

Annual Report

GUOTAI JUNAN INVESTMENT FUNDS

-GUOTAI JUNAN GREATER CHINA GROWTH FUND

-GUOTAI JUNAN EQUITY INCOME FUND

-GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

-GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

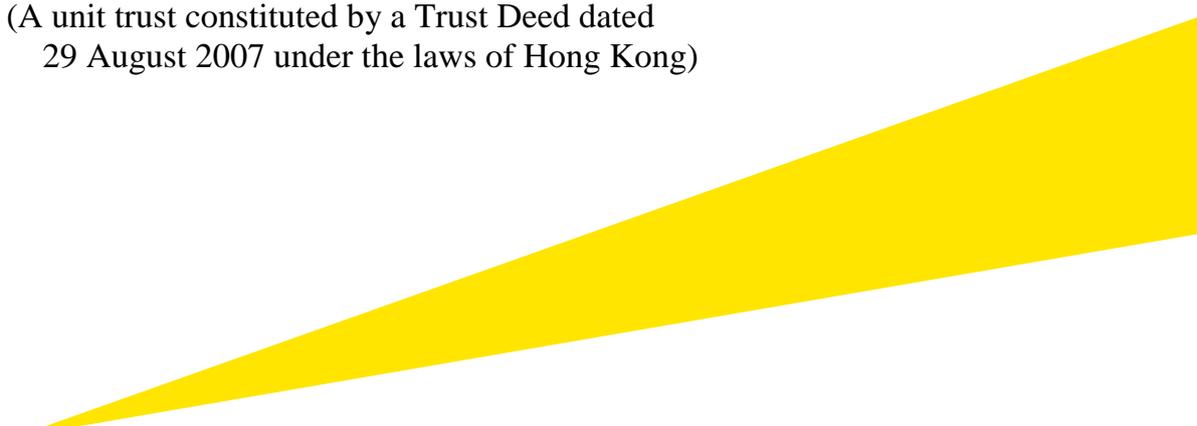
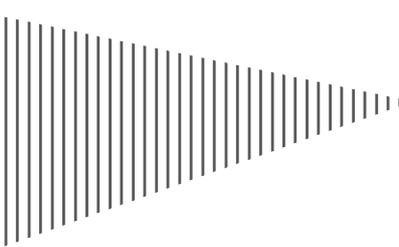
(In Liquidation)

FOR THE PERIOD FROM 1 January 2016 to 16 February 2017

(date of termination)

(A unit trust constituted by a Trust Deed dated

29 August 2007 under the laws of Hong Kong)



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Building a better
working world

GUOTAI JUNAN INVESTMENT FUNDS

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GUOTAI JUNAN INVESTMENT FUNDS

ADMINISTRATION AND MANAGEMENT

Investment Manager

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Directors of the Manager

YIM Fung
YUAN Junping

Trustee and Registrar

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HSBC Institutional Trust Services (Asia) Limited

(Appointed on 18 November 2016)
1 Queen's Road Central
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Auditors

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Suite 6401
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Grand Cayman KY1-1106
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British West Indies

Legal Adviser

Deacons
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Cayman Islands Legal Advisers to the Manager

Conyers Dill & Pearman (Cayman) Limited
(Retired on 18 November 2016)
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Hutchins Drive
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Cayman Islands

INVESTMENT MANAGER'S REVIEW

GUOTAI JUNAN INVESTMENT FUNDS

- GUOTAI JUNAN GREATER CHINA GROWTH FUND
- GUOTAI JUNAN EQUITY INCOME FUND
- GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

FOR THE YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

- GUOTAI JUNAN HONG KONG DOLLAR BOND FUND (In Liquidation)

FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

MARKET REVIEW

The past year 2016 was a year full of “*black swan*” events. It began with RMB’s sharp depreciation in January, followed by UK’s *Brexit* decision in June and highlighted by Mr. Trump’s victory on US President Election in November. The world economy nevertheless gained mild recovery after the major central banks have implemented the easing monetary policies for years. Not only the US recorded steady improvement on manufactory and employment; but also the EU and Japan have reported encouraging PMI figures. As the inflation growth gradually reached the target, US Fed started hinting constantly for further interest rate hikes in year 2017. US dollar also appreciated against other major currencies. Oil prices and other major commodity prices rebounded notably thanks to improved global demand.

China’s equity market finished disappointingly in 2016 as major indices all got corrections. However, turmoil basically happened in the 1H 2016; such as the RMB’s sharp depreciation, failed stock circuit-breaking system and the *L-shape* economic growth from the *Authority’s* expectation. In 2H 2016, we witnessed steady improvement of macro economy. China’s PPI growth turned positive since September 2016, and the coal / steel prices increased significantly due to the de-capacity policies and the steady improvement of domestic demand. PBOC started controlling the money supply and implemented de-leveraging policies in order to maintain the financial system’s stability.

In review of the captioned period, major equity indices of the United States, Europe and Japan represented by S&P 500, MSCI Europe and MSCI Japan recorded total returns of 12.0%, 3.2% and -0.4% respectively. On the same basis, MSCI Emerging Market recorded a gain of 11.5%. Specifically, CSI300 Index corrected by 9.3%; HSCEI Index increased by 1.4% and Hang Seng Index increased by 4.3%.

INVESTMENT MANAGER'S REVIEW (continued)

GUOTAI JUNAN INVESTMENT FUNDS

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MARKET OUTLOOK

We expect that divergence in economic conditions and monetary policies still to be the overarching theme for global economy in the year of 2017. The U.S. economy continues its recovery with the strong job market readings, unemployment rate in U.S. stayed below 5% level for quite some time, though inflations are picking up somehow given the commodities prices rebounded from low level. Federal Reserve hinted there would be more raises in the fed fund rate in 2017 than the market originally expected, following its only hike in last December, given President Trump's plans of infrastructure investment and tax cut may overheat the US economy. While the other major economies are facing slower economic growth than previously expected, and the UK voted leave in the Brexit referendum surprised the world and created a huge risk of uncertainty for economic growth, especially for the European Union. And there are a series of political events that may derail the global economy recovery, including the election in France and Germany later this year. The likelihood of another two or three hikes by the FED are expected for the year of 2017, meanwhile, other major central banks like European Central Bank and Bank of Japan both already made their benchmark rates negative to stimulate their economies. And the extremely accommodative monetary policies employed pushed bond yield to uncharted territory, capital is looking for yield and safety, we suspect there might be market turmoil down the road if investors lost confidence in the extreme monetary policies. Therefore, with uncertainty in Europe and the strong U.S. recovery, we expect that the U.S. Dollar may keep its strengthening stance, and the global capital may flow from Europe into U.S. and some emerging markets like Hong Kong.

The major indexes of US markets keep breaking to new historic high levels after Mr. Trump won the presidential election, on the expectation of pro-growth economic policies by the new government, including tax reform, infrastructure spending and financial deregulation.

And for the greater China markets, domestic A shares market experienced a horrific start of 2016 with the circuit breaker mechanism implementation. The market then stabilized and recovered somehow after the new mechanism was revoked but the investors still need time to heal, Shanghai composite lost over 12% in 2016. With the expectation on China's GDP growth will keep slowing down to around 6% level, and the probability of L-shaped economic growth onwards, and the 19th National Congress will be held in the second half of 2017, economic and social stability is extremely important issue for this year. We expect the central government would release more favorable policies to revive the industrial sectors with the supply side reform such as de-capacity and de-inventory. And we also expect the new economy such as Internet related service sectors would keep benefitting from the prosperous migration from offline to online.

For Hong Kong market, after the implementation of Shanghai-Hong Kong Stock Connect program in November 2014, the re-valuation of blue chip large caps stocks contributed to the rally during the first half of 2015 with turnover surged to record level, although the market corrected and consolidated in the following one and half years with the domestic A shares. Now Hong Kong market is still trading at a very distressed valuation level compared with US or China counterparts, we expect that a large part of the negativities may have already been factored in at this level.

INVESTMENT MANAGER'S REVIEW (continued)

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FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund



Index / Fund's Name	2016 Rate of Return (%)*	Since Inception Rate of Return (%)
Taiwan Taiex Total Return Index	15.6%	48.6%
MSCI Golden Dragon Total Return Index	5.2%	9.6%
Hang Seng Total Return Index	4.3%	9.8%
Hang Seng China Enterprises Total Return Index	1.5%	-23.8%
MSCI China Daily Total Return Index	1.2%	-11.7%
Hang Seng China-Affiliated Total Return Index	-8.7%	-21.5%
Guotai Junan Greater China Growth Fund	-8.7%	-24.5%

* Ranked by the total returns of indices or the Fund for year 2016.

INVESTMENT MANAGER'S REVIEW (continued)

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FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund (continued)

The total return of the Guotai Junan Greater China Growth Fund (“GJGC” hereafter) decreased by 8.7% in year 2016; and recorded a loss of 24.5% since inception, i.e. 19 Nov 2007.

In the captioned review period, GJGC underperformed the total returns of the Hang Seng Index (“HSI”) and Hang Seng China Enterprises Index (“HSCEI”) by 13.0% and 10.2% respectively. GJGC’s portfolio has tilted in small-cap and mid-cap stocks, which have underperformed the big-cap Hang Seng Index constituents.

As of the end of year 2016, GJGC’s portfolio was well diversified. Amongst all exposure, financials, industrials and information technology were the top weighed sectors, which made up of 26.5%, 18.2% and 17.2% of the NAV respectively.

INVESTMENT MANAGER'S REVIEW (continued)

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FOR THE YEAR ENDED 31 December 2016

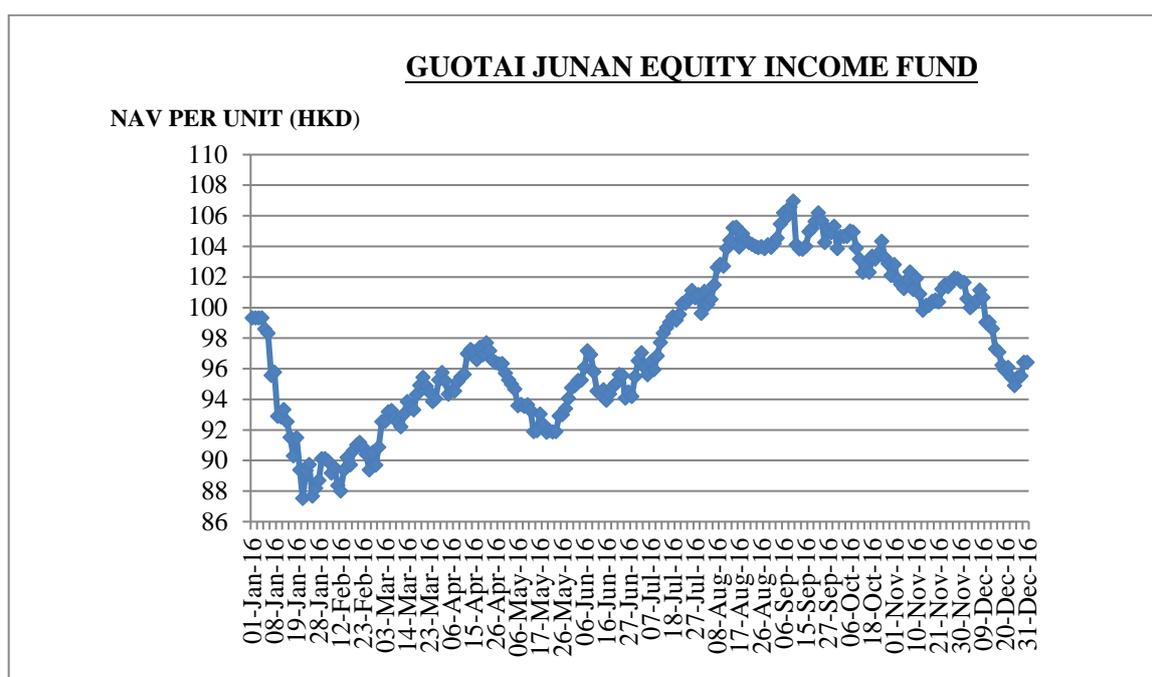
GUOTAI JUNAN INVESTMENT FUNDS

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FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

SUB-FUNDS' PERFORMANCE

B. Guotai Junan Equity Income Fund



Index / Fund's Name	2016 Rate of Return (%)*	Since Inception Rate of Return (%)
Taiwan Taix Total Return Index	15.6%	35.8%
Dow Jones Hong Kong Select Dividend 30 Total Return Index	5.6%	2.1%
MSCI Golden Dragon Total Return Index	5.2%	21.3%
Hang Seng Total Return Index	4.3%	22.1%
Hang Seng China Enterprises Total Return Index	1.5%	-3.3%
MSCI China Daily Total Return Index	1.2%	9.6%
Guotai Junan Equity Income Fund	-5.4%	9.4%
Hang Seng China-Affiliated Total Return Index	-8.7%	-1.7%

* Ranked by the total returns of indices or the Fund for year 2016.

INVESTMENT MANAGER'S REVIEW (continued)

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SUB-FUNDS' PERFORMANCE

B. Guotai Junan Equity Income Fund

The NAV of the Guotai Junan Equity Income Fund (“GJEI”) had a total return of -5.42% in year 2016, and recorded a total return of 9.42% since its inception on 29 Feb 2012. GJEI underperformed the total return of the Dow Jones Hong Kong Select Dividend 30 Index (“DJHKSD”), the HSI and the HSCEI by 11.04%, 9.72%, 6.91% respectively. We believe the GJEI’s strategy of investing in companies with brighter prospect, reasonable valuation, good cash flows and willingness to share profits with shareholders through high dividends, is still sound, but the overweight to China related sectors especially Chinese financials contributed to the underperformance.

As of 31 December 2016, the portfolio of GJEI tilted more exposure to financials, which provided higher dividend yields. Financials, real estates and industrials are the top weighted sectors representing 30.4%, 13.5% and 11.5% of the fund’s NAV respectively.

INVESTMENT MANAGER'S REVIEW (continued)

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FOR THE YEAR ENDED 31 December 2016

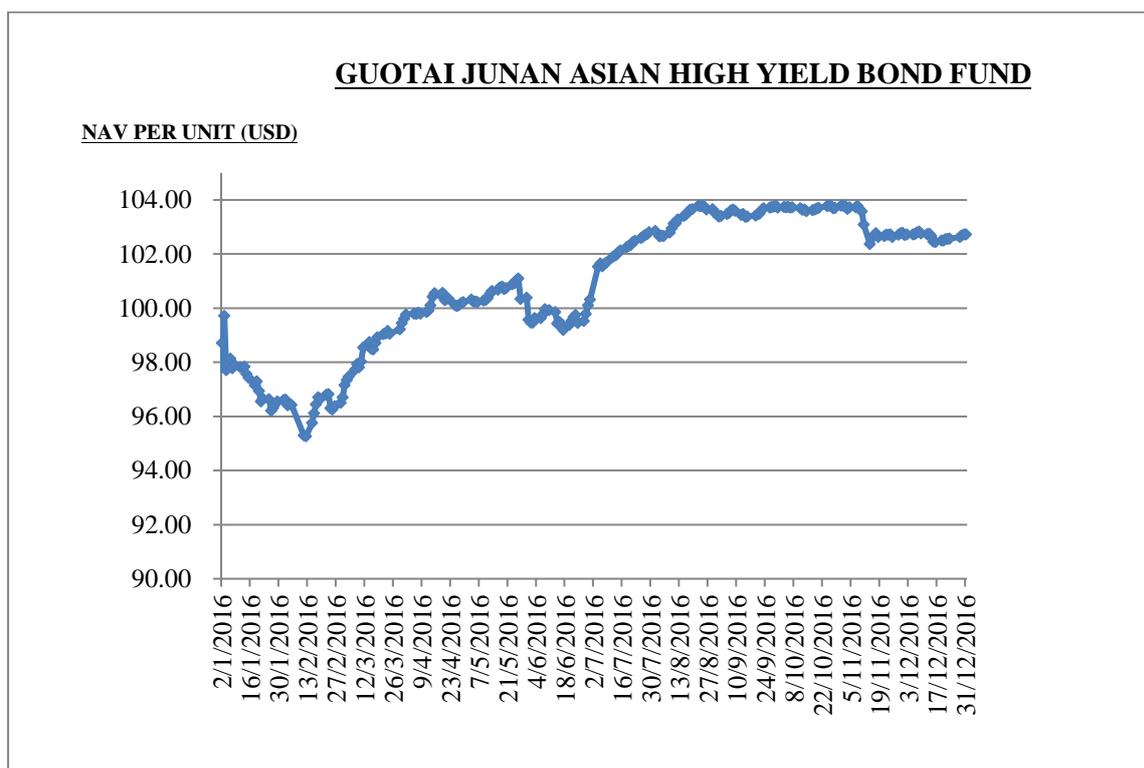
GUOTAI JUNAN INVESTMENT FUNDS

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FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

SUB-FUNDS' PERFORMANCE

C. Guotai Junan Asian High Yield Bond Fund



Guotai Junan Asian High Yield Bond Fund ("GJAB", the Fund) achieved a total return of 5.32% in 2016, the highest annual return since the fund inception. On 31/12/2016, the fund NAV was 102.72 vs. 97.53 on 31/12/2015.

As of December 2016, the portfolio was diversified across different risk factors, including countries, industries, credit ratings and etc. The major country exposures include China (54%), India (13%), Indonesia (17%) and Sri Lanka (4%). The major industry exposures include other industry (12%) and banks (27%). The performance improvement was in line with the rally of Asia bond market in 2016. In most of time during 2016, the majority of the portfolio was invested in BB and B bonds, which generated higher returns than the whole market. In November, the portfolio reduced its exposure to high risk securities and shortened its duration. Therefore, the portfolio performed much better than the market during the period.

INVESTMENT MANAGER'S REVIEW (continued)

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FOR THE YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

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FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

INVESTMENT STRATEGY

We are conservatively optimistic on companies with good earning visibility are trading at reasonable levels. With the newly implementation of Shenzhen-Hong Kong Connect in last December, which might be catalyst for re-valuation of mid-small caps in Hong Kong market, as those are trading at significant discount of their A peers, and which also provide another channel for the mainland investor to diversify the RMB currency risk. . While the overall earnings of HK listed companies are expected to recover at 14% growth rate in 2017, sector selection would still be as critical as ever, we believe sectors with strong cash flows, sectors less affected by RMB depreciation and sectors benefit from inflation would outperform the general market, and we would position ourselves accordingly.



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

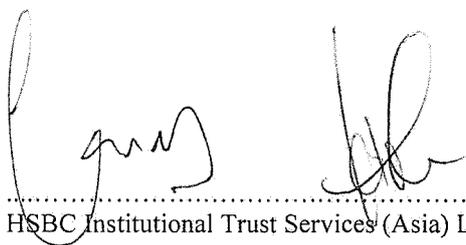
24 April 2017

REPORT OF THE TRUSTEE

GUOTAI JUNAN INVESTMENT FUNDS
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FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

We hereby confirm that, in our opinion, the Manager of the Trust has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 29 August 2007, as amended.



HSBC Institutional Trust Services (Asia) Limited

24 April 2017



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Independent Auditor's Report

To the Manager and the Trustee of
Guotai Junan Greater China Growth Fund,
Guotai Junan Equity Income Fund,
Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation) and
Guotai Junan Asian High Yield Bond Fund
(collectively, the Sub-Funds of Guotai Junan Investment Funds)
(A unit trust constituted by a Trust Deed dated 29 August 2007 under the laws of the Hong Kong)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund, Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation) and Guotai Junan Asian High Yield Bond Fund (sub-funds of Guotai Junan Investment Funds (the "Trust") and referred to collectively and individually as the "Sub-Funds") set out on pages 14 to 51, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity, distribution statement and statement of cash flows for the year then ended 31 December 2016 for Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund, and Guotai Junan Asian High Yield Bond Fund, and the statement of financial position as at 16 February 2017 (date of termination), and the statement of profit or loss and other comprehensive income, statement of changes in equity, distribution statement and statement of cash flows for the period from 1 January 2016 to 16 February 2017 (date of termination) for Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation), and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund, and Guotai Junan Asian High Yield Bond Fund as at 31 December 2016 and of each of their financial performance and cash flows for the year then ended, and the financial position of Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation) as at 16 February 2017 (date of termination) and of its financial performance and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Funds in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Annual Report

The Manager and the Trustee of the Sub-Funds are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements of the Sub-Funds and our auditor's report thereon.

Independent Auditor's Report (continued)

Other information included in the Annual Report (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee of the Sub-Funds are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee are responsible for assessing the Sub-Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intends to liquidate the Sub-Funds or to cease operations, or has no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 29 August 2007 ("Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

The Manager and the Trustee are responsible for overseeing the Sub-Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements have been properly prepared, in all material respect, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

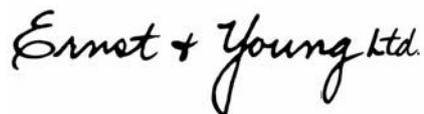
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Sub-Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- For Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund and Guotai Junan Asian High Yield Bond Fund, conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds to cease to continue as a going concern.
- For Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation), conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting. When such use is inappropriate and the Manager and the Trustee use an alternative basis of accounting, we conclude on the appropriateness of the Manager's and the Trustee's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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



24 April 2017

GUOTAI JUNAN INVESTMENT FUNDS
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 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

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 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
		Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	For the period from 1 January 2016 to 16 February 2017 HK\$		Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$
Income									
Dividend income		2,005,041	2,925,794	3,488,975	2,047,788	-	-	-	-
Interest income		261	-	2,451	-	370,544	723,221	509,992	395,946
Total income		<u>2,005,302</u>	<u>2,925,794</u>	<u>3,491,426</u>	<u>2,047,788</u>	<u>370,544</u>	<u>723,221</u>	<u>509,992</u>	<u>395,946</u>
Expenses									
Trustee fee	3	412,000	412,000	420,000	420,000	459,000	420,000	53,880	53,880
Bank charges		20,297	28,780	29,642	15,797	2,793	6,767	1,316	992
Valuation fee		95,086	95,743	134,750	135,850	144,144	134,862	17,150	17,290
Auditor's remuneration		266,000	235,000	221,000	190,000	160,000	190,000	21,293	22,000
Brokerage and handling fees	3	175,608	1,159,490	681,814	156,424	-	-	-	-
Management fee	3	1,350,049	1,837,327	1,955,051	779,047	133,650	348,135	72,993	49,893
Transaction fees		11,842	47,879	51,606	24,423	1,359	2,713	1,205	1,260
Registrar fee	3	43,120	56,185	39,600	40,200	43,787	40,000	5,180	5,130
Miscellaneous expenses		150,022	128,252	228,267	123,973	221,763	99,982	10,445	12,328
Total expenses		<u>2,524,024</u>	<u>4,000,656</u>	<u>3,761,730</u>	<u>1,885,714</u>	<u>1,166,496</u>	<u>1,242,459</u>	<u>183,462</u>	<u>162,773</u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	For the period from 1 January 2016 to 16 February 2017 HK\$		Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$
(Loss)/gain before investment (loss)/ gain and exchange differences	(518,722)	(1,074,862)	(270,304)	162,074	(795,952)	(519,238)	326,530	233,173
Investment (loss)/gain and exchange differences								
Net unrealised (loss)/gain on investments	(1,325,514)	1,462,117	(14,879,057)	(2,567,418)	(49,515)	374,545	1,183	251,775
Net realised (loss)/gain on investments	(6,773,138)	(7,816,418)	(6,621,298)	649,677	16,723	2,538	(45,979)	(411,601)
Foreign exchange differences, net	(15)	(154)	(49)	(32)	92	(104)	(333)	(10,655)
	<u>(8,098,667)</u>	<u>(6,354,455)</u>	<u>(21,500,404)</u>	<u>(1,917,773)</u>	<u>(32,700)</u>	<u>376,979</u>	<u>(45,129)</u>	<u>(170,481)</u>
(Loss)/profit before tax	(8,617,389)	(7,429,317)	(21,770,708)	(1,755,699)	(828,652)	(142,259)	281,401	62,692
Withholding tax	4 (90,611)	(171,604)	(92,588)	(126,778)	-	-	-	-
(Loss)/profit for the year/period	<u>(8,708,000)</u>	<u>(7,600,921)</u>	<u>(21,863,296)</u>	<u>(1,882,477)</u>	<u>(828,652)</u>	<u>(142,259)</u>	<u>281,401</u>	<u>62,692</u>
Other comprehensive income for the year/period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the year/period	<u>(8,708,000)</u>	<u>(7,600,921)</u>	<u>(21,863,296)</u>	<u>(1,882,477)</u>	<u>(828,652)</u>	<u>(142,259)</u>	<u>281,401</u>	<u>62,692</u>

The notes on pages 24 – 51 form an integral part of these financial statements.

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 16 February 2017 (date of termination)

STATEMENT OF FINANCIAL POSITION

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
		31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$	16 February 2017 HK\$	31 December 2015 HK\$	31 December 2016 US\$	31 December 2015 US\$
Assets									
Financial assets at fair value									
through profit or loss	5	73,225,237	90,691,805	223,889,475	39,774,683	-	38,293,020	13,432,890	5,899,316
Dividend receivables		97,800	-	84,339	49,600	-	-	-	-
Interest receivables		2	-	14	-	2	369,347	162,148	93,955
Cash and bank balances	6	<u>10,005,957</u>	<u>13,666,032</u>	<u>52,480,198</u>	<u>6,187,355</u>	<u>395,093</u>	<u>10,722,415</u>	<u>646,043</u>	<u>278,150</u>
Total assets		<u>83,328,996</u>	<u>104,357,837</u>	<u>276,454,026</u>	<u>46,011,638</u>	<u>395,095</u>	<u>49,384,782</u>	<u>14,241,081</u>	<u>6,271,421</u>
Liabilities									
Other payables and accruals		447,905	410,418	655,596	298,678	395,095	276,394	36,074	32,283
Redemption payable		<u>74,483</u>	-	-	-	-	-	-	-
Total liabilities		<u>522,388</u>	<u>410,418</u>	<u>655,596</u>	<u>298,678</u>	<u>395,095</u>	<u>276,394</u>	<u>36,074</u>	<u>32,283</u>
Equity									
Net assets attributable to unitholders		<u>82,806,608</u>	<u>103,947,419</u>	<u>275,798,430</u>	<u>45,712,960</u>	-	<u>49,108,388</u>	<u>14,205,007</u>	<u>6,239,138</u>
Total liabilities and equity		<u>83,328,996</u>	<u>104,357,837</u>	<u>276,454,026</u>	<u>46,011,638</u>	<u>395,095</u>	<u>49,384,782</u>	<u>14,241,081</u>	<u>6,271,421</u>

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Asian High Yield Bond Fund

31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

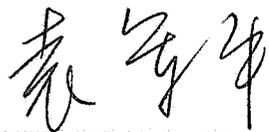
- Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)

16 February 2017 (date of termination)

STATEMENT OF FINANCIAL POSITION (continued)

	Notes	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015	16 February 2017	31 December 2015	31 December 2016	31 December 2015
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	US\$	US\$
Number of units in issue	8	<u>1,132,470.60</u>	<u>1,297,928.21</u>	<u>2,860,640.98</u>	<u>448,078.89</u>	<u>-</u>	<u>500,000.00</u>	<u>138,638.42</u>	<u>64,500.00</u>
Net asset value per unit	9	<u>73.12</u>	<u>80.09</u>	<u>96.41</u>	<u>102.02</u>	<u>-</u>	<u>98.22</u>	<u>102.46</u>	<u>96.73</u>

The notes on pages 24 - 51 form an integral part of these financial statements.



Guotai Junan Assets (Asia) Limited



HSBC Institutional Trust Services (Asia) Limited

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

STATEMENT OF CHANGES IN EQUITY

Guotai Junan Greater China Growth Fund

	Note	Total equity HK\$
At 1 January 2015		132,153,312
Subscription of units		69,742,101
Redemption of units		(85,575,987)
Total comprehensive income for the year		(7,600,921)
Distribution to unitholders	7	(4,771,086)
At 31 December 2015 and 1 January 2016		103,947,419
Subscription of units		9,277,460
Redemption of units		(21,710,271)
Total comprehensive income for the year		(8,708,000)
At 31 December 2016		<u>82,806,608</u>

Guotai Junan Equity Income Fund

		Total equity HK\$
At 1 January 2015		66,666,382
Subscription of units		6,578,492
Redemption of units		(22,678,674)
Total comprehensive income for the year		(1,882,477)
Distribution to unitholders	7	(2,970,763)
At 31 December 2015 and 1 January 2016		45,712,960
Subscription of units		256,116,000
Redemption of units		(4,167,234)
Total comprehensive income for the year		(21,863,296)
At 31 December 2016		<u>275,798,430</u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

STATEMENT OF CHANGES IN EQUITY (continued)

Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)

Total equity
 HK\$

At 1 January 2015	49,250,647
Total comprehensive income for the period	(142,259)
At 31 December 2015 and 1 January 2016	49,108,388
Redemption of units	(48,279,736)
Total comprehensive income for the period	(828,652)
At 16 February 2017 (date of termination)	-

Guotai Junan Asian High Yield Bond Fund

Total equity
 US\$

At 1 January 2015	6,176,446
Total comprehensive income for the year	62,692
At 31 December 2015 and 1 January 2016	6,239,138
Subscription of units	7,684,468
Total comprehensive income for the year	281,401
At 31 December 2016	14,205,007

The notes on pages 24 - 51 form an integral part of these financial statements.

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

DISTRIBUTION STATEMENT

Guotai Junan Greater China Growth Fund

	Note	Total equity HK\$
Undistributed income at 1 January 2015		-
Total comprehensive income for the year		(7,600,921)
Distribution to unitholders	7	(4,771,086)
Transfer to capital		<u>12,372,007</u>
Undistributed income at 31 December 2015 and 1 January 2016		-
Total comprehensive income for the year		(8,708,000)
Transfer to capital		<u>8,708,000</u>
Undistributed loss at 31 December 2016		<u><u>-</u></u>

Guotai Junan Equity Income Fund

		Total equity HK\$
Undistributed income at 1 January 2015		-
Total comprehensive income for the year		(1,882,477)
Distribution to unitholders	7	(2,970,763)
Transfer to capital		<u>4,853,240</u>
Undistributed income at 31 December 2015 and 1 January 2016		-
Total comprehensive income for the year		(21,863,296)
Transfer to capital		<u>21,863,296</u>
Undistributed loss at 31 December 2016		<u><u>-</u></u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

DISTRIBUTION STATEMENT (continued)

Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)

Total equity
HK\$

Undistributed loss at 1 January 2015	-
Total comprehensive income for the year	(142,259)
Transfer to capital	<u>142,259</u>
Undistributed loss at 31 December 2015 and 1 January 2016	-
Total comprehensive income for the period	(828,652)
Transfer to capital	<u>828,652</u>
Undistributed loss at 16 February 2017 (date of termination)	<u><u>-</u></u>

Guotai Junan Asian High Yield Bond Fund

Total equity
US\$

Undistributed loss at 1 January 2015	-
Total comprehensive income for the year	62,692
Transfer to capital	<u>(62,692)</u>
Undistributed loss at 31 December 2015 and 1 January 2016	-
Total comprehensive income for the year	281,401
Transfer to capital	<u>(281,401)</u>
Undistributed income at 31 December 2016	<u><u>-</u></u>

The notes on pages 24 - 51 form an integral part of these financial statements

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

STATEMENT OF CASH FLOWS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	For the period from 1 January 2016 to 16 February 2017 HK\$		Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$
Cash flows from operating activities								
(Loss)/profit before tax	(8,617,389)	(7,429,317)	(21,770,708)	(1,755,699)	(828,652)	(142,259)	281,401	62,692
Adjustments for:								
Net unrealised loss/(gain) on disposal of investments	1,325,514	(1,462,117)	14,879,057	2,567,418	49,515	(374,545)	(1,183)	(251,775)
Net realised loss/(gain) on investments	<u>6,773,138</u>	<u>7,816,418</u>	<u>6,621,298</u>	<u>(649,677)</u>	<u>(16,723)</u>	<u>(2,538)</u>	<u>45,979</u>	<u>411,601</u>
	(518,737)	(1,075,016)	(270,353)	162,042	(795,860)	(519,342)	326,197	222,518
Purchase of financial assets at fair value through profit or loss	(33,528,184)	(214,099,584)	(252,182,899)	(27,786,381)	(1,030,730)	(11,676,967)	(12,371,175)	(6,520,308)
Proceeds from disposals of financial assets at fair value through profit or loss	42,896,100	238,774,178	46,567,752	35,914,282	39,290,958	19,136,288	4,792,805	6,488,216
Decrease in amounts due from brokers	-	2,055,952	-	14,245,023	-	-	-	-
(Increase)/decrease in dividend receivables	(97,800)	44,422	(34,739)	(32,413)	-	-	-	-
(Decrease)/increase in interest receivables	(2)	-	(14)	-	369,345	(160,165)	(68,193)	(4,962)
Increase/(decrease) in other payables and accruals	37,487	(142,924)	356,918	(75,021)	118,701	(12,281)	3,791	1,657
Decrease in amounts due to brokers	-	(879,328)	-	(12,419,507)	-	-	-	-
Withholding tax paid on dividends received	(90,611)	(171,604)	(92,588)	(126,778)	-	-	-	-
Net cash flows from/(used in) operating activities	<u>8,698,253</u>	<u>24,506,096</u>	<u>(205,655,923)</u>	<u>9,881,247</u>	<u>37,952,414</u>	<u>6,767,533</u>	<u>(7,316,575)</u>	<u>187,121</u>

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Greater China Growth Fund
 -Guotai Junan Equity Income Fund
 -Guotai Junan Asian High Yield Bond Fund
 YEAR ENDED 31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS
 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
 FOR THE PERIOD FROM 1 January 2016 to 16 February 2017 (date of termination)

STATEMENT OF CASH FLOWS (continued)

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2016 HK\$	Year ended 31 December 2015 HK\$	For the period from 1 January 2016 to 16 February 2017 HK\$		Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$
Cash flows from financing activities								
Proceeds from issue of units	9,277,460	69,742,101	256,116,000	6,578,492	-	-	7,684,468	-
Payments on redemption of units	(21,635,788)	(85,575,987)	(4,167,234)	(22,678,674)	(48,279,736)	-	-	-
Distributions paid	-	(4,771,086)	-	(5,088,548)	-	-	-	-
Net cash flows (used in)/ from financing activities	<u>(12,358,328)</u>	<u>(20,604,972)</u>	<u>251,948,766</u>	<u>(21,188,730)</u>	<u>(48,279,736)</u>	<u>-</u>	<u>7,684,468</u>	<u>-</u>
Net (decrease)/ increase in cash and cash equivalents	(3,660,075)	3,901,124	46,292,843	(11,307,483)	(10,327,322)	6,767,533	367,893	187,121
Cash and cash equivalents at beginning of the year/period	<u>13,666,032</u>	<u>9,764,908</u>	<u>6,187,355</u>	<u>17,494,838</u>	<u>10,722,415</u>	<u>3,954,882</u>	<u>278,150</u>	<u>91,029</u>
Cash and cash equivalents at end of the year/period	<u>10,005,957</u>	<u>13,666,032</u>	<u>52,480,198</u>	<u>6,187,355</u>	<u>395,093</u>	<u>10,722,415</u>	<u>646,043</u>	<u>278,150</u>
Analysis of balances of cash and cash equivalents								
Bank balances	<u>10,005,957</u>	<u>13,666,032</u>	<u>52,480,198</u>	<u>6,187,355</u>	<u>395,093</u>	<u>10,722,415</u>	<u>646,043</u>	<u>278,150</u>
Supplementary cash flow information:								
Cash received in dividend income	1,907,241	2,970,216	3,454,236	2,015,375	-	-	-	-
Cash received in interest income	<u>259</u>	<u>-</u>	<u>2,437</u>	<u>-</u>	<u>739,889</u>	<u>563,056</u>	<u>441,749</u>	<u>390,984</u>

The notes on pages 24 - 51 form an integral part of these financial statements

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Asian High Yield Bond Fund

31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)

16 February 2017 (date of termination)

NOTES TO FINANCIAL STATEMENTS

1. THE TRUST AND THE SUB-FUNDS

Guotai Junan Investment Funds (the "Trust"), is a unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a Trust Deed dated 29 August 2007 (the "Trust Deed") and supplemental deed dated 31 October 2016 between Guotai Junan Assets (Asia) Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust will continue for a period of 100 years from the date of the Trust Deed or until it is terminated by the Manager or the Trustee. The Trust was originally constituted as an umbrella unit trust established under the laws of Cayman Islands and was registered with Cayman Island Monetary Authority on 3 September 2007. Pursuant to a Deed of Retirement and Appointment of Trustee dated 26 October 2016, the Trust was removed from the jurisdiction of the Cayman Islands to the jurisdiction of the Hong Kong Special Administrative Region and HSBC Institutional Trust Services (Asia) Limited was appointed as trustee in place of HSBC Trustee (Cayman) Limited effective 18 November 2016. The Trust currently consists of four sub-funds which are Guotai Junan Greater China Growth Fund, Guotai Junan Equity Income Fund, Guotai Junan Hong Kong Dollar Bond Fund and Guotai Junan Asian High Yield Bond Fund (collectively the "Sub-Funds") which has been authorised by the Hong Kong Securities and Future Commission (the "SFC").

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

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

The investment objectives of the Sub-Funds are as follows:

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

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

- Guotai Junan Equity Income Fund ("GJEI")

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

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Asian High Yield Bond Fund

31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)

16 February 2017 (date of termination)

NOTES TO FINANCIAL STATEMENTS

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

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

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

Pursuant to the written resolution passed on 16 February 2017, the Manager of the Sub-Fund resolved to terminate GJHB's operation on 16 February 2017 (date of termination). Full redemption of the outstanding units was executed on 11 January 2017.

- Guotai Junan Asian High Yield Bond Fund ("GJAB")

The Guotai Junan Asian High Yield Bond Fund seeks to generate interest income and capital gain through investing in high yield bonds and debt securities issued or guaranteed by Asian Entities in Asian Markets. The Sub-Fund may also invest in bond funds and physical bond Exchange Traded Funds.

2.1 BASIS OF PREPARATION

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

The financial statements of GJHB have been prepared on the basis of the relevant disclosure provisions of the Trust Deed, the relevant disclosure provisions as set out in Appendix E to the Hong Kong Code of Unit Trusts and Mutual Funds established by the SFC (the "SFC Code") and Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. They have been prepared under the liquidation basis.

As explained in note 1 to the financial statements, GJHB resolved to terminate its operation on 16 February 2017 (date of termination). In the opinion of the Manager and the Trustee, the going concern basis is no longer applicable and the financial statements of GJHB have therefore been prepared on a liquidation basis. Accordingly, all assets of GJHB have been written down to their estimated net realisable values and the estimated liquidation costs amounting to approximately HK\$123,274 have been accrued in the statement of financial position of GJHB. The Manager and the Trustee consider these financial statements to be the last set of financial statements of GJHB.

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Greater China Growth Fund
- Guotai Junan Equity Income Fund
- Guotai Junan Asian High Yield Bond Fund

31 December 2016

GUOTAI JUNAN INVESTMENT FUNDS

- Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)

16 February 2017 (date of termination)

NOTES TO FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION (continued)

Due to the change of basis of preparation in the current period, amounts presented on the financial statements and related notes of GJHB for the period from 1 January 2016 to 16 February 2017 (date of termination) are not entirely comparable with amounts presented for the year ended 31 December 2015 which were prepared on a going concern basis.

The financial statements of GJGC, GJEL, and GJHB are presented in Hong Kong Dollars (“HK\$”) while GJAB is presented in United States dollars (“US\$”) and all values are rounded to the nearest HK\$, except where otherwise indicated.

2.2 IMPACT OF CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following amended HKFRS adopted in the period commencing 1 January 2016:

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify:

- The materiality requirements in HKAS 1
- That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. These amendments do not have any impact on the Sub-Funds.

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Sub-Funds have not early applied any of the new and revised HKFRS that have been issued but are not yet effective in the financial statements. Among the new and revised HKFRS, the following are expected to be relevant to the Sub-Funds' financial statements upon them becoming effective:

- HKFRS 9 *Financial Instruments*
- HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 9 *Financial Instruments*

In July 2014, the HKICPA issued the final version of HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement and all previous versions of HKFRS 9. HKFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Sub-Funds expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Sub-Funds' financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under HKFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Fund is currently assessing the impact of the standard upon adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than as adjusted as applicable for the adoption of liquidation basis in the current period as explained above in respect of GJHB, the significant accounting policies applied in the preparation of these financial statements are set out below:

Financial instruments

(i) ***Classification***

The Sub-Funds classify its financial assets and financial liabilities into the categories below in accordance with HKAS 39.

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification** (continued)

Loans and receivables

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

Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Sub-Funds include in this category amounts relating to due to broker and short-term payables.

(ii) **Recognition**

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

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

(iii) **Initial measurement**

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

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

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Sub-Funds recognises the difference in profit or loss, unless specified otherwise.

(iv) **Subsequent measurement**

After initial measurement, the Sub-Funds measure financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net unrealised gain/loss on investments. Net realised gain/loss on disposals of financial instruments classified as "fair value through profit or loss" are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Interest earned and dividend revenue elements of such instruments are recorded separately in profit or loss.

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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) **Subsequent measurement** (continued)

Financial liabilities, other than those classified as fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

(v) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where (i) the rights to receive cash flows from the asset have expired or (ii) the Sub-Funds have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: (a) the Sub-Funds have transferred substantially all the risks and rewards of the asset; or (b) the Sub-Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(vi) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value measurement

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

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

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue

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

Foreign currency translations

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

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

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

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units

Classification of redeemable units

Redeemable units are classified as equity instruments when:

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

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

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

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

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

or

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

Income taxes

The Sub-Funds are exempt from all forms of taxation in Hong Kong and the Cayman Islands, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Funds present the withholding tax separately from the gross investment income in profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Distribution to Unit Holders

The Sub-Funds recognises a liability to make cash distributions or non-cash distributions to unitholders when the distribution is authorised. The Manager may at its discretion make a cash distribution in Hong Kong Dollars or US Dollars on a semi-annual basis to unitholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

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2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Funds' financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Fair value of financial instruments

When the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and discount rates.

Functional currency

The Sub-Fund's functional currency is the HK\$, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HK\$. Therefore, the HK\$ is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The presentation currency of GJGC, GJEI, and GJHB are in HK\$ while presentation currency of GJAB is in US\$.

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3. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

The following is a summary of transactions entered into during the year between the Sub-Funds and its connected persons. Connected persons of the Sub-Funds are those as defined in the Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

Manager's and its affiliates' holdings in the Sub-Funds

The Manager may transact in the units of the Sub-Funds as principal provided that prior written notice is obtained from the Trustee.

Details of units of the Sub-Funds held by the Manager's affiliates are as below:

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	16 February 2017	31 December 2015	31 December 2016	31 December 2015
Units of the Sub-Funds	<u>212,192</u>	<u>212,192</u>	<u>2,856,560</u>	<u>399,600</u>	<u>-</u>	<u>500,000</u>	<u>138,638</u>	<u>64,500</u>

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

Management fee

The Manager is entitled to receive a management fee at 1.5% per annum of the net asset value of GJGC and GJEI, and at 0.7 % per annum of the net asset value of GJHB, and at 1.2% and 0.8% per annum of the net asset value of GJAB for Class A and Class I units, respectively, per annum. The management fee is calculated and accrued as at each valuation day and payable monthly in arrears. As at 31 December 2016 for GJGC, GJEI and GJAB and as at 16 February 2017 (date of termination) for GJHB, management fee of HK\$109,282 (2015: HK\$127,048) for GJGC, HK\$355,417 (2015: HK\$57,588) for GJEI, nil (2015: HK\$29,443) for GJHB, and US\$9,645 (2015: US\$4,265) for GJAB were payable to the Manager at the end of the reporting period which is included within other payables and accruals in the statement of financial position.

Trustee fee

For GJGC, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum annual fee of HK\$412,000 in relation to the Sub-Fund. This fee is calculated and accrued on each valuation day and paid monthly in arrears. As at 31 December 2016, HK\$34,897 (2015: HK\$34,991) was payable to the Trustee at the end of the reporting period which is included within other payables and accruals in the statement of financial position.

For GJEI, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum monthly fee of HK\$35,000 in relation to the Sub-Fund. This fee is calculated and accrued on each valuation day and paid monthly in arrears. As at 31 December 2016, HK\$35,000 (2015: HK\$35,000) was payable to the Trustee at the end of the reporting period which is included within other payables and accruals in the statement of financial position.

For GJHB, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum monthly fee of HK\$35,000 until 31 December 2016 in relation to the Sub-Fund. Effective 1 January 2017, the minimum monthly fee will be US\$5,000. This fee is calculated and accrued on each valuation day and paid monthly in arrears. As at 16 February 2017 (date of termination), HK\$39,000 (2015: HK\$35,000) was payable to the Trustee at the end of the reporting period which is included within other payables and accruals in the statement of financial position.

For GJAB, the Trustee is entitled to receive from the Sub-Fund, an annual fee at a sliding scale with a maximum rate of 0.14% per annum of the net asset value of the Sub-Fund as at the relevant valuation point subject to a minimum monthly fee of US\$4,490 in relation to the Sub-Fund. This fee is calculated and accrued on each valuation day and paid monthly in arrears. As at 31 December 2016, US\$4,490 (2015: US\$4,490) was payable to the Trustee at the end of the reporting period which is included within other payables and accruals in the statement of financial position.

For all Sub-Funds, the Trustee is also entitled to receive transaction, processing and valuation fees and be paid or reimbursed with other applicable fees as agreed with the Manager.

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

Registrar fee

The Trustee is also entitled to receive a fee for services in its capacity as Registrar which is fixed at HK\$39,000 per annum initially for GJGC and GJEI, HK\$40,000 for GJGC with effective from 1 July 2014. Such fee may vary depending on the number of holders of redeemable units in the Sub-Funds and is calculated and paid monthly in arrears to the Trustee. A fixed amount of HK\$40,000 per annum for GJGC and GJHB, and HK\$39,000 per annum for GJEI, for the first 100 investors and HK\$780 per annum for GJGC and GJHB and HK\$800 per annum for GJEI per investor thereafter, and US\$5,130 per annum for the first 100 investors and US\$100 per annum per investor thereafter for GJAB. There is no maximum amount applicable to the Registrar Fees. As at 31 December 2016 for GJGC, GJEI and GJAB and as at 16 February 2017 (date of termination) for GJHB, a registrar fee of HK\$3,583 (2015: HK\$3,787) for GJGC, HK\$3,302 (2015: HK\$3,312) for GJEI, HK\$3,592 (2015: HK\$3,397) for GJHB, and US\$433 (2015: US\$437) for GJAB were payable to the Registrar at the end of reporting period which is included within other payables and accruals in the statement of financial position.

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

Brokerage and handling fees

Guotai Junan Securities (Hong Kong) Limited ("GJS"), the fellow subsidiary of the Manager, charged the Sub-Funds a brokerage and handling fee at a fixed rate of 1% for each initial public offering subscription and 0.18% for each listed securities transaction which was changed to 0.15% effective 15 May 2015. During the year ended 31 December 2016 for GJGC, GJEI and GJAB and period ended 16 February 2017 (date of termination) for GJHB, included in the brokerage and handling fees of the statement of profit or loss and other comprehensive income were HK\$42,915 (2015: HK\$337,708) for GJGC, HK\$100,160 (2015: HK\$29,519) for GJEI, nil for GJHB, and nil for GJAB charged by GJS. No balances in relation to the brokerage and handling fee were payable by the Sub-Funds to GJS as at 31 December 2016 for GJGC, GJEI and GJAB and as at 16 February 2017 (date of termination) for GJHB and 31 December 2015.

Bank balances

Bank balances are maintained with the Hong Kong and Shanghai Banking Corporation Limited ("HSBC"), Hong Kong Branch, an affiliate of the Trustee. All bank balances were deposited with affiliates of the Trustee as at 31 December 2016 for GJGC, GJEI and GJAB and as at 16 February 2017 (date of termination) for GJHB and 31 December 2015.

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NOTES TO FINANCIAL STATEMENTS

4. TAX

The Sub-Funds of the Trust are exempt from Hong Kong profits tax on income arising from its authorised activities under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

The Trust has obtained an undertaking from the Governor-in-Council of the Cayman Islands on 18 September 2007 that, in accordance with Section 81 of the Trust Law (2001 Revision) of the Cayman Islands, for a period of 50 years from the date of creation of the Trust, no laws of the Cayman Islands thereafter enacted imposing any tax or duty to be levied on income or on capital assets, gains or appreciation or any tax in the nature of estate duty or inheritance tax shall apply to any property comprised in or any income arising under the Trust, or the Sub-Funds or the Trustee or the holders of redeemable units in respect of any property or income. Effective 18 November 2016, the Trust has changed its jurisdiction from Cayman Islands to Hong Kong.

Dividend income is subject to withholding tax in certain jurisdictions and is the only item subject to taxation at an average applicable withholding tax rate of 10% (2015: 10%) in such jurisdictions for GJGC and GJEI.

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 -Guotai Junan Greater China Growth Fund
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 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$	16 February 2017 HK\$	31 December 2015 HK\$	31 December 2016 US\$	31 December 2015 US\$
Financial assets held for trading:								
Listed equity securities, at cost	69,339,421	85,480,475	238,767,133	39,773,284	-	-	-	-
Debt securities, at cost	-	-	-	-	-	38,243,505	13,396,561	5,864,170
Unrealised gain/(loss)	<u>3,885,816</u>	<u>5,211,330</u>	<u>(14,877,658)</u>	<u>1,399</u>	<u>-</u>	<u>49,515</u>	<u>36,329</u>	<u>35,146</u>
Total financial assets at fair value through profit or loss	<u><u>73,225,237</u></u>	<u><u>90,691,805</u></u>	<u><u>223,889,475</u></u>	<u><u>39,774,683</u></u>	<u><u>-</u></u>	<u><u>38,293,020</u></u>	<u><u>13,432,890</u></u>	<u><u>5,899,316</u></u>

Valuation techniques

Listed investment in equity securities and debt securities

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

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 -Guotai Junan Hong Kong Dollar Bond Fund (In Liquidation)
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NOTES TO FINANCIAL STATEMENTS

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

Valuation techniques (continued)

Unlisted debt securities

The Fund invests in debt securities, corporate and government bonds. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

On 31 December 2015, one listed equity held by GJGC, were suspended from trading on 27 March 2015 and classified in Level 3 as its carrying amount of HK\$1,040,000 was valued at last trade price before suspension less a liquidating discount as determined by the Manager. On 31 December 2012, another listed equity held by GJGC were suspended from trading and was reclassified from Level 1 to Level 3. The listed suspended equity was written down to nil as of 31 December 2012.

The following table analyses within the fair value hierarchy the Sub-Funds' financial assets measured at fair value at 31 December 2016 and at 16 February 2017 (date of termination).

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$	16 February 2017 HK\$	31 December 2015 HK\$	31 December 2016 US\$	31 December 2015 US\$
Quoted prices in active markets (Level 1)	72,185,237	89,651,805	223,889,475	39,774,683	-	21,915,750	4,426,521	2,746,868
Significant observable inputs (Level 2)	-	-	-	-	-	16,377,270	9,006,369	3,152,448
Significant unobservable inputs (Level 3)	<u>1,040,000</u>	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December and at 16 February	<u>73,225,237</u>	<u>90,691,805</u>	<u>223,889,475</u>	<u>39,774,683</u>	<u>-</u>	<u>38,293,020</u>	<u>13,432,890</u>	<u>5,899,316</u>

GUOTAI JUNAN INVESTMENT FUNDS
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GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

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

Valuation techniques (continued)

As at 31 December 2016, there were no transfers of fair value measurements between Level 1 and Level 2.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period:

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$	16 February 2017 HK\$	31 December 2015 HK\$	31 December 2016 US\$	31 December 2015 US\$
Financial assets held for trading:								
At beginning of the year/period	1,040,000	-	-	-	-	-	-	-
Purchase	-	1,948,000	-	-	-	-	-	-
Total losses recognised in profit or loss	-	(908,000)	-	-	-	-	-	-
At 31 December and at 16 February	<u>1,040,000</u>	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

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

Sensitivity analysis to significant changes in unobservable inputs – Level 3

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with the quantitative sensitivity analysis as at 31 December 2016 and 31 December 2015 are shown below:

Description	Valuation Technique	Unobservable inputs	Range	Sensitivity of fair value to the input
As at 31 December 2016				
Suspended equity securities	Adjusted last trade price	Liquidity discount	50%	+/-5% movement in liquidity discount would result in change in fair value by HK\$104,000
As at 31 December 2015				
Suspended equity securities	Adjusted last trade price	Liquidity discount	50%	+/-5% movement in liquidity discount would result in change in fair value by HK\$104,000

6. CASH AND BANK BALANCES

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

7. DISTRIBUTIONS

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund	
	31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$
Interim distribution (HK\$3.03 and HK\$6.63 per unit, respectively) distributed on 2 July 2015	-	4,771,086	-	2,970,763
	<u>-</u>	<u>4,771,086</u>	<u>-</u>	<u>2,970,763</u>

As at 31 December 2016 and as at 16 February 2017 (date of termination) and 31 December 2015, no distribution has been declared on behalf of GJAB and GJHB, respectively.

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- Guotai Junan Greater China Growth Fund
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GUOTAI JUNAN INVESTMENT FUNDS

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8. CAPITAL

Each Sub-Fund, as at 31 December 2016 for GJGC, GJEI and GJAB and as at 16 February 2017 (date of termination) for GJHB, only has one single class of units in issue, being redeemable participating units. The redeemable participating units do not carry any voting rights. They carry the right to receive distributions and the rights to participate in the surplus assets of the Sub-Funds after the payment of all creditors upon liquidation of the Sub-Funds.

Redeemable participating units can be issued and redeemed on each valuation day, i.e. every business day of the calendar year. The holders of redeemable participating unit may redeem the redeemable participating units on any valuation day by no later than the dealing deadline, i.e. no later than the business hours of the business day of the calendar year. Redemption requests received after such time will be deemed to have been received on the next business day.

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NOTES TO FINANCIAL STATEMENTS

8. CAPITAL (continued)

The calculation of the net asset value per unit of the Sub-Funds is based on the net asset of the Sub-Funds as at 31 December 2016 and 16 February 2017 (date of termination), and the number of units in issue as at that date.

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$	16 February 2017 HK\$	31 December 2015 HK\$	31 December 2016 US\$	31 December 2015 US\$
Net assets	<u>82,806,608</u>	<u>103,947,419</u>	<u>275,798,430</u>	<u>45,712,960</u>	<u>-</u>	<u>49,108,388</u>	<u>14,205,007</u>	<u>6,239,138</u>

Movement in the number of participating units issued and fully paid:

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	16 February 2017	31 December 2015	31 December 2016	31 December 2015
At beginning of the year/ period	1,297,928.21	1,535,254.46	448,078.89	605,081.51	500,000.00	500,000.00	64,500.00	64,500.00
Issued during the year	127,140.81	697,108.53	2,456,960.49	48,713.10	-	-	74,138.42	-
Redeemed during the year/ period	(292,598.42)	(934,434.78)	(44,398.40)	(205,715.72)	(500,000.00)	-	-	-
At 31 December/ 16 February	<u>1,132,470.60</u>	<u>1,297,928.21</u>	<u>2,860,640.98</u>	<u>448,078.89</u>	<u>-</u>	<u>500,000.00</u>	<u>138,638.42</u>	<u>64,500.00</u>

GUOTAI JUNAN INVESTMENT FUNDS
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GUOTAI JUNAN INVESTMENT FUNDS
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NOTES TO FINANCIAL STATEMENTS

9. RECONCILIATION BETWEEN NET ASSET VALUE PER STATEMENT OF FINANCIAL POSITION AND PUBLISHED NET ASSET VALUE

	Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund		Guotai Junan Hong Kong Dollar Bond Fund		Guotai Junan Asian High Yield Bond Fund	
	31 December 2016 HK\$	31 December 2015 HK\$	31 December 2016 HK\$	31 December 2015 HK\$	16 February 2017 HK\$	31 December 2015 HK\$	31 December 2016 US\$	31 December 2015 US\$
Net asset value used for calculating published net asset value per redeemable unit	82,806,608	103,916,419	275,798,430	45,681,960	-	49,404,101	14,240,352	6,290,734
Adjustment to preliminary expenses (a)	-	-	-	-	-	(318,849)	(35,345)	(49,586)
Over-accrual of audit fees	-	31,000	-	31,000	-	23,136	-	(2,010)
Net asset value per financial statements	<u>82,806,608</u>	<u>103,947,419</u>	<u>275,798,430</u>	<u>45,712,960</u>	<u>-</u>	<u>49,108,388</u>	<u>14,205,007</u>	<u>6,239,138</u>
Number of redeemable units in issue	1,132,470.60	1,297,928.21	2,860,640.98	448,078.89	-	500,000.00	138,638.42	64,500.00
Published net asset value per redeemable unit	<u>73.12</u>	<u>80.06</u>	<u>96.41</u>	<u>101.95</u>	<u>-</u>	<u>98.81</u>	<u>102.46</u>	<u>97.53</u>
Net asset value per redeemable unit per financial statement	<u>73.12</u>	<u>80.09</u>	<u>96.41</u>	<u>102.02</u>	<u>-</u>	<u>98.22</u>	<u>102.46</u>	<u>96.73</u>

- (a) The explanatory memorandum provides for the amortisation of preliminary over 60 months of operation of GJHB and GJAB, instead of those amounts being expensed as incurred during the current period, as required under HKFRSs.

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NOTES TO FINANCIAL STATEMENTS

10. SOFT COMMISSION ARRANGEMENTS

Neither the Manager nor any of its connected persons has entered into any soft commission arrangements with brokers or dealers in respect of the transactions for the account of the Sub-Funds of the Trust.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Sub-Funds are subject to various risks as the Sub-Funds invested in a number of financial instruments including listed equity securities during the year.

The investment objective, strategy and restrictions apply to any investment at the time that investment is made. The Manager will be responsible for ensuring compliance at all times with the investment policies. Where any policy is breached, the Manager will ensure that immediate corrective action will be taken, except where the breach is due to appreciation or depreciation in the value of investments.

The Manager will also be managing the assets of the four Sub-Funds and will minimise risk by applying a combination of bottom-up and top-down approaches including macroeconomic, industrial and company specific analysis so as to develop a high quality investment portfolio. For GJGC and GJEI, the two Sub-Funds invest substantially all of its assets in Hong Kong listed "H" shares, "Red Chips", Shanghai and Shenzhen listed "B" shares and are broadly diversified with numerous exchange traded investments. For GJHB, the Sub-Fund invests substantially all of its assets in debt securities including government bonds and corporate bonds. For GJAB, the Sub-Fund invests substantially all of its assets in high yield bonds and debt securities issued or guaranteed by Asian Entities in Asian Markets.

(a) Market risk

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

The Sub-Funds are exposed to market risk on its investments. The Sub-Funds minimise its exposure to market risk by diversifying its listed investments broadly and monitoring its investments constantly on a real time basis by a team of fund managers.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Sub-Funds are exposed to interest rate risk as all of its cash and bank balances are placed in interest bearing accounts.

The Manager is responsible for monitoring and managing the interest rate exposure of the Sub-Funds. Financial assets of GJGC and GJEI are predominately equity securities, which are interest free while the interest rate risks of the Sub-Funds are mainly attributable to interest bearing bank deposits. Accordingly, the Manager considers that exposures of GJGC and GJEI to interest rate risk were minimal.

For GJHB and GJAB, the Manager regularly assesses the economic condition, monitor changes in interest rates outlook and takes appropriate measures accordingly to control the impact of interest rate risk.

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Interest rate risk (continued)

The debt securities held by GJHB primarily carries floating interest rates and mature within three years. The Manager therefore considers the change in fair value of debt securities is minimal.

The following table demonstrates the sensitivity of GJHB's loss for the period to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the loss for the period is the effect of the assumed changes in interest rate on the net interest income for one year, based on the floating rate debt securities held at 31 December 2015:

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

	%	Sensitivity of interest income increase/(decrease) (GJHB) HK\$
At 31 December 2015	+/-1	818,000/(818,000)

As at 16 February 2017 (date of termination), interest rate risk is considered minimal as GJHB does not hold any investment.

The debt securities held by GJAB primarily carry fixed interest rates. The Manager therefore considers the movement in interest rates will have minimal impact on the interest income.

The following table demonstrates the sensitivity of GJAB's profit or loss for the period to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of both the net asset attributable to unitholders and profit or loss is the effect of the assumed changes in interest rates on changes on fair value of investments for the period, based on revaluing fixed rate financial assets at the end of the reporting period.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

	%	Sensitivity of change in fair value of investments increase/(decrease) (GJAB) US\$
At 31 December 2016	+/-1	397,000
At 31 December 2015	+/-1	209,000

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NOTES TO FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such risk exposures arise from trading in securities in currencies other than the Sub-Funds' functional currencies. Fluctuations in exchange rates between the HK\$ and US\$ may affect its financial condition and results of operations, whereas the Manager considers the US\$/HK\$ exposure is minimal as HK\$ is pegged to US\$. Also GJGC, GJEI and GJHB do not expose to significant currency risk as majority of its operations and transactions are in HK\$ and denominated in HK\$. GJAB has investments denominated in Chinese Offshore Yuan ("CNH"), which is different from its functional currency. Accordingly, the value of GJAB's assets may be affected favorably or unfavorably by fluctuations in currency rates and therefore the will necessarily be subject to foreign exchange risks. As at 31 December 2016 and 2015, GJAB does not expose to significant currency risk as the investments denominated in CNH are minimal.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as a result of changes in the level of equity indices and the value of individual shares. The trading equity price risk exposure arises from the Sub-Funds' investment portfolio. As GJAB primarily invests in debt securities as at 31 December 2016 and GJHB does not hold any investment as at 16 February 2017 (date of termination), the Manager considers GJAB and GJHB exposure to equity price risk is minimal.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in Hang Seng Index ("HSI"), with all other variables held constant, of the Sub-Funds' profit and net assets attributable to holders of redeemable units.

		Guotai Junan Greater China Growth Fund		Guotai Junan Equity Income Fund	
		2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
HSI	+/-5%	<u>4,506,000</u>	<u>6,444,000</u>	<u>12,040,000</u>	<u>2,018,000</u>

This analysis is based on the assumption that all the equity instruments move according to the historical correlation with the HSI and with all other variables held constant. In practice, the actual results may differ and the difference could be material.

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Sub-Funds will encounter difficulty in meeting obligation associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

As described in note 8 to the financial statements, the Sub-Funds are subject to cash redemptions of its redeemable units on every business day during the calendar year. The Sub-Funds consider that its exposure to liquidity risk is minimal as all of its investments are listed and actively traded.

The contractual undiscounted cash flows of the financial liabilities as at 31 December 2016 for GJGC, GJEI and GJAB and as at 16 February 2017 (date of termination) for GJHB are the same as their carrying amounts of HK\$522,388 (2015: HK\$410,418), HK\$655,596 (2015: HK\$298,678), US\$36,074 (2015: US\$32,283) and HK\$395,095 (2015: HK\$276,394), respectively, as they are repayable less than three months.

(c) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Sub-Funds by failing to discharge an obligation. The Sub-Funds minimise exposure to credit risk by only dealing with counterparties with high credit ratings.

GJGC and GJEI are mainly exposed to credit risk on its investments placed with the brokers and amounts due from brokers. The Manager monitors the credit risk by monitoring the credit quality of brokers on a regular basis. If the credit quality or the financial position of brokers deteriorates significantly the Manager will deal with other providers. For GJHB, majority of the debt securities were issued by Hong Kong government with AA+ rating as at 31 December 2015. No investments were held as of 16 February 2017 (date of termination). In addition, substantially all of the bank deposits of the Sub-Funds are held by the reputable financial institutions located in Hong Kong. For GJAB, the Sub-Fund may invest in instruments which are unrated or instruments issued or guaranteed by Asian entities in Asian markets, and the credit rating of GJAB's debt securities is analysed below.

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

The table below summaries the credit rating of GJAB's debt securities at 31 December 2016:

	2016 US\$	2015 US\$
Credit rating:		
Fitch's		
A+	297,129	-
A	1,177,816	-
BBB	395,948	-
BBB-	1,903,031	821,685
BB+	898,097	1,242,411
BB	736,560	636,704
BB-	1,067,963	873,722
B+	609,360	238,410
B	261,620	-
Moody's		
Aa3	599,382	-
Baa2	247,675	247,330
Baa3	456,678	-
Ba2	1,780,756	731,282
Ba3	-	254,000
B1	209,530	-
Caa2	-	240,660
Standard and Poor's		
BB+	201,306	-
BB	195,372	-
BB-	251,892	-
Unrated	<u>2,142,775</u>	<u>613,112</u>
	<u>13,432,890</u>	<u>5,899,316</u>

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

(d) Capital management

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

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NOTES TO FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Capital management (continued)

The Sub-Funds manage its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristic of the financial assets. To maintain or adjust the capital structure, the Sub-Funds may adjust the investments held.

The Sub-Funds define capital as the net assets attributable to holders of redeemable units. The Manager believes it has mitigated the risks to capital by following the investment guideline.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the Manager and the Trustee on 24 April 2017.

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UNAUDITED STATEMENTS OF MOVEMENTS IN INVESTMENT PORTFOLIO

A. GUOTAI JUNAN GREATER CHINA GROWTH FUND

	% of Net Assets	
	31 December 2016	31 December 2015
Equity		
- Hong Kong	88.43	87.25
	88.43	87.25

B. GUOTAI JUNAN EQUITY INCOME FUND

	% of Net Assets	
	31 December 2016	31 December 2015
Equity		
- Hong Kong	81.18	87.01
	81.18	87.01

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

C. GUOTAI JUNAN HONG KONG DOLLAR BOND FUND

	% of Net Assets	
	16 February 2017	31 December 2015
Debt Securities		
- Hong Kong	-	77.98
	<u>-</u>	<u>77.98</u>

D. GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

	% of Net Assets	
	31 December 2016	31 December 2015
Debt Securities		
- Australia	1.46	3.25
- Cayman Islands	3.33	7.23
- China	39.16	37.41
- France	-	4.02
- Hong Kong	7.20	7.10
- India	14.54	18.49
- Indonesia	11.21	9.87
- Netherlands	5.03	-
- Singapore	2.09	-
- Sri Lanka	4.29	-
- Sweden	-	3.95
- United States	1.42	3.23
- Virgin Islands (British)	4.83	-
	<u>94.56</u>	<u>94.55</u>

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO

GUOTAI JUNAN GREATER CHINA GROWTH FUND

Investment Portfolio as at 31 December 2016

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
HONG KONG			
BOC AVIATION LTD	8,600	327,660	0.40
BOER POWER HOLDINGS LTD	698,000	2,156,820	2.60
BOSHIWA INTERNATIONAL HOLDINGS ¹	690,000	-	-
BYD CO. LTD	500	20,425	0.02
CHINA ANIMAL HEALTHCARE LTD ²	400,000	1,040,000	1.26
CHINA COMMUNICATIONS CONSTRUCTION	250,000	2,230,000	2.69
CHINA EVERBRIGHT INTERNATIONAL	450,000	3,955,500	4.78
CHINA MAPLE LEAF EDUCATIONAL	830,000	4,266,200	5.15
CHINA MINSHENG BANKING CORP LTD	206,500	1,711,885	2.07
CHINA TAIPING INSURANCE HOLDINGS	98,086	1,569,376	1.90
CHINASOFT INTERNATIONAL LTD	1,000,000	3,640,000	4.40
CT ENVIRONMENTAL GROUP LTD	300,000	468,000	0.56
GUANGSHEN RAILWAY CO LTD	484,000	2,265,120	2.73
GZI TRANSPORT LTD	232,000	1,127,520	1.36

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

² Trading for these securities was suspended since 30 March 2015. The security was written-down to HK\$2.6 per share.

GUOTAI JUNAN INVESTMENT FUNDS
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GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN GREATER CHINA GROWTH FUND (continued)

Investment Portfolio as at 31 December 2016

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
HONG KONG			
HAITONG INTERNATIONAL SECURITY	1,266,296	5,635,017	6.81
HONG KONG EXCHANGES AND CLEARING	30,362	5,562,319	6.72
IMAX CHINA HOLDING INC	50,000	1,900,000	2.29
KINGSOFT CORP LTD	100,000	1,590,000	1.92
LENOVO GROUP LTD	400,000	1,880,000	2.27
MICROPORT SCIENTIFIC CORPORATION	45,000	262,800	0.32
ORIENT SECURITIES CO LTD	222,800	1,715,560	2.07
PING AN INSURANCE (GROUP) CO LTD	164,000	6,363,200	7.68
SIHUAN PHARMACEUTICAL HOLDINGS	1,000,000	2,160,000	2.61
SINOPEC ENGINEERING GROUP CO LTD	479,500	3,102,365	3.75
SINOPEC SHANGHAI PETROCHEMICAL	1,420,000	5,964,000	7.20
TENCENT HOLDINGS LTD	39,500	7,493,150	9.05
TEXWINCA HOLDINGS LTD	326,000	1,652,820	2.00
XIAMEN INTERNATIONAL PORT CO LTD	190,000	275,500	0.33
ZIJIN MINING GROUP CO. LTD	1,156,000	2,890,000	3.49
TOTAL INVESTMENT		73,225,237	88.43
TOTAL INVESTMENT, AT COST		69,339,421	

GUOTAI JUNAN INVESTMENT FUNDS
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GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN EQUITY INCOME FUND

Investment Portfolio as at 31 December 2016

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
HONG KONG			
AIA GROUP LTD	200,000	8,750,000	3.17
ANTA SPORTS PRODUCTS LTD	50,000	1,157,500	0.42
BANK OF CHINA LTD	1,500,000	5,160,000	1.87
BANK OF COMMUNICATIONS CO. LTD	1,000,000	5,610,000	2.04
BBMG CORPORATION	700,000	1,876,000	0.68
BOC HONG KONG HOLDINGS LTD	350,000	9,712,500	3.52
CHAMPION REAL ESTATE INVESTMENT	1,300,000	5,460,000	1.98
CHAOWEI POWER HOLDINGS LTD	350,000	2,320,500	0.84
CHINA AIRCRAFT LEASING GROUP	100,000	849,000	0.31
CHINA CONSTRUCTION BANK CORPORATION	1,500,000	8,955,000	3.25
CHINA EVERBRIGHT LTD	150,000	2,214,000	0.80
CHINA EVERGRANDE GROUP	400,000	1,932,000	0.70
CHINA GALAXY SECURITIES CO LTD	1,250,000	8,737,500	3.17
CHINA LILANG LTD	400,000	1,748,000	0.63
CHINA MENGNIU DAIRY CO. LTD	150,000	2,241,000	0.81
CHINA MINSHENG BANKING CO LTD	800,000	6,632,000	2.41
CHINA MOBILE LTD	100,000	8,220,000	2.98
CHINA MOLYBDENUM CO LTD	300,000	567,000	0.21
CHINA PACIFIC INSURANCE GROUP	80,000	2,164,000	0.78
CHINA POWER INTERNATIONAL DEVELOPMENT	1,000,000	2,810,000	1.02
CHINA RAILWAY CONSTRUCTION CORPORATION	300,000	2,994,000	1.09
CHINA RESOURCES GAS GROUP LTD	40,000	872,000	0.32

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN EQUITY INCOME FUND (continued)

Investment Portfolio as at 31 December 2016

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
HONG KONG			
CHINA RESOURCES LAND LTD	50,000	872,000	0.32
CHINA VANKE CO LTD	150,000	2,655,000	0.96
CHINA WATER AFFAIRS GROUP	600,000	3,042,000	1.10
CLP HOLDINGS LTD	180,000	12,825,000	4.65
CNOOC LTD	200,000	1,940,000	0.70
FAR EAST HORIZON LTD	300,000	1,995,000	0.72
GALAXY ENTERTAINMENT GROUP LTD	50,000	1,690,000	0.61
GEELY AUTOMOBILE HOLDINGS LTD	600,000	4,446,000	1.61
GUANGDONG INVESTMENT LTD	180,000	1,843,200	0.67
GZI TRANSPORT LTD	300,000	1,458,000	0.53
HAITONG INTERNATIONAL SECURITY	641,440	2,854,408	1.03
HAITONG SECURITIES CO	400,000	5,320,000	1.93
HONG KONG EXCHANGES AND CLEARING	30,000	5,496,000	1.99
INDUSTRIAL AND COMMERCIAL BANK	1,000,000	4,650,000	1.69
JIANGSU EXPRESSWAY CO LTD	800,000	7,840,000	2.84
KINGBOARD LAMINATES HOLDINGS LTD	100,000	762,000	0.28
LEE & MAN PAPER MANUFACTURING	500,000	3,010,000	1.09
LINK REIT	150,000	7,560,000	2.74
MAN WAH HOLDINGS LTD	400,000	2,100,000	0.76
MINTH GROUP LTD	100,000	2,415,000	0.88
NEW CHINA LIFE INSURANCE CO. LTD	50,000	1,780,000	0.65
NEW HOLDINGS LTD	308,048	3,893,727	1.41
NEXTEER AUTOMOTIVE GROUP LTD	100,000	920,000	0.33

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN EQUITY INCOME FUND (continued)

Investment Portfolio as at 31 December 2016

Listed Investment Equities	Holdings	Market Value HK\$	% of NAV
HONG KONG			
PING AN INSURANCE (GROUP) CO	100,000	3,880,000	1.41
POU SHENG INTERNATIONAL HOLDINGS	400,000	892,000	0.32
SHANDONG CHENMING PAPER HOLDINGS	400,000	3,196,000	1.16
SHANGHAI ELECTRIC GROUP CO. LTD	62,000	215,140	0.08
SHENZHEN EXPRESSWAY CO LTD	800,000	5,304,000	1.92
SHENZHEN INVESTMENT LTD	1,200,000	3,732,000	1.35
SINOPEC SHANGHAI PETROCHEMICAL	1,000,000	4,200,000	1.52
SUN HUNG KAI PROPERTIES LTD	100,000	9,800,000	3.55
TENCENT HOLDINGS LTD.	20,000	3,794,000	1.38
TIANJIN PORT DEVELOPMENT HOLDINGS	1,500,000	1,785,000	0.65
TRAVELSKY TECHNOLOGY LTD	60,000	978,000	0.36
YUEXIU REIT	600,000	2,454,000	0.89
YUZHOU PROPERTIES CO	1,000,000	2,700,000	0.98
ZHEJIANG EXPRESSWAY CO LTD	1,000,000	7,400,000	2.68
ZIJIN MINING GROUP CO. LTD	484,000	1,210,000	0.44
TOTAL INVESTMENT		223,889,475	81.18
TOTAL INVESTMENT, AT COST		238,767,133	

GUOTAI JUNAN INVESTMENT FUNDS
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GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

Investment Portfolio as at 31 December 2016

Listed/Quoted Investment Debt Securities	Holdings	Market Value US\$	% of NAV
AUSTRALIA			
DIB TIER 1 SUKUK (2) LTD 6.75% 07/29/49	200,000	208,228	1.46
CAYMAN ISLANDS			
EHI CAR SERVICES LTD 7.5% 12/08/18	200,000	211,252	1.49
CAR INC 6 02/11/21	250,000	261,395	1.84
CHINA			
HUARONG FINANCE II CO LTD 3.625% 11/22/21	400,000	397,032	2.80
YUNNAN ENERGY INVESTMENT OVERSEAS CO LTD 3.5% 12/13/19	400,000	395,948	2.79
CENTRAL PLAZA DEVELOPMENT LTD 7.125 12/02/49	250,000	264,047	1.86
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD 6% 12/10/49	250,000	261,650	1.84
CARINC 6.125% 02/04/20	250,000	261,203	1.84
COUNTRY GARDEN HOLDINGS COMPANY LTD 7.5% 03/09/20	200,000	212,912	1.50
BINHAI INVESTMENT CO LTD 3.25% 05/06/18	245,000	244,221	1.72
BCEG HONGKONG CO LTD 3.85% 06/10/18	500,000	502,945	3.54
ZHONGRONG INTERNATIONAL BOND 2015 LTD 6% 06/15/18	250,000	251,893	1.77
HAIKOU MEILAN INTERNATIONAL AIRPORT INVESTMENT LTD 7.25% 06/18/18	1,000,000	143,470	1.01
DEGREE 7.25% 06/03/21	200,000	213,962	1.51
YESTAR HEALTHCARE HOLDINGS CO LTD 6.9% 09/15/21	250,000	256,245	1.80
ICBCIL FINANCE CO LTD 2.5% 09/29/21	600,000	579,168	4.08
SHANXI ROAD AND BRIDGE CONSTUCT CO LTD 4.85% 11/04/19	200,000	195,372	1.37
AVI FUNDING COMPANY LTD 2.85% 09/16/20	600,000	599,382	4.22
CHINA CITIC BANK INTERNATIONAL LTD 7.25% 12/31/49	250,000	263,257	1.85
LENOVO GROUP LTD 4.7% 05/08/19	500,000	520,345	3.66

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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND

Investment Portfolio as at 31 December 2016

Listed/Quoted Investment Debt Securities	Holdings	Market Value US\$	% of NAV
HONG KONG			
CHALCO HONG KONG INVESTMENT CO LTD 6.25% 04/29/49	500,000	503,740	3.55
GEELY AUTOMOBILE HOLDINGS LTD 5.25% 10/06/19	500,000	518,295	3.65
INDIA			
SYNDICATE BANK (LONDON BRANCH) 4.125% 04/12/18	450,000	456,678	3.21
RELIANCE INDUSTRIES LTD 5.875% 02/28/49	250,000	247,675	1.74
BHARTI AIRTEL INTERNATIONAL NETHERLANDS BV 5.125% 03/11/23	150,000	156,821	1.10
BHARTI AIRTEL INTERNATIONAL NETHERLANDS BV 9.75% 07/25/18	250,000	261,620	1.84
BHARTI AIRTEL INTERNATIONAL NETHERLANDS BV 6.125% 02/03/22	500,000	530,415	3.73
HT GLOBAL IT SOLUTIONS HOLDINGS LTD 7% 07/14/21	200,000	207,146	1.46
DELHI INTERNATIONAL AIRPORT PVT LTD 6.125% 10/31/26	200,000	207,138	1.46
INDONESIA			
INDONESIA, REPUBLIC OF (GOVERNMENT) 3.7% 01/08/22	200,000	201,262	1.42
PERTAMINA (PERSERO) PT 4.3% 05/20/23	250,000	248,997	1.75
PERUSAHAAN PENERBIT SURAT BERHARGA SYARIAH NEGARA INDONESIA III 6.125% 03/15/19	500,000	538,945	3.79
GOLDEN LEGACY PTE LTD 9% 04/24/19	200,000	209,530	1.48
GOLDEN LEGACY PTE LTD 8.25% 06/07/21	200,000	206,120	1.45
THETA CAPITAL PTE LTD 6.75% 10/31/26	200,000	187,200	1.32
NETHERLANDS			
THETA CAPITAL PTE LTD 7.25% 06/28/17	500,000	512,785	3.61
SAMVARDHANA MOTHERSON AUTOMOTIVE SYSTEMS GROUP BV 4.875% 12/16/21	200,000	201,306	1.42

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED INVESTMENT PORTFOLIO (continued)

GUOTAI JUNAN ASIAN HIGH YIELD BOND FUND (continued)

Investment Portfolio as at 31 December 2016

Listed/Quoted Investment Debt Securities	Holdings	Market Value US\$	% of NAV
SINGAPORE			
UNITED OVERSEAS BANK LTD 3.5% 09/16/26	300,000	297,129	2.09
SRI LANKA			
SRI LANKA, DEMOCRATIC SOCIALIST REPUBLIC OF (GOVERNMENT) 6.25% 07/27/21	600,000	609,360	4.29
UNITE STATES			
CHINA CONSTRUCTION BANK CORP 4.65%12/29/49	200,000	201,616	1.42
VIRGIN ISLAND (BRITISH)			
HANRUI OVERSEAS INVESTMENT CO LTD 4.9% 06/28/19	500,000	486,745	3.43
XIANGYU INVESTMENT (BVI) CO LTD 4.75% 07/14/19	200,000	198,440	1.40
TOTAL INVESTMENT		13,432,890	94.56
TOTAL INVESTMENT, AT COST		13,396,561	

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED PERFORMANCE RECORD

Net asset value

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$	Guotai Junan Asian High Yield Bond Fund US\$
31 December 2016 / 16 February 2017*	<u>82,806,608</u>	<u>275,798,430</u>	<u>-</u>	<u>14,205,007</u>
31 December 2015	<u>103,947,419</u>	<u>45,712,960</u>	<u>49,108,388</u>	<u>6,239,138</u>
31 December 2014	<u>132,153,312</u>	<u>66,666,382</u>	<u>49,250,647</u>	<u>6,176,446</u>
31 December 2013	<u>138,142,660</u>	<u>62,237,377</u>	<u>49,471,179</u>	<u>-</u>

Net asset value per unit

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$	Guotai Junan Asian High Yield Bond Fund US\$
31 December 2016 / 16 February 2017*	<u>73.12</u>	<u>96.41</u>	<u>-</u>	<u>102.46</u>
31 December 2015	<u>80.09</u>	<u>102.02</u>	<u>98.22</u>	<u>96.73</u>
31 December 2014	<u>86.08</u>	<u>110.18</u>	<u>98.50</u>	<u>95.76</u>
31 December 2013	<u>84.95</u>	<u>102.86</u>	<u>98.94</u>	<u>-</u>

*Only applicable to Guotai Junan Hong Kong Dollar Bond Fund as the date of termination is 16 February 2017

GUOTAI JUNAN INVESTMENT FUNDS
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UNAUDITED PERFORMANCE RECORD (continued)

Published net asset value

Highest and lowest published net asset value per unit

	Guotai Junan Greater China Growth Fund HK\$	Guotai Junan Equity Income Fund HK\$	Guotai Junan Hong Kong Dollar Bond Fund HK\$	Guotai Junan Asian High Yield Bond Fund US\$
<u>Financial year ended 31 December 2016/ period from 1 January 2016 to 16 February 2017*</u>				
Highest published net asset value per unit	80.57	106.96	-	103.79
Lowest published net asset value per unit	<u>66.31</u>	<u>87.52</u>	<u>-</u>	<u>95.26</u>
<u>Financial year ended 31 December 2015</u>				
Highest published net asset value per unit	115.09	143.22	100.36	99.26
Lowest published net asset value per unit	<u>67.32</u>	<u>98.15</u>	<u>98.75</u>	<u>92.67</u>
<u>Financial year ended 31 December 2014</u>				
Highest published net asset value per unit	89.67	115.00	100.28	101.40
Lowest published net asset value per unit	<u>72.93</u>	<u>94.37</u>	<u>98.50</u>	<u>95.76</u>
<u>Financial year ended 31 December 2013</u>				
Highest published net asset value per unit	84.92	110.43	99.98	-
Lowest published net asset value per unit	<u>67.61</u>	<u>95.85</u>	<u>98.99</u>	<u>-</u>
<u>Financial year ended 31 December 2012</u>				
Highest published net asset value per unit	76.01	105.99	-	-
Lowest published net asset value per unit	<u>58.64</u>	<u>88.04</u>	<u>-</u>	<u>-</u>
<u>Financial year ended 31 December 2011</u>				
Highest published net asset value per unit	98.26	-	-	-
Lowest published net asset value per unit	<u>54.84</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial year ended 31 December 2010</u>				
Highest published net asset value per unit	98.18	-	-	-
Lowest published net asset value per unit	<u>73.18</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Only applicable to Guotai Junan Hong Kong Dollar Bond Fund