banking Group Limited for a loan facility of AUD30,000,000. During the financial year 2013, there was a partial cancellation of AUD25,000,000 resulting in the reduction of commitment of AUD5,000,000. The remaining commitment was ultimately cancelled fully during the financial year 2015.

# 10. TAXATION

The Fund has received a tax residence certificate from the Mauritius Revenue Authority, which is renewable annually confirming that it is a resident of Mauritius.

The Fund is liable to pay income tax on its net income at a rate of 15%. The Fund is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

Profits arising from sale of securities are exempted from income tax in Mauritius. Any dividends paid by the Fund to its shareholders will be exempt from any withholding tax in Mauritius.

As of 31 December 2015, the Fund had accumulated tax losses of USD5,537,726 and there is no provision for current income tax liability for the year. The accumulated tax losses can be used and set off against future taxable profits as follows:

(i) USD5,537,726 to be carried forward till 2017.

A reconciliation between the (loss) / profit for the year and the actual income tax charge is as follows:

	2015 USD	2014 USD
Operating (loss) / profit	(8,391,817)	125,496,838
Less Non-Taxable(NT) / Exempt Income(EI)		
Net gain on financial assets at fair value through profit or loss	(10,409,170)	(137,480,567)
Unrealised foreign exchange loss	1,890,036	220,667
Realised foreign exchange (loss) / gain on purchase and sale of investments	(215,613)	68,251
Transaction fees	3,051,059	1,796,425
Professional fees	22,209	10,653
Add unauthorised deductions	19,667,178	13,066,237
Chargeable income	5,613,882	3,178,504
Tax loss brought forward	(11,151,608)	(14,330,112)
Tax loss carried forward	(5,537,726)	(11,151,608)
Tax payable to Mauritian Revenue Authority - 15%	-	-
Tax liability	-	-
<i>In the statement of financial position:</i>		
	2015 USD	2014 USD
Tax payable on dividend and interest - PRC	1,439,049	1,505,730
Capital gains tax payable on realised gains of investments - PRC	1,755,753	3,447,500
Total tax liabilities	3,194,802	4,953,230

10. TAXATION (CONTINUED)

*In statement of profit or loss and other comprehensive income*

	2015	2014
	USD	USD
Tax on interest income in PRC	42,479	4,787
Capital gains tax on realised gains of investments - PRC	(1,575,719)	176,505
Capital gains tax on unrealised gains of investments - PRC	-	(121,394)
Tax on dividend income	721,808	755,813
Tax payable on unrepatriated dividend	-	1,374,157
Income tax (benefit) / expense	(811,432)	2,189,868

11. SHARE CAPITAL AND SHARE PREMIUM

The share capital and share premium of the Fund consists of management shares and redeemable participating shares as detailed below:

(a) Management Shares

	2015	2014
	USD	USD
As at 1 January and 31 December	100	100

The Management shares are not redeemable and holders are not entitled to receive dividends.

(b) Redeemable participating shares

The number of shares issued and outstanding as at 31 December 2015 and 2014 is as follows:

*Redeemable participating shares at USD0.01 each*

	Number of shares	Share capital	Share premium	Total
		USD	USD	USD
At 31 December	15,285,465	152,854	163,665,805	163,818,659

Participating shareholders have the right to vote at class meetings and matters affecting their rights and have the rights to receive dividends. The participating shares are redeemable at the request of the holder or the Fund and have been classified as financial liabilities.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Value of the financial instruments

The Fund's assets and liabilities include equity investments, cash and cash equivalents, other receivables, other payables and interest bearing loans and borrowings and net assets attributable to holders of redeemable participating shares. The carrying amounts of these assets and liabilities approximate their fair values.

Fair value hierarchy

The following table shows financial instruments recognised at fair value for the year ended 31 December 2015, analysed between those whose fair value is based on:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value hierarchy (Continued)

The following table presents the Fund's assets that are measured at fair value at 31 December 2015 and 2014:

2015	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<i>Financial assets at fair value through profit or loss</i>				
Listed securities	442,345,014	-	-	442,345,014
2014	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<i>Financial assets at fair value through profit or loss</i>				
Listed securities	438,587,418	-	-	438,587,418

The fair value of the investment by the Fund in listed securities which are traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Associated risk

The Fund's investment activities expose it to various types of risk associated with financial instruments and markets in which it invests directly or indirectly. The Fund is exposed to market risk, credit risk and liquidity risk. The Board of directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

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

In accordance with the objectives of the Fund, a major part of the Fund's net assets consists of Chinese securities which involve certain considerations and risks not typically associated with investments in other more developed markets.

The Fund's equity investments are susceptible to market price risk arising from uncertainties about the future prices of the instruments.

Future economic and political developments in China and other markets could adversely affect the liquidity or value, or both, of securities in which the Fund has invested. In addition, the Fund's ability to hedge its currency risk is limited and accordingly, the Fund may be exposed to currency devaluation and other exchange fluctuations. The Fund's market position is monitored on a daily basis by the Investment Manager.

Interest rate risk

Interest income from cash deposits may fluctuate in amount, in particular due to changes in the interest rates. Whilst the Fund seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on investments in equity and other securities that neither earn nor pay interest.

The table below analyses the Fund's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier.

	Within 1 year USD	Non-interest sensitive USD	Total USD
<b>As at 31 December 2015</b>			
<b>Assets</b>			
Cash and cash equivalents	32,549,716	-	32,549,716
Financial assets at fair value through profit or loss	-	442,345,014	442,345,014
	32,549,716	442,345,014	474,894,730

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

	Within 1 year USD	Non-interest sensitive USD	Total USD
<b>Liabilities</b>			
Other payables	-	9,704,135	9,704,135
Interest bearing loans and borrowings	136,217,361	-	136,217,361
Net assets attributable to holders of redeemable participating shares	-	325,789,204	325,789,204
	<u>136,217,361</u>	<u>335,493,339</u>	<u>471,710,700</u>
As at 31 December 2014			
<b>Assets</b>			
Cash and cash equivalents	37,749,700	-	37,749,700
Financial assets at fair value through profit or loss	-	438,587,418	438,587,418
	<u>37,749,700</u>	<u>438,587,418</u>	<u>476,337,118</u>
<b>Liabilities</b>			
Other payables	-	11,361,239	11,361,239
Interest bearing loans and borrowings	126,664,335	-	126,664,335
Net assets attributable to holders of redeemable participating shares	-	333,369,589	333,369,589
	<u>126,664,335</u>	<u>344,730,828</u>	<u>471,395,163</u>

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Fund's profit before tax (through the impact on interest-bearing bank accounts).

	Increase / decrease in basis points	Effect on net assets USD
2015	+100	348,269
	-100	(348,269)
2014	+100	246,768
	-100	(246,768)

Foreign exchange risk

The Fund invests in shares and has assets and liabilities denominated in Chinese Yuan ("CNY"). Consequently, the Fund is exposed to the risk that the exchange rate of the United States dollar relative to the CNY may change in a manner which has a material effect on the reported values of the Fund's assets and liabilities which are denominated in CNY.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Fund's profit before tax (due to changes in fair value of monetary assets and liabilities).

	Increase / decrease of USD against CNY %	Effect on net assets USD
2015	+5	(22,584,045)
	-5	24,961,312
2014	+5	(22,682,311)
	-5	25,069,923

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign exchange risk (Continued)

Currency profile

The currency profile of the Fund's financial assets and liabilities is summarised as follows:

	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	31 Dec 2015	31 Dec 2015	31 Dec 2014	31 Dec 2014
	USD	USD	USD	USD
Chinese Yuan	474,264,936	168,209	476,328,538	102,719
United States Dollars	632,941	471,542,491	12,730	467,664,204
	<u>474,897,877</u>	<u>471,710,700</u>	<u>476,341,268</u>	<u>467,766,923</u>

Price risk

Price risk is the risk that the fair value of equity investments decreases as a result of changes in the market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk exposure arises from the Fund's investment portfolio.

	Change in equity price	Effect on net assets
	%	USD
2015	+50	221,172,507
	-50	(221,172,507)
2014	+50	219,293,709
	-50	(219,293,709)

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will fail to perform contractual obligations under a contract. Credit risk arises from other receivables and cash and cash equivalents, as well as credit exposures arising from outstanding and committed transactions. The Fund is also exposed to the risk that its assets held with counterparties and banks may not be recoverable in the event of any default by the parties concerned.

The credit risk is negligible, since the Fund transacts with financial institutions or companies with high credit rating risk and no history of default. The maximum credit risk exposure at reporting 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 reporting date.

At the reporting date, the Fund's financial assets maximum exposure to credit risk amounted to the following:

	2015	2014
	USD	USD
Cash and cash equivalents	32,549,716	37,749,700
Interest receivable	3,147	4,150
	<u>32,552,863</u>	<u>37,753,850</u>

Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit rating risk and no history of default.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

**Concentration risk**

At 31 December 2015, a significant portion of the Fund's net assets consisted of investments in Chinese companies, which involve certain considerations and risks not typically associated with investments in other developed countries.

Future economic and political developments in China could adversely affect the liquidity or value, or both, of securities in which the Fund has invested.

The risk is managed by the Investment Manager in accordance with the internal policies and procedures in place.

**Liquidity risk**

The Fund's financial assets at fair value through profit and loss are considered readily realisable as they are listed on recognised stock exchanges.

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

Residual contractual maturities of financial liabilities are presented below:

	2015 3 to 6 months USD	2015 On demand USD	2014 3 to 6 months USD	2014 On demand USD
<b>Financial liabilities</b>				
Net assets attributable to shareholders	-	325,789,204	-	333,369,589
Interest Bearing loans and Borrowings	-	136,217,361	-	126,664,335
Other payables and accruals	9,704,135	-	11,361,239	-
	<u>9,704,135</u>	<u>462,006,565</u>	<u>11,361,239</u>	<u>460,033,924</u>

The participating shares are redeemable at the option of the holder of the Fund.

13. CAPITAL MANAGEMENT

The Fund's objectives for managing capital are to achieve medium to long-term capital growth by investing in listed Chinese A shares and to outperform the S&P/CITIC 300 A-share on a rolling three year basis.

14. MANAGEMENT FEES, CUSTODIAN FEES AND ADMINISTRATIVE EXPENSES

*Management fees*

The Investment Manager, AMP Capital Investors Ltd is entitled to receive management fees at a rate equal to 1.65% per annum based on the total assets as at the last day of each month further to the Investment Management agreement entered into between AMP Capital Investors Ltd and the Fund.

*Custodian fees*

The custodian, China Construction Bank, is entitled to receive custodian fees which is calculated and paid in accordance with the custodian agreement which may be amended from time to time by written agreement between the relevant parties.

*Administrative expenses*

International Financial Services Limited has been appointed to provide administrative services to the Fund and is paid in such a manner as set out in its fee scale in the Administration Agreement, which may vary from time to time as agreed between the parties.

15. RELATED PARTY DISCLOSURES

During the year ended 31 December 2015, the Fund had transactions with the following related parties:

	Nature of transaction	Relationship	Balance at 31 December 2015 USD	Balance at 31 December 2014 USD
AMP Capital Funds Management Limited as responsible entity and trustee of AMP Capital China Growth Fund	Loan	Shareholder	136,217,361	126,664,335
AMP Capital Funds Management Limited as responsible entity and trustee of AMP Capital China Growth Fund	Interest expense	Shareholder	12,028,384	11,096,121
AMP Capital Investors Limited	Management fees	Investment Manager	8,380,838	5,554,995
International Financial Services Limited	Professional fees	Administrator	76,968	55,454

One director of the Fund, Mr Kapildeo Joory exercises joint control over International Financial Services Limited ("IFS", the Administrator) and is deemed to have beneficial interest in the Administration Agreement and the Tax letter of engagement between the Fund and the Administrator.

16. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the Fund are presented in United States Dollar. The directors of the Fund have determined that the functional currency should be the United States Dollar as the principal financing currency for their operations is sourced in United States Dollar and the Fund's proceeds on any eventual disposal of financing assets, currently denominated in Chinese Yuan 'CNY' are expected to be converted into the United States Dollar.

	2015 Closing Rate	2014 Closing Rate
USD/CNY	6.4936	6.2040

17. EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date which would require disclosure in or adjustment to the financial statements for the year ended 31 December 2015.