

## ASX Announcement

28 FEBRUARY 2013



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

Announcement No: 07/2013

### **AMP Capital China Growth Fund (ASX: AGF)**

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

AMP Capital Investors Limited, the responsible entity for the AMP Capital China Growth Fund (the Fund), presents the Preliminary Final Report (Appendix 4E) and the Annual Report for the Fund for the year ended 31 December 2012.

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## AMP Capital China Growth Fund

### APPENDIX 4E

#### PRELIMINARY FINAL REPORT

#### 1. Details of the reporting period

Current reporting period: 1 January 2012 to 31 December 2012

Previous corresponding reporting period: 1 January 2011 to 31 December 2011

Balance date: 31 December 2012

#### 2. Results for announcement to the market

<i>Financial results information for AMP Capital China Growth Fund ("Fund")</i>			
	<b>Dec 2012</b> <b>A\$'000</b>	<b>Dec 2011</b> <b>A\$'000</b>	<b>% Change</b>
Increase/(decrease) in net assets attributable to unitholders	13,866	(57,655)	N/A
Total investment income	34,818	(42,946)	N/A
Net profit/(loss) attributable to unitholders before distributions	26,603	(49,655)	N/A

Due to the activities of the Fund, the most relevant measure of the Fund's financial performance is change in net assets attributable to unitholders; total investment income is the most relevant measure of revenue from ordinary activities; and net profit/(loss) attributable to unitholders before distributions is the most relevant measure of profit/(loss) from ordinary activities after tax attributable to members.

The increase in net assets attributable to unitholders of \$13,866k (2011: decrease in net assets attributable to unitholders of \$57,655k) comprises:

- Gains from changes in fair value of China A Shares of \$27,323k (2011: losses of \$47,935k).
- Gains from changes in fair value of Hong Kong Equities of \$126k (2011: losses of \$1,288k).
- Dividends, interest income and foreign exchange gains \$7,369k (2011: \$6,277k).
- Expenses including Responsible Entity fees and withholding tax expenses of \$7,688k (2011: 6,709k).
- Finance costs on external borrowings facility \$527k (2011: nil).
- Losses on foreign currency translation of \$4,397k (2011: losses of \$891k) on the China A shares.
- Distributions to unitholders \$8,340k (2011: \$7,109k).

<i>Distributions payable to unitholders of AMP Capital China Growth Fund</i>	
Amount per AMP Capital China Growth Fund unit (rounded to 5 decimal points)	\$0.02345
Record Date	31 December 2012
Estimate Distribution Payment date	By 31 March 2013
The distribution is an unfranked distribution.	

**3. Statement of Comprehensive Income with notes**

Please refer to the attached Annual Report.

**4. Statement of Financial Position with notes**

Please refer to the attached Annual Report.

**5. Statement of Cash Flows with notes**

Please refer to the attached Annual Report.

**6. Statement of Changes in Net Assets Attributable to Unitholders**

Please refer to the attached Annual Report.

**7. Details of distributions**

A distribution of \$8,340,112 will be paid to unitholders of AMP Capital China Growth Fund no later than 31 March 2013 for the year from 1 January 2012 to 31 December 2012.

A cash distribution of \$1,500,025 will be paid, and the remaining \$6,840,087 will be reinvested into additional units in the Fund under the distribution reinvestment plan ("DRP").

The Australian sourced income is \$5,538 (\$0.00002 per unit), and the remaining \$8,334,574 (\$0.02343 per unit) is foreign sourced income.

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

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

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

**9. Net tangible assets per security**

	Current reporting period	Previous corresponding reporting period
Net tangible asset backing per unit of AMP Capital China Growth Fund at the end of the reporting period	\$0.85	\$0.82

**10. Control gained or lost over entities during the period**

None.

**11. Details of associates and joint venture entities**

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

**12. Other significant information**

N/A

**13. Accounting standards used by foreign entities**

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

**14. Commentary on results**

	Current reporting period	Previous corresponding reporting period
14.1 Earnings per Unit (EPU) EPU based on the weighted average number of ordinary units	\$0.075	(\$0.144)
14.2 Distribution returns to unitholders of AMP Capital China Growth Fund	\$0.02345 per unit	\$0.02057 per unit
14.3 Significant features of operating performance: Refer to the attached Annual Report.		
14.4 The results of segments that are significant to an understanding of the business as a whole: Refer to the attached Annual Report.		
14.5 Trends in performance: Refer to the attached Annual Report.		
14.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: Refer to the attached Annual Report.		

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

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

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

**16. Accounts not yet audited or reviewed**

N/A

**17. Qualification of audit / review**

N/A

AMP CAPITAL  
**CHINA  
GROWTH  
FUND**

ARSN 122 303 744

Annual report  
Year ended 31 December 2012

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27 February 2013

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# CHAIRMAN'S REPORT



Dear Investors

This is a review of the 2012 full year accounts for the AMP Capital China Growth Fund (the Fund).

## China A share market

2012 was again a challenging year for stock markets around the world. While China's economic growth slowed more than originally expected, the final quarter of the year saw encouraging signs the economy is responding more positively to the monetary and fiscal policy stimulus introduced by the government. These early signs suggest we may see healthy economic growth in 2013.

In November 2012, the National Party Congress formed a new Standing Committee to lead China over the coming five years. The new government will be finalised in March 2013. However, the new Committee has already made it clear that the focus remains firmly on ensuring sustainable growth.

## Fund performance

Despite the difficult market conditions, the Fund delivered a positive net return (including distributions) of 9.3 per cent (in AUD terms) for the 12 months to 31 December 2012. During each quarter of 2012, the Fund outperformed the benchmark (before expenses and taxes), delivering an overall net outperformance for the full year of 1.3 per cent (before expenses and taxes).

Our investment management team believes the fall in Chinese shares over the past few years has created attractive investment opportunities. With company valuations now inexpensive and price to earnings ratios at historic lows, the China A share market is expected to provide further good long-term investment opportunities.

## Distribution

Each year the net income of the Fund is distributed to unitholders. For 2012, the Fund has announced a distribution of \$0.02345 per unit and the issue price of units through the dividend reinvestment plan (DRP) was again calculated at a five per cent discount. Most unitholders receive their distribution in the form of additional units through the DRP. DRP units and any cash payments for unitholders will be processed by the end of March 2013.

The distribution is calculated from the realised income made by the Fund during the year. This income is primarily in the form of realised capital gains, interest and dividends from the companies in which it invests.

## Board changes

Finally, I would like to thank James Dawson for his services to AMP Capital and the Fund. James has announced he will be leaving AMP Capital in late February 2013 to pursue other opportunities. He will be replaced on the board by Margaret Payn who has recently joined AMP Capital as Chief Financial Officer.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Stephen Dunne'.

**Stephen Dunne**  
Chairman  
AMP Capital Investors Limited  
Responsible entity of the AMP Capital China Growth Fund

# BOARD AND CORPORATE GOVERNANCE REPORT

## Board of AMP Capital Investors Limited

The board of AMP Capital Investors Limited (AMP Capital), the responsible entity of the AMP Capital China Growth Fund (the Fund), is responsible for the overall governance and performance of the Fund. The directors of AMP Capital during the year ended 31 December 2012 and up to the date of this report are shown below. Directors were in office for the entire period except where stated otherwise:

- > Stephen J.P. Dunne, Executive Chairman
- > Sharon B. Davis
- > James R. Dawson
- > Peter R.J. Sipek

**Stephen Dunne** BBus, MBA, CFA, F Fin

**Executive Chairman**

**Managing Director, AMP Capital**

Stephen Dunne joined AMP Capital in 1994 and was appointed Managing Director in 2004. He has over 25 years experience in investment management, both in Australia and in the United Kingdom.

### Experience

Prior to being appointed Managing Director, Stephen held a number of roles within AMP Capital, including Director of Client and Marketing for Asia Pacific and Director of AMP Asset Management for Australia and New Zealand. Before he joined AMP Capital, Stephen held a number of managerial roles at National Mutual Funds Management. Stephen is a Chartered Financial Analyst, holds a Master of Business Administration from Monash University and is a Fellow of the Financial Services Institute of Australasia (Finsia).

### Other directorships/appointments

- > Member of the CFA Strategic Advisory Board
- > Member of the St James Ethics Centre Advisory Council
- > Member of the Woolworths Corporate Responsibility Panel
- > Chairman of The Banking and Finance Oath Limited

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

**Director**

**Chief Operating Officer, AMP Capital**

Sharon was appointed Chief Operating Officer in July 2012 having previously been Director, People and Managing Director's Office. Sharon is responsible for a range of business support functions including human resources, environment and social governance, finance, investment services, operations and strategy. Sharon joined the AMP Capital Board as a Director in December 2011.

Sharon has an extensive background in human resources and management. She has worked in a diverse range of companies in Australia and New Zealand spanning public sector, engineering, management consulting, and financial services industries. Sharon joined AMP in 1996 in the banking subsidiary in New Zealand and then relocated to Australia into the role of Head of HR for Customer Service, Australian Financial Services. Sharon has since held senior roles including HR Director, AMP Financial Services, Director, Shared Services, and Director, People and Managing Director's Office for AMP Capital.

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

**James Dawson** BSc, CA

**Director**

**Finance Director, AMP Capital**

James Dawson joined AMP in 1999 and was appointed Finance Director of AMP Capital in 2010. He has over 25 years of global finance experience and has worked in the financial services industry for more than 13 years. James joined the AMP Capital Board as a Director in December 2011.

### Experience

Prior to being appointed Finance Director of AMP Capital, James held a number of roles within AMP, including Acting Chief Financial Officer for AMP Capital and Head of Management Reporting for AMP. Prior to joining AMP, James worked for chartered accountants KPMG in England, Germany and Australia.



## BOARD AND CORPORATE GOVERNANCE REPORT CONT.

**Peter Sipek** AGSM MBA (Executive)

**Director**

**Director, Investment Services, AMP Capital**

Peter Sipek was appointed Director, Investment Services, in July 2012 having previously been Head of Operations. He is responsible for AMP Capital's client service and investment operational activity, which supports the Global Client and Investment divisions. Peter joined the AMP Capital Board in December 2011.

### Experience

Peter joined AMP Capital as Head of Investment Operations in December 2006, following more than eight years as Colonial First State's Head of Investment Operations. Prior to this, he held operational management positions with Prudential Portfolio Managers Australia, Tullett & Tokyo and National Australia Bank. Peter holds a Masters of Business Administration (Executive) from the Australian Graduate School of Management.

### Managed Investment Scheme Compliance Committee

On 23 December 2011, AMP Capital established a Managed Investment Scheme Compliance Committee (MISCC). The MISCC has a majority of external members to provide independence in accordance with Corporations Act requirements. The members of the AMP Capital MISCC during the year ending 31 December 2012 were:

- > Peter Rowe, Chairman
- > Donald Luke
- > Mellanie Lumby (resigned 26 November 2012)
- > Prue Milne (appointed 26 November 2012)

**Peter Rowe** Dip Law (SAB)

**External Member**

Peter Rowe was appointed as an External Member and Chairman of the MISCC on 23 December 2011.

### Experience

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

### Other directorships/appointments

- > Deputy Chairman of the Freehills Foundation
- > Director and Member of the Audit and Compliance Committee, Investa Listed Funds Management Limited the responsible entity of Investa Office Fund, a listed Australian REIT (appointed June 2011)

- > Independent Member of the Audit and Risk Management Committees for Lend Lease Real Estate Investments Limited and Lend Lease Funds Management Limited (appointed 1999)
- > Director of the Centre for Volunteering (November 2003 to May 2012)
- > Director of Mission Australia Housing Limited and Mission Australia Housing (Victoria) Limited (appointed December 2011)
- > Director, Chairman of the Remuneration Committee and Member of the Audit and Risk Management Committee and the Nominations Committee for Religare Health Trust Trustee Manager Pty Ltd the trustee manager of the Religare Health Trust, a business trust listed on the Singapore Exchange (appointed September 2012)

**Donald Luke** BSc, BA (Econ)

**External Member**

Donald Luke was appointed as an External Member to the MISCC on 23 December 2011.

### Experience

Donald was Chief Executive Officer of the Queensland-based superannuation fund Sunsuper for 10 years until May 2007. He began his career in financial services with AMP in the early 1970s, working across a broad range of areas including superannuation, life insurance and investments. He has worked in a variety of managerial roles in the United Kingdom, New Zealand and Australia.

### Other directorships/appointments

- > Executive Director of the Community Services Commission for the Anglican Church in South Queensland
- > Member of the Advisory Committee for FIIG Securities Limited
- > Director of AMP Capital Holdings Limited (AMPCHL) and Chairman of the AMPCHL Audit Committee

**Mellanie Lumby** BEc LLB, Graduate Diploma in Applied

Finance and Investment

**Member**

Mellanie was appointed as a member of the MISCC on 23 December 2011.

### Experience

Mellanie is Senior Legal Counsel for AMP Capital and is currently Director (Acting), AMP Investments. She has over 15 years experience as legal counsel for a number of Australian and UK financial services companies including the Challenger Group, Deutsche Asset Management and BT Funds Management.

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## BOARD AND CORPORATE GOVERNANCE REPORT CONT.

**Prue Milne** BEc, LLB, LLM

**Member**

**Executive Legal Counsel, AMP Capital**

Prue was appointed as a member of the MISCC on 26 November 2012.

### Experience

Prue Milne joined AMP in 1998 and became Executive Legal Counsel at AMP Capital in July 2005, ceasing her three-year role as board executive and company secretary of AMP Limited.

As Executive Legal Counsel at AMP Capital, Prue is responsible for the AMP Capital legal, risk and compliance teams in Sydney and offshore, providing advice to senior executives on wide ranging legal issues including acquisitions, integrations and Corporations Act obligations.

## CORPORATE GOVERNANCE

### Framework

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

- > Corporations Act 2001
- > ASX Listing Rules
- > Fund constitution
- > Fund compliance plan
- > AMP Capital constitution
- > general law.

AMP Capital exercises its functions diligently and in the best interests of investors.

AMP Capital and its officers:

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

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

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

In accordance with the ASX Corporate Governance Principles and Recommendations (ASX Recommendations), the AMP group has posted copies of its governance practices (including copies of relevant charters, policies and terms of reference) in the corporate governance section of its website: [amp.com.au/corporategovernance](http://amp.com.au/corporategovernance). The information in this statement is current as at the date of this report.

### ASX corporate governance standards

Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Recommendations, released by the ASX Corporate Governance Council, and to explain why they have not adopted an ASX Recommendation, if they consider it inappropriate in their particular circumstances.

The ASX Recommendations encompass matters such as board composition, committees and compliance procedures. They are designed to maximise corporate performance and accountability for the benefit of investors and other stakeholders. The corporate governance statement outlining the corporate governance regime that applies to the Fund is set out below.

AMP Capital complies with all the ASX Recommendations except for:

- > Principle 2
  - Recommendation 2.1 – The majority of a listed entity's directors be independent
  - Recommendation 2.2 – The chair of the board be independent
  - Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same person
  - Recommendation 2.4 – The board should establish a nomination committee
- > Principle 4
  - Recommendation 4.1 – The board should establish an audit committee
  - Recommendation 4.2 – Structure of the audit committee
  - Recommendation 4.3 – Audit committee should have a formal charter
- > Principle 8
  - Recommendation 8.1 – The board should establish a remuneration committee

## BOARD AND CORPORATE GOVERNANCE REPORT CONT.

An explanation of the rationale for these departures from the ASX Recommendations is provided below in Principles 2, 4 and 8.

### Principle 1 – Lay solid foundations for management and oversight

The AMP Capital Board is responsible to investors in the Fund for the overall governance and performance of the Fund, and is also responsible for:

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

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

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

The responsibilities of the board, committees of the board and management have been formalised in a corporate governance charter. Matters specific to the operation of the Fund are set out in the Fund's constitution and compliance plan.

Each director has received a letter of appointment specific to AMP Capital, which sets out the key terms and conditions of his or her appointment.

The senior executives of AMP Capital responsible for managing the Fund are employees of AMP Capital and are subject to performance reviews twice yearly as part of AMP Capital's overall employee performance evaluation process. All senior managers of the Fund were evaluated during the year to 31 December 2012 in accordance with this process.

### Principle 2 – Structure the board to add value

Details of the composition of the board and profiles of the directors are set out in the section at the start of this statement entitled Board of AMP Capital.

The AMP Capital constitution states there will be a minimum of three and a maximum of 12 directors. For the year ending 31 December 2012, the board was made up exclusively of executive directors. In addition, in order to facilitate the transition to an executive board, the managing director of AMP Capital has been appointed as the chairman of the AMP Capital Board. The continuity, expertise and experience that he brings to the role will ensure that the high standards of unitholder consideration and business analysis expected of a fiduciary will be maintained by the board.

AMP Capital is a subsidiary of AMPCHL. Therefore the AMP Capital Board reports to the AMPCHL Board.

The AMPCHL Board comprises:

- > Brian Clark (Chairman)
- > Craig Dunn
- > Stephen Dunne
- > Donald Luke
- > Nora Scheinkestel
- > Akira Suzuki.

A majority of the members of the AMPCHL Board are non-executive directors and the chairman is a non-executive director. The non-executive directors are considered to be independent. Brian Clark and Nora Scheinkestel are considered to be independent notwithstanding that they are non-executive directors of AMP Limited (the ultimate parent company of AMP Capital and AMPCHL). This is because the board believes the relevant business relationships do not materially interfere with their exercise of independent judgment.

The relationship between the AMP Capital and AMPCHL boards, and the oversight of the AMP Capital Board by the AMPCHL Board is set out in the AMP Capital corporate governance charter. The AMPCHL Board ensures that adequate standards are maintained by the AMP Capital Board. The AMP Capital Board is satisfied that the composition of the AMP Capital Board is appropriate, given the relationship between the two boards.

As AMP Capital is a wholly owned subsidiary of AMPCHL, which is a majority owned subsidiary of AMP Limited, an ASX listed public company, its board's performance in relation to the Fund and otherwise, is reviewed periodically by the board itself and by the Nomination Committee of AMP Limited.

## BOARD AND CORPORATE GOVERNANCE REPORT CONT.

The board does not have a nomination committee. The AMP Limited Nomination Committee must approve all appointments to the AMP Capital Board. New directors are considered having regard to the board's current composition. Nominated directors are assessed against a range of criteria, including experience, professional skills, personal qualities and their capacity to commit to the board's activities. The terms of reference of the AMP Limited Nomination Committee are available on AMP's website.

The AMP Capital Board reviews its own performance and that of individual directors, including the chairman, on a regular basis. This process includes consideration of feedback provided by directors and senior executives via a questionnaire. Being AMP group employees, AMP Capital's directors are subject to performance reviews twice yearly as part of the AMP group's overall employee performance evaluation process. Directors are entitled to obtain independent professional advice on AMP Capital related matters at AMP Capital's expense. Directors must ensure the costs are reasonable and must advise the chairman before the advice is sought. Any advice received must be made available to the rest of the board unless otherwise agreed by the chairman or the board.

As the board of AMP Capital is comprised solely of executive directors, an independent Managed Investment Scheme Compliance Committee (MISCC) has been established, comprising a majority of non-executive members, in order to deliver the required element of independence set out in the Corporations Act. The AMP Limited Nomination Committee approves all appointments to the MISCC. As with the appointment of directors, new members of the MISCC are considered having regard to its current composition. Nominated MISCC members are assessed against a range of criteria, including experience, professional skills, personal qualities and their capacity to commit to the MISCC's activities.

The Nomination Committee considers policies relating to the orientation and education of new directors and MISCC members and the continuing education and development of directors and members. All directors and MISCC members participate in a formal induction process co-ordinated by the secretariat.

AMP Capital has two appointed company secretaries, who are responsible for advising the board on governance matters and facilitating the flow of information between the board and its committees, and between executive managers and directors. All directors have access to the advice and services of the company secretaries, whose appointment and removal are a matter for decision by the board.

### Principle 3 – Promote ethical and responsible decision making

AMP Capital's directors and employees are subject to the AMP Limited employee code of conduct (the Code), which sets out the expected standards of personal and corporate behaviour. It requires employees to report suspected violations of the Code to an appropriate manager. No action is to be taken against any employee who reports a suspected violation in good faith. The Code reinforces an already strong ethical culture for the benefit of all stakeholders. The Code is available on AMP's website.

AMP Capital's directors, officers and employees are subject to the AMP Capital China Growth Fund trading policy. This policy aims to ensure they do not use any information for personal advantage or to the detriment of Fund investors and that they comply with the insider trading provisions of the Corporations Act. Trading in units in the Fund is covered by this policy. The AMP Capital China Growth Fund trading policy is available at [ampcapital.com.au/china](http://ampcapital.com.au/china)

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

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

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

### Diversity policy

AMP is creating a competitive advantage by attracting and retaining diverse talent and leveraging this diverse talent to build a culture that sparks innovative thought, supports robust discussion and through this drives outstanding business results.

In 2010, AMP established a Diversity Advisory Committee to guide its diversity strategy. Throughout 2012, the five members of the committee were Nora Scheinkestel (Chairman), Catherine Brenner, Brian Clark, Peter Shergold and the CEO, Craig Dunn. The committee reviewed and reported on the proportion of women and men across all levels of AMP including AMP Capital.

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## BOARD AND CORPORATE GOVERNANCE REPORT CONT.

AMP was one of the founding members of the Diversity Council of Australia, has remained a committed supporter for over 25 years and recently became a key sponsorship partner. In 2012, AMP was again recognised as an employer of choice for women by the Equal Opportunity for Women in the Workplace Agency (EOWA).

AMP's diversity and inclusion policy was updated in 2012 and is available on AMP's website. The policy highlights AMP's commitment to creating an inclusive environment where all employees are encouraged to reach their full potential and where individual differences are valued and respected.

As a subsidiary of AMP, AMP Capital strongly believes that success in leveraging diversity comes from having an integrated framework of practices that support the attraction, development and retention of diverse talent, and a culture of inclusion. To foster an inclusive culture:

- > senior leaders at AMP Capital attend cultural development programs, to help encourage a culture that accepts and leverages difference of opinion and raise leaders' awareness of unconscious bias.
- > AMP Capital has a formal career development program for both men and women, to foster key talent in the organisation, provide networking opportunities and showcase strong role models. This helps build a stronger and deeper team of women (and men) who have the potential, skills, experience and desire to move to the senior leadership levels of the business.
- > AMP Capital helps employees manage their work and home commitments by providing employees 14 weeks paid parental leave, a formal program to keep parents connected to the business while on parental leave, sponsored child care, onsite carers' rooms, flexible work arrangements and a leave purchase scheme. Building awareness and acceptance of the benefits and viability of flexible work arrangements for both men and women will continue to be a priority in 2013.

AMP Capital recognises that although the group has taken some steps to increase gender diversity, this is an area of continuous improvement for our organisation.

#### Gender diversity objectives and reporting

AMP set gender diversity objectives in 2010, including specific targets for the representation of women in middle management and senior executive positions and on the board. The gender diversity objectives were first published in the 2011 AMP annual report. The following table outlines the targets for AMP Capital and our progress towards those targets.

#### AMP CAPITAL REPRESENTATION OF WOMEN IN ROLES AGAINST 2015 TARGETS

ROLES	2015 objectives for the representation of women in roles	31 December 2012 <sup>1</sup>	31 December 2011 <sup>1,2</sup>
AMP Capital			
Investors Board	30%	25%	25%
Senior executives	30%	20%	8%
Middle management	30%	26%	25%
All employees	n/a	50%	51%

1 All figures include both full-time and part-time positions.

At 31 December 2012, within AMP Capital, one of the four AMP Capital Board members and two of the 10 members of the AMP Capital Leadership team were female. Additionally, one third of the membership of the MISCC, and 50 per cent of AMP Capital employees, were female.

#### Principle 4 – Safeguard integrity in financial reporting

The Fund does not comply with Principle 4 of the ASX Recommendations as the financial reporting process for the Fund is overseen by the Management Accounts Committee (MAC) and not an audit committee. However, as many of the compliance functions of an audit committee are now undertaken by the MISCC, in order to minimise overlap, reduce administrative burden, and consequent cost to the Fund, it is seen as prudent not to create a purpose-built committee to focus on the financial reporting process.

The MAC is responsible for reviewing and advising the AMP Capital Board on the financial reporting processes and financial statements of all managed investment schemes and trusts where AMP Capital acts as responsible entity or trustee in order to enable it to recommend the approval of the financial reports of the Funds to the AMP Capital Board.

The Management Accounts Committee includes an AMP Limited executive, and comprised, at 31 December 2012:

- > James Dawson (Finance Director, AMP Capital)
- > Simon Hoole (Group Finance Director, AMP Limited)
- > Gerald Naughton (Non-executive member)

The findings from the MAC are reported to the AMP Capital Board and to the AMPCHL Audit Committee. The Audit Committee ensures that adequate standards are being maintained by the MAC. The AMP Capital Board is satisfied that the composition of the MAC is appropriate, given this oversight and the relationship between the AMP Capital and AMPCHL boards.

#### Principle 5 – Make timely and balanced disclosure

AMP Capital is committed to transparency and quality in its communication to investors. The board's policy is to ensure announcements are made in a timely manner, are factual, are expressed in a clear and objective manner

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## BOARD AND CORPORATE GOVERNANCE REPORT CONT.

allowing investors to assess the impact of the information when making investment decisions, and do not omit material information.

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

### Principle 6 – Respect the rights of investors

The cornerstone of AMP Capital's external communications policy is the delivery of timely and relevant information to investors and the investment community generally. AMP Capital seeks to effectively manage its clients' assets to enhance returns to investors.

AMP Capital manages assets on behalf of a number of clients and in a range of investment vehicles. The potential exists for AMP Capital to be in a position where it might have a conflict of interest when dealing with various clients that invest in these different vehicles. Any such conflict is dealt with strictly in accordance with the conflicts of interest policy (see Principle 3).

### Principle 7 – Recognise and manage risk

The board is responsible for ensuring appropriate measures are in place to manage material business risk in relation to its operations and business, including the Fund, in line with AMP Limited's overall risk strategy and the Fund's compliance plan. AMP Capital has a risk management framework in place, which enables the identification of risks, development of appropriate responses, and the monitoring of risks and controls.

The main categories of risk AMP Capital takes into consideration are:

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

Management engages in a regular process to review risks and how they are being managed.

Material business risks are a subset of the main risks that could have a significant impact on the Fund's ability to meet its objectives. On a half yearly basis, management reports to the board on whether material business risks are being managed effectively. The board has received and considered management's reports on material business risks for the year ended 31 December 2012.

In addition, the board received and considered the annual certification from the AMP Capital managing director and finance director in accordance with ASX Recommendation 7.3 and s.295A of the Corporations Act stating that:

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

To support AMP Capital's risk management framework, AMP Capital has established a Managed Investment Scheme Compliance Committee (MISCC). The primary purpose of the MISCC is to support the board in meeting its responsible entity requirements under the Corporations Act. In particular, the MISCC:

- > monitors the extent to which the responsible entity complies with its Fund's compliance plan, and
- > reports to the board any breach of the Corporations Act involved in operating the Fund and any breach of the Fund's constitution in accordance with the Corporations Act.

### Principle 8 – Remunerate fairly and responsibly

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

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

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

The AMP Capital Board does not have a remuneration committee. Instead the remuneration policies of AMP Capital are approved by the AMP Limited People and Remuneration Committee. The AMP Limited People and Remuneration Committee is comprised of three independent directors and is chaired by a director who is not the chair of the AMP Limited Board. The Committee's terms of reference are available on AMP's website.

The AMP Capital Board does not have a Remuneration committee. Instead the remuneration policies of AMP Capital are approved by the AMP Limited People and Remuneration Committee. The AMP Limited People and Remuneration Committee is comprised of three independent directors and is chaired by a director who is not the chair of the AMP Limited Board. The Committee's terms of reference are available on AMP's website.

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# DIRECTORS' REPORT

The directors of AMP Capital Investors Limited (AMP Capital) (ABN 59 001 777 591), the Responsible Entity of the AMP Capital China Growth Fund (the Fund), present their report together with the financial report of the Fund and the entity it controlled during the year (the Consolidated Entity or the Group) for the year ended 31 December 2012.

## Directors

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

- > Stephen J. P. Dunne
- > Sharon B. Davis
- > James R. Dawson
- > Peter R. J. Sipek

## Fund information

AMP Capital China Growth Fund is an Australian Registered Scheme. AMP Capital Investors Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at Level 24, 33 Alfred Street, Sydney NSW 2000.

## Principal activity

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

AMP Capital Investors Limited holds a Qualified Foreign Institutional Investor (QFII) Licence which permits the Fund to invest in China A shares.

## Review of results and operations

The performance of the Group, as represented by the result of its operations, was as follows:

	Consolidated	
	For the year ended 31 Dec 2012	For the year ended 31 Dec 2011
	\$'000	\$'000
Increase/(decrease) in net assets attributable to unitholders	13,866	(57,655)
Total investment income/(loss)	34,818	(42,946)
Net profit/(loss) attributable to unitholders before distributions	26,603	(49,655)

## Distributions

Under the provisions of the Fund's constitution, the Group has recognised a distribution of \$8,340,112 during the year ended 31 December 2012 (31 December 2011: \$7,108,521). For the year ended 31 December 2012, a cash distribution of \$1,500,025 (31 December 2011: \$925,730) will be paid, and the remaining \$6,840,087 (31 December 2011: \$6,182,791) will be reinvested into additional units in the Fund under the distribution reinvestment plan (DRP). This distribution is payable to unitholders and is intended to be paid by 31 March 2013.

## Financial position and net tangible asset backing per unit

The financial position and net tangible asset backing per unit as at 31 December 2012 was as follows:

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Net assets attributable to unitholders of the Fund	302,842	282,869
Net tangible asset backing per unit at the end of the year	\$0.85	\$0.82

## DIRECTORS' REPORT CONT.

### Significant changes in the state of affairs

On 27 June 2012, the Responsible Entity announced the relocation of the Asian equities team to Hong Kong. This new team has had the portfolio management responsibility of the Group since September 2012.

On 25 July 2012, the Fund established a secured revolving borrowings facility on commercial terms with Australia and New Zealand Banking Group Limited to assist in meeting the short term liquidity requirements of the Fund.

### Significant events after the balance date

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

### Likely developments and expected results

The investment strategy of the Fund will be maintained in accordance with the Fund's constitution. Currently, there are no significant developments expected in respect of the Group. The performance of the Group in the future will be subject to movements in the underlying investment markets over time.

AMP Capital is proposing to retire as Responsible Entity of its registered managed investment schemes, including the Fund, and appoint AMP Capital Funds Management Limited (a related body corporate) as the new Responsible Entity. The directors of AMP Capital Funds Management Limited are the same as the directors of AMP Capital. This change in Responsible Entity is part of a rationalisation of its funds management businesses that AMP group has been undertaking since its acquisition of AXA Asia Pacific Holdings Limited. AMP Capital will continue to be the investment manager. This will not impact the performance or management of the Fund.

Effective 1 March 2013, P. Margaret Payn will be appointed as a director of AMP Capital. James R. Dawson will be retiring as a director of AMP Capital effective 1 March 2013.

### Environmental regulation and performance

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

### Relevant information

Following is a list of relevant information required under the Corporations Act 2001:

- > fees paid to the Responsible Entity – refer to note 9 to the financial statements
- > units held by the Responsible Entity in the Fund – refer to note 9 to the financial statements
- > interests in the Fund issued during the year – refer to note 5 to the financial statements
- > withdrawals from the Fund during the year – refer to note 5 to the financial statements
- > the value of the Fund's assets and basis of valuation – refer to the Statement of financial position and note 1 respectively
- > the number of interests in the Fund as at 31 December 2012 – refer to note 5 to the financial statements
- > distributions payable to unitholders at balance date – refer to the Statement of financial position

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



## DIRECTORS' REPORT CONT.

### Indemnification and insurance of directors, officers and auditors

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

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

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

During the year, AMP group agreed to insure all the officers of the Company against certain liabilities as permitted by the Corporations Act 2001. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

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

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

Directors and officers of AMP Capital Investors Limited are not indemnified out of the assets of the Group.

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

### Directors' interests

Stephen J.P. Dunne has significant influence over an entity which has an interest in the Fund, details of which are disclosed in note 9(b) of the financial statements.

### Auditor's independence declaration

We have obtained an independence declaration from our auditors, Ernst & Young, a copy of which is attached to this report and forms part of the directors' report for the year ended 31 December 2012.

### Rounding

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

Signed in accordance with a resolution of the directors:



**Stephen J.P. Dunne**  
Executive Chairman  
Sydney, 27 February 2013

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# AUDITOR'S INDEPENDENCE DECLARATION



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www.ey.com/au

## Auditor's Independence Declaration to the Directors of AMP Capital Investors Limited

In relation to our audit of the financial report of AMP Capital China Growth Fund for the financial year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

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

Ernst & Young

A handwritten signature in blue ink that reads 'Darren Handley-Greaves'.

Darren Handley-Greaves  
Partner  
Sydney  
27 February 2013

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# FINANCIAL REPORT

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated	
		31 Dec 2012	31 Dec 2011
		\$'000	\$'000
<b>INVESTMENT INCOME</b>			
Net changes in the fair value of China A shares		27,323	(47,935)
Net changes in the fair value of Hong Kong equities		126	(1,288)
Dividend income		6,752	5,686
Interest income		90	72
Foreign exchange gains/(losses)		527	519
<b>Total investment income/(loss)</b>		<b>34,818</b>	<b>(42,946)</b>
<b>EXPENSES</b>			
Responsible entity fees	9(c)	(4,903)	(5,480)
Administration expenses		(135)	(141)
Trading fees		(677)	(320)
Other expenses		(640)	(686)
<b>Total operating expenses</b>		<b>(6,355)</b>	<b>(6,627)</b>
<b>Net profit/(loss) attributable to unitholders before tax expense and finance costs</b>		<b>28,463</b>	<b>(49,573)</b>
Withholding tax expense	3(a)	(1,333)	(82)
<b>Net profit/(loss) attributable to unitholders after tax expense and before finance costs</b>		<b>27,130</b>	<b>(49,655)</b>
Finance costs on external borrowings facility		(527)	-
<b>Net profit/(loss) attributable to unitholders before distributions</b>		<b>26,603</b>	<b>(49,655)</b>
Finance costs – distributions to unitholders	2	(8,340)	(7,109)
<b>Net profit/(loss) attributable to unitholders after tax expense and finance costs</b>		<b>18,263</b>	<b>(56,764)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Movement in foreign currency translation		(4,397)	(891)
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>13,866</b>	<b>(57,655)</b>

## FINANCIAL REPORT CONT.

STATEMENT OF  
FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	Consolidated	
		31 Dec 2012 \$'000	31 Dec 2011 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	7(a)	13,707	14,927
Receivables and other assets		10	10
Hong Kong equities		2,879	2,860
China A shares		307,643	279,595
<b>Total assets</b>		<b>324,239</b>	<b>297,392</b>
<b>LIABILITIES</b>			
Payables	4	9,508	4,492
Distribution payable		8,348	7,116
Deferred withholding tax	3(c)	3,541	2,915
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>21,397</b>	<b>14,523</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>302,842</b>	<b>282,869</b>

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## FINANCIAL REPORT CONT.

STATEMENT OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Foreign currency translation \$'000	Units on issue \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000
<b>CONSOLIDATED</b>				
Balance at 1 January 2012	(31,902)	340,759	(25,988)	282,869
Net profit/(loss) attributable to unitholders after tax expense and finance costs	-	-	18,263	18,263
Other comprehensive income	(4,397)	-	-	(4,397)
Distributions reinvested	-	6,107	-	6,107
<b>Balance at 31 December 2012</b>	<b>(36,299)</b>	<b>346,866</b>	<b>(7,725)</b>	<b>302,842</b>

	Foreign currency translation \$'000	Units on issue \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000
<b>CONSOLIDATED</b>				
Balance at 1 January 2011	(31,011)	334,118	30,776	333,883
Net profit/(loss) attributable to unitholders after tax expense and finance costs	-	-	(56,764)	(56,764)
Other comprehensive income	(891)	-	-	(891)
Distributions reinvested	-	6,641	-	6,641
<b>Balance at 31 December 2011</b>	<b>(31,902)</b>	<b>340,759</b>	<b>(25,988)</b>	<b>282,869</b>

## FINANCIAL REPORT CONT.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated	
		31 Dec 2012	31 Dec 2011
		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		90	71
Dividends received		6,752	5,686
Payments to suppliers and other expenses paid		(1,336)	(1,136)
Responsible Entity fees paid		-	(2,674)
Tax paid		(710)	(2,530)
Proceeds from sales of Hong Kong equities		107	6,549
<b>Net cash inflow from operating activities</b>	7(b)	<b>4,903</b>	<b>5,966</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchases of China A shares		(178,080)	(77,922)
Proceeds from sales of China A shares		173,204	79,122
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(4,876)</b>	<b>1,200</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs on external borrowings facility		(527)	-
Cash distribution paid		(925)	(1,989)
Withholding tax on distributions reinvested		(76)	(108)
<b>Net cash (outflow) from financing activities</b>		<b>(1,528)</b>	<b>(2,097)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>(1,501)</b>	<b>5,069</b>
Net foreign exchange gain on cash and cash equivalents		281	309
Cash and cash equivalents at the beginning of the year		14,927	9,549
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	7(a)	<b>13,707</b>	<b>14,927</b>

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## FINANCIAL REPORT CONT.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and the comparative period, unless otherwise stated in the following text. Where necessary, comparative information has been represented to be consistent with current period disclosure.

**(a) Basis of preparation**

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

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

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

The Statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non current items. Certain assets and liabilities may not be settled within 12 months, in particular China A shares listed on the Shanghai or Shenzhen stock exchanges (China A shares) and net assets attributable to unitholders. Given the nature of the Fund, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**Australian Accounting Standards early adopted**

AASB 9 Financial Instruments (AASB 9) is applicable to annual reporting periods beginning on or after 1 January 2015. The Group elected to early adopt this accounting standard from 1 January 2011.

**Changes in Australian Accounting Standards**

The Group has adopted any mandatory Australian Accounting Standards and Interpretations for annual reporting periods beginning on or after 1 January 2012. Adoption of these Standards and Interpretations has not had any effect on the financial position or performance of the Group and the financial report disclosures.

**Australian Accounting Standards issued but not yet effective**

Other than AASB 9, Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 December 2012. When applied in future periods, these recently issued or amended standards are not expected to have an impact on the Group's financial position or performance; or the presentation and disclosures in the financial report except as described on the following pages:

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b) Statement of compliance (continued)

#### AASB 10 Consolidated Financial Statements (AASB 10) (effective from 1 January 2013)

This standard broadens the situations where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. This standard will not have any impact on the Group's financial report.

#### AASB 11 Joint Arrangements (effective from 1 January 2013)

This standard uses the principle of control in AASB 10 to define joint control and removes the option to account for jointly controlled entities using the proportionate consolidation method. Joint ventures that give the venturers rights to the net assets are accounted for using the equity method. Joint operations that give the venturers rights to the underlying assets and obligations are accounted for by recognising the share of those assets and obligations. This standard will not impact the Group's financial report.

#### AASB 12 Disclosure of Interest in Other Entities (effective from 1 January 2013)

This standard introduces new disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and controlled entities with non-controlling interests. This standard will not impact the Group's financial position or performance; however, it will impact presentation and disclosures in the financial report.

#### AASB 13 Fair Value Measurement (effective from 1 January 2013)

This standard establishes a single source of guidance for determining the fair value of assets and liabilities. The Group is currently assessing the impact of this standard which is not expected to have a significant impact to the Group's financial position and performance; however, it will impact presentation and disclosures in the financial report.

#### Revised AASB 101 Presentation of Financial Statements (effective from 1 January 2013)

This revised standard requires items in Other comprehensive income to be segregated between those that will be eventually realised as either revenue or expense in future periods and those that will not. This standard will not impact the Group's financial position or performance; however, it will impact presentation and disclosures in the financial report.

### (c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the controlled entity of the Fund (parent entity) as at balance date and the results of the controlled entity for the year. The Fund and its controlled entity are referred to in the financial report as the Consolidated Entity or the Group.

The Controlled entity is the entity (including special purpose entities) over which the Fund has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The acquisition method of accounting is used to account for the acquisition of a controlled entity by the parent entity. The controlled entity is fully consolidated from the date on which control is transferred.

All transactions (including gains and losses) and balances between the parent entity and controlled entity are eliminated. Accounting policies of controlled entities are consistent with the policies adopted by the Group.

### (d) Investment in controlled entity

In the parent entity information note, the investment in the controlled entity is recognised at the lower of cost or recoverable amount. Where carrying value exceeds the recoverable amount, a write down is made in the Statement of comprehensive income. The recoverable amount is determined as the net asset value of the controlled entity.

### (e) Significant accounting estimates, judgements and assumptions

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

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Significant accounting estimates, judgements and assumptions (continued)

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Other than the estimation of the deferred withholding tax liabilities on realised capital gains described in note 14, there are no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next annual reporting period.

### (f) Investment income

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

#### Dividend income

Dividends are recognised as income on the date the share is quoted ex-dividend with any related foreign withholding tax recorded as a tax expense.

#### Interest income

Interest income earned on cash and cash equivalents is recognised on an accrual basis.

Interest income earned on debt instruments is recognised using the effective interest method. This is the rate that discounts estimated future cash receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying value of the amount of the financial instrument.

#### Changes in the fair value of investments

Changes in the fair value of Hong Kong equities and China A shares are recognised as investment income in the Statement of comprehensive income. Changes in fair value are determined as the difference between the fair value at period end or consideration received if sold during the period, and the fair value as at the prior period end or cost if the investment was acquired during the period.

### (g) Receivables

If not received at balance date, revenue is reflected in the Statement of financial position as receivables. Receivables are measured at their nominal value. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified, less any allowance for doubtful debts. Amounts are generally received within 30 days of being recorded as receivables. Given the short-term nature of most receivables, the nominal amount approximates fair value.

### (h) Expenses

Expenses are recognised in the Statement of comprehensive income on an accruals basis.

#### Management fee

The Responsible Entity is entitled to a management fee of 1.65 per cent per annum on the Group assets as at the last day of each month, payable quarterly in arrears and reimbursed for certain expenditure incurred in relation to the administration of the Group. The fee is calculated in US Dollars for the controlled entity and Australian Dollars for the parent. These are accounted for on an accruals basis. The fee is payable to the Responsible Entity by the Group as a cash payment. The Responsible Entity may postpone the receipt of the fee.

#### Performance fee

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

No performance fees were paid or payable in respect of the year ended 31 December 2012 (31 December 2011: nil).

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Payables

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

### (j) Financial instruments

The Group's investments are equities listed on Hong Kong stock exchange and China A shares listed on the Shanghai or Shenzhen stock exchanges. Equities listed on Hong Kong stock exchange are held for working capital. China A shares are held for investing activities. Both of these are financial assets and are recognised using the trade date accounting method. The fair value of a listed equity security is determined by reference to the bid price of the security, as quoted on its primary exchange at balance date.

These investments are initially recognised at fair value being the consideration given. After initial recognition, they are subsequently measured at fair value with gains or losses recognised as investment income in the Statement of comprehensive income.

### (k) Derecognition of financial assets and liabilities

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

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

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

### (l) Cash and cash equivalents

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

### (m) Net assets attributable to unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. Net assets attributable to unitholders are classified as financial liabilities and not as equity because the Responsible Entity has a contractual obligation to pay distributable income of the Fund to unitholders. As there are no equity holders, total comprehensive income attributable to unitholders and equity for the Group and the parent entity are nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of China A shares and unrealised changes on foreign currency translation of foreign operations.

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Taxation

Under current legislation, the Fund is not subject to income tax in Australia since, under the terms of the Fund's constitution, the unitholders are presently entitled to the taxable income of the Fund. However, the Group is subject to withholding tax in China at 10 per cent on interest, 10 per cent on dividends, 10 per cent on capital gains on land rich investments and nil per cent on capital gains on non-land rich investments under National People's Congress law. The controlled entity is subject to an effective income tax rate at 3 per cent in Mauritius on taxable income. Refer to note 14.

Income that is subject to the withholding tax in China is recorded gross of withholding tax in the Statement of comprehensive income.

The current tax liability for the period is measured at the amount expected to be paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

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

Deferred tax liabilities are recognised at the tax rates expected to apply to the year when the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance date.

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

### (o) Distributable income

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

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

The Fund has a distribution reinvestment plan (DRP). Under the DRP, 100 per cent of distributions will be reinvested in additional units unless the unitholder elects to receive a partial cash distribution. Unitholders may be compulsorily required to participate in the DRP in respect of 100 per cent of distributions if the Responsible Entity determines that sufficient cash cannot be repatriated from China in a timely way to allow for any payment of distribution in cash. Investors from jurisdictions outside of Australia, New Zealand, Hong Kong or Singapore may not participate in the DRP.

### (p) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the functional currency).

The presentation currency of this financial report, and the functional currency of the Group and parent entity is the Australian Dollar.

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Foreign currency translation (continued)

#### (ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. At balance date, all monetary items denominated in foreign currencies are translated to Australian Dollars using the rates of exchange prevailing at that date. The resulting unrealised exchange differences are recognised in the Statement of comprehensive income in the year in which they arise.

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

#### (iii) Translation of financial reports of foreign operations

The functional currency of the foreign operation (controlled entity) is the US Dollar.

As at the balance date, the assets and liabilities of the foreign operations are translated into the presentation currency of the Group at the exchange rate at the balance date and the revenue and expenses are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve.

On disposal of the foreign operations, the deferred cumulative amount recognised in the foreign currency translation reserve relating to the foreign operations shall be recognised in the Statement of comprehensive income.

### (q) Terms and conditions of units on issue

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

Unitholders have various rights under the constitution and the Corporations Act 2001, including the right to:

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

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

### (r) Goods and services tax

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

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

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

### (s) Loans to related parties

In the parent entity information note, loans to related parties are carried at amortised cost.

### (t) Rounding

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

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 2: DISTRIBUTIONS TO UNITHOLDERS

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Distribution to be reinvested	6,840	6,183
Distribution payable as cash	1,500	926
	<b>8,340</b>	<b>7,109</b>

## NOTE 3: TAXATION

### (a) Withholding tax expense

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
The major components of withholding tax expense are:		
Deferred withholding tax related to the origination and reversal of temporary differences	1,333	82
<b>Withholding tax expense as reported in the Statement of comprehensive income</b>	<b>1,333</b>	<b>82</b>

### (b) Reconciliation between withholding tax expense recognised in the Statement of comprehensive income and prima facie tax expense calculated using the statutory income tax rate

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
A numerical reconciliation between tax expense and the product of accounting profit/(loss) before tax expense multiplied by the Group's Australian statutory income tax rate is as follows:		
Net profit/(loss) attributable to unitholders before tax expense and finance costs	28,463	(49,573)
At the Australian statutory income tax rate of 30%	8,539	(14,872)
Add/Less: income or expenses not subject to Australian statutory income tax rate of 30%		
Net changes in fair value of China A shares	(8,197)	14,380
Foreign exchange gains/(losses)	(158)	(156)
Net changes in fair value of Hong Kong equities	(38)	387
Dividend income	(2,026)	(1,706)
Interest income	(27)	(22)
Operating expenses	1,907	1,989
	—	—
Add/Less: income that is subject to withholding tax rate of 10% in China		
Withholding tax on realised capital land rich gains on China A shares	402	170
Withholding tax on unrealised capital land rich gains on China A shares	232	(743)
Dividend income from China A shares	675	569
Withholding tax expense on bonus share issue from China A shares	16	79
Interest income from cash in China	8	7
<b>Withholding tax expense</b>	<b>1,333</b>	<b>82</b>

The Fund is not subject to tax in Australia, since under the terms of the Fund's constitution, the unitholders are presently entitled to the taxable income of the Fund.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 3: TAXATION (continued)

### (c) Recognised deferred withholding tax assets and liabilities

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Deferred withholding tax liabilities		
Unrealised capital gains on China A shares in China	603	363
Interest and dividends in China	390	395
Realised capital gains on China A shares in China	2,548	2,157
<b>Total deferred withholding tax liabilities</b>	<b>3,541</b>	<b>2,915</b>

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Reconciliation of the movement in deferred withholding tax liabilities during the year was as follows:		
Balance at the beginning of the year	2,915	5,352
Charged to income	626	(451)
Tax paid	-	(1,986)
<b>Balance at the end of the year</b>	<b>3,541</b>	<b>2,915</b>

## NOTE 4: PAYABLES

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Management fees payable to the Responsible Entity	9,177	4,304
Other payables	331	188
<b>Balance at the end of the year</b>	<b>9,508</b>	<b>4,492</b>

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## NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

### NOTE 5: UNITS ON ISSUE

#### (a) Reconciliation of units

	31 Dec 2012		Consolidated 31 Dec 2011	
	Units '000	\$'000	Units '000	\$'000
Balance at the beginning of the year	345,547	340,759	337,034	334,118
Units issued	10,152	6,107	8,513	6,641
<b>Balance at the end of the year</b>	<b>355,699</b>	<b>346,866</b>	<b>345,547</b>	<b>340,759</b>

There have been no withdrawals from the Fund during the year (31 December 2011: Nil).

### NOTE 6: EARNINGS PER UNIT

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

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

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

	Consolidated	
	31 Dec 2012	31 Dec 2011
Weighted average number of units on issue for basic and diluted earnings per unit	353,424,522	343,657,649

	Consolidated	
	For the year ended 31 Dec 2012	For the year ended 31 Dec 2011
Earnings used in calculation of earnings per unit	\$26,602,720	(\$49,654,978)
Basic earnings per unit (\$ per unit)	\$0.075	(\$0.144)
Diluted earnings per unit (\$ per unit)	\$0.075	(\$0.144)

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

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 7: CASH AND CASH EQUIVALENTS

### (a) Reconciliation of cash and cash equivalents

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash and cash equivalents at the end of the year as shown in the Statement of cash flows is linked to the related items in the Statement of financial position as follows:		
Domestic	91	197
Foreign:		
US Dollars	38	57
Hong Kong Dollars	186	2,007
Renminbi	13,392	12,666
	13,616	14,730
<b>Cash and cash equivalents at the end of the year</b>	<b>13,707</b>	<b>14,927</b>

### (b) Reconciliation of net profit/(loss) attributable to unitholders after tax expense and finance costs to net cash inflow from operating activities

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Net profit/(loss) attributable to unitholders after tax expense and before finance costs	27,130	(49,655)
Proceeds from sales of Hong Kong equities	107	6,549
Net foreign exchange (gain)/loss	(527)	(519)
Net changes in the fair value of China A shares	(27,323)	47,935
Net changes in the fair value of Hong Kong equities	(126)	1,288
Changes in assets and liabilities:		
Increase/(decrease) in deferred withholding tax liabilities	626	(2,437)
(Increase)/decrease in receivables	-	3
Increase/(decrease) in payables	5,016	2,802
<b>Net cash inflow from operating activities</b>	<b>4,903</b>	<b>5,966</b>

### (c) Non-cash financing and operating activities

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Non-cash financing and operating activities carried out during the year on normal commercial terms and conditions included:		
Participation in distribution reinvestment plan	6,107	6,641



# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 8: AUDITOR'S REMUNERATION

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$	\$
Amounts paid or payable to Ernst & Young, the auditor of the Group, for:		
Audit and review of the financial statements of the Group	77,672	82,856
Other services in relation to the Fund – audit of compliance plan	4,120	5,150
	<b>81,792</b>	<b>88,006</b>

## NOTE 9: RELATED PARTY DISCLOSURES

### (a) General information

The Responsible Entity of the Fund is AMP Capital Investors Limited, a controlled entity of AMP Limited.

### (b) Investments

#### (i) Related party holdings of the Group

As at 31 December 2012, there were no investments by the Group in the Responsible Entity or its affiliates.

#### (ii) Related party investors in the Group

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

	Number of units held	Interest held %	Number of units acquired during the year	Number of units disposed of during the year	Distributions paid/reinvested or payable during the year \$
<b>31 DECEMBER 2012</b>					
AMP Life Limited	119,648,847	33.64	3,967,698	360,003	2,805,765
BNP Paribas Noms (NZ) Ltd (formerly known as Cogent Nominees (NZ) Limited)	12,623,059	3.55	544,176	17,672,037	296,011
Entity over which Stephen J.P. Dunne has significant influence	60,196	0.02	1,990	-	1,412

	Number of units held	Interest held %	Number of units acquired during the year	Number of units disposed of during the year	Distributions paid/reinvested or payable during the year \$
<b>31 DECEMBER 2011</b>					
AMP Life Limited	116,041,152	33.58	2,029,042	2	2,386,966
Cogent Nominees (NZ) Limited	29,750,920	8.61	17,753,660	-	611,976
AMP Capital Balanced Fund	-	-	-	8,286,231	-
AMP Capital Growth Fund	-	-	-	7,570,055	-
AMP Capital Conservative Fund	-	-	-	939,645	-
Entity over which Stephen J.P. Dunne has significant influence	58,206	0.02	1,874	-	1,197

# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 9: RELATED PARTY DISCLOSURES (continued)

### (c) Transactions with the Responsible Entity

All transactions between the Group and related parties have been at market value on normal commercial terms and conditions. This includes acquisitions and disposals of investments as well as applications and redemptions of units.

#### Management and performance fees

The Responsible Entity is entitled to a management fee of 1.65 per cent per annum on the Fund assets as at the last day of each month, payable quarterly in arrears and reimbursed for certain expenditure incurred in the administration of the Fund. The management fee is calculated in US Dollars for the controlled entity and Australian Dollars for the parent. In accordance with the Fund's constitution, the Responsible Entity is also entitled to a performance fee of 20 per cent of outperformance above the benchmark, payable quarterly in arrears on the final day of each quarter as a cash payment or by way of an issue of units in the Fund to the Responsible Entity if certain requirements are met. These are accounted for on an accrual basis. The benchmark is the S&P/CITIC 300 Total Return Index (converted to Australian Dollars).

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$	\$
Management fees expensed during the year	4,902,631	5,479,735
Performance fees expensed during the year	-	-

The management fees are normally payable to the Responsible Entity within 30 days after the end of each quarter. The Responsible Entity has postponed the receipt of the management fees with an amount owing as at 31 December 2012 of \$9,176,541 (31 December 2011: \$4,303,921). The Responsible Entity will not require these fees to be paid by the Fund unless the Group has sufficient liquidity to meet its operating requirements and obligations associated with its financial liabilities.

### (d) Loan advances to related parties

As at 31 December 2012, the balance of the parent entity loan to its controlled entity (denominated in US Dollars) was \$105,192,242 (31 December 2011: \$98,185,437).

During the year the parent entity lent a further amount of US\$126,419 (31 December 2011: US\$108,886) to its controlled entity. No additional shares were issued by the controlled entity during the year to repay the loan (31 December 2011: nil).

The term of the loan to the controlled entity by the parent entity will continue until the earlier of:

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

Interest of \$8,993,946 was incurred on the loan during the year (31 December 2011: \$8,191,412). This amount is capitalised into the loan.

### (e) Key management personnel

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

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 9: RELATED PARTY DISCLOSURES (continued)

### (e) Key management personnel (continued)

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

Name	Position
Stephen J. P. Dunne	Chairman and Executive Director
Sharon B. Davis	Executive Director
James R. Dawson	Executive Director
Peter R. J. Sipek	Executive Director

Remuneration paid to the Responsible Entity is detailed in note 9(c) above. No directors of the Responsible Entity were paid any remuneration by the Group during the year and their compensation, paid by the Responsible Entity or related entities of the Responsible Entity, is not related to services they render to the Group.

## NOTE 10: PARENT ENTITY INFORMATION

Information relating to AMP Capital China Growth Fund (the Parent entity):

	Parent	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Total assets	311,600	290,240
Total liabilities excluding net assets attributable to unitholders	(8,758)	(7,371)
Units on issue	346,866	340,759
Retained profits/(accumulated losses)	(44,024)	(57,890)
<b>Net assets attributable to unitholders</b>	<b>302,842</b>	<b>282,869</b>
<b>Net profit/(loss) attributable to unitholders after tax expense and before finance costs</b>	<b>22,206</b>	<b>(11,731)</b>

### Investment in controlled entity

The ASX listed AMP Capital China Growth Fund has 100 per cent ownership of AMP Capital China Growth Fund, a controlled entity domiciled and incorporated in Mauritius. Where carrying value of this investment exceeds the recoverable amount, a write down is made in the Statement of comprehensive income of the parent entity. The recoverable amount is determined as the net asset value of the controlled entity. During the year, accumulated impairment losses were partly reversed by \$16,113,756 (31 December 2011: \$18,631,406 impairment loss). At balance date, the carrying value of the investment in the controlled entity was \$200,827,086 (31 December 2011: \$184,713,330).

### Loan advances to controlled entity

The parent entity has provided an at call loan (note 9(d)) to the controlled entity at a fixed rate of nine per cent and is therefore not exposed to cash flow interest rate risk (note 11(d)).

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (a) Financial risk management objectives, policies and processes

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

Financial instruments of the Group comprise cash and cash equivalents, net assets attributable to unitholders, and other financial instruments such as investments in overseas listed securities, receivables, payables and loan to controlled entity.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Group is exposed to credit risk, liquidity risk and market risk.

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

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

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

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

In order to avoid excessive concentration of risk, the Group monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

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

In order to maintain or adjust the capital structure, the Responsible Entity may reinvest distributions. The Group does not have any externally imposed capital requirements.

### (b) Credit risk

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

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

In relation to equity financial instruments, the risk associated with these contracts is minimised by undertaking transactions only with recognised, creditworthy third parties, and ensuring that where possible, transactions are diversified amongst a number of counterparties to avoid a concentration of credit risk.

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

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

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## NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

### NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (c) Liquidity risk

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

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

#### Maturity analysis for financial liabilities

Financial liabilities of the Group comprise management fees payable and other payables, distribution payable and net assets attributable to unitholders. Management fees are payable on terms set out in note 9(c). Other payables have no contractual maturities but are typically settled within 30 days. Distributions are expected to be paid or reinvested yearly by 31 March, although there may be times when no distribution is payable on the scheduled distribution date.

Net assets attributable to unitholders are subject to the exit provisions as defined by the Fund's constitution.

The Group did not have any derivative financial instruments (liabilities) as at 31 December 2012 (31 December 2011: Nil).

On 25 July 2012, the Fund established a secured revolving borrowings facility on commercial terms with Australia and New Zealand Banking Group Limited to assist in meeting the short term liquidity requirements of the Fund.

#### (d) Market risk

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

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

Accounting standards require the disclosure of sensitivity to changes in market risk variables such as equity prices, exchange rates and interest rates. This sensitivity is not intended to show the impact on the profit for the entire period, just an illustrative example of the direct impact of a change in the value of the financial assets and financial liabilities held at the balance date as a result of the change in market rate.

#### Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk is on cash and cash equivalents only and is not significant.

The interest rate sensitivity for cash and cash equivalents are not significant to the Fund.

#### Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group holds monetary and non-monetary assets denominated in currencies other than the Australian Dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

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

The following table indicates the foreign currencies of monetary assets to which the Group had significant exposure at 31 December 2012. The analysis demonstrates the impact of a 10 per cent movement in the exchange rate against the Australian Dollar on the net assets attributable to unitholders, with all other variables held constant.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (d) Market risk (continued)

#### Foreign exchange risk (continued)

Consolidated

	AUD equivalent in exposure by currency \$'000	Change in foreign currency exchange rate	
		Effect on net assets attributable to unitholders +10%* \$'000	Effect on net assets attributable to unitholders -10%* \$'000
<b>31 DECEMBER 2012</b>			
Currency			
US Dollars	38	(4)	4
Renminbi	13,392	(1,339)	1,339
Hong Kong Dollars	186	(19)	19

Consolidated

	AUD equivalent in exposure by currency \$'000	Change in foreign currency exchange rate	
		Effect on net assets attributable to unitholders +10%* \$'000	Effect on net assets attributable to unitholders -10%* \$'000
<b>31 DECEMBER 2011</b>			
Currency			
US Dollars	57	(6)	6
Renminbi	12,666	(1,267)	1,267
Hong Kong Dollars	2,007	(201)	201

The effect on net assets attributable to unitholders shown in the table above is based on income prior to any distributions to unitholders.

\* 10 per cent (31 December 2011: 10 per cent) has been assessed at 31 December 2012 as a reasonably possible movement in currency rate sensitivity over the year. It is not intended to illustrate a remote, worst case or stress test scenario.

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# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (d) Market risk (continued)

#### Price risk

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

Where non-monetary financial instruments are denominated in currencies other than the Australian Dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. All securities present a risk of loss of capital. The Group's maximum price risk exposure at balance date in relation to financial instruments is the carrying amount of those assets as indicated in the Statement of financial position.

Price risk is managed by monitoring compliance with established investment mandate limits.

The analysis below demonstrates the impact of a 20 per cent (31 December 2011: 20 per cent) movement in equity securities. This sensitivity analysis has been performed to assess the direct risk of holding China A shares equity instruments with all other variables held constant. It is assumed that the relevant change occurs as at the balance date. Price risk sensitivity for equities listed on Hong Kong stock exchange and deferred withholding tax liabilities are not significant to the Group.

Consolidated

	Change in equity price	
	Effect on net profit attributable to unitholders	Effect on net profit attributable to unitholders
	+20%*	-20%*
	\$'000	\$'000
31 December 2012	61,529	(61,529)
31 December 2011	55,919	(55,919)

\* 20 per cent (31 December 2011: 20 per cent) has been assessed at 31 December 2012 as a reasonably possible movement in equity price sensitivity over the year. It is not intended to illustrate a remote, worst case or stress test scenario.

### (e) Fair value measurement

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

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

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

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

The Group's investments are equities listed on Hong Kong stock exchange and China A shares listed on the Shanghai or Shenzhen stock exchanges. Both of these are financial instruments carried at fair value. The fair value of a listed security is determined by reference to the 'bid' price of the security, as quoted on the primary exchange at balance date. They have all been assessed as level 1 financial instruments under the three level hierarchy.

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## NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 31 DECEMBER 2012

### NOTE 12: SEGMENT INFORMATION

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

The Responsible Entity, which is the chief operating decision maker for the purposes of assessing performance and determining the allocation of resources, operates and is domiciled in Australia. Investments in China A shares and Hong Kong equities are facilitated through the Group's wholly owned controlled entity domiciled in Mauritius.

### NOTE 13: EVENTS OCCURRING AFTER BALANCE DATE

There have been no matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Group.

### NOTE 14: TAX UNCERTAINTY

AMP Capital Investors Limited (the Manager) manages the tax position of the Group. This includes working to achieve more tax certainty on the application for relief under the China/Mauritius Double Tax Treaty (the Treaty). If the outcome of the Group's application for Treaty relief is unfavourable to the Group and the Chinese tax authorities ultimately determine that the applicable withholding tax rate for non-land rich capital gains on China A shares is 10 per cent instead of the Treaty withholding tax rate of nil per cent, the impact could be to increase the Group's deferred withholding tax liability by up to \$20 million as at 31 December 2012 (31 December 2011: \$18 million), decreasing net asset value (NAV) by the same amount.

The Manager continues to be of the view that the Treaty withholding tax rate of nil per cent is appropriate for 'non-land rich' capital gains on China A shares and accordingly, no further deferred withholding tax liability is required.

### NOTE 15: COMMITMENTS AND CONTINGENCIES

The Group had no commitments or contingencies at 31 December 2012 (31 December 2011: nil) other than those specified in the financial report.

### NOTE 16: AUTHORISATION OF FINANCIAL REPORT

The financial report of the AMP Capital China Growth Fund for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors of AMP Capital Investors Limited on 27 February 2013.



## DIRECTORS' DECLARATION

### DIRECTORS' DECLARATION

In accordance with a resolution of the directors of AMP Capital Investors Limited, the Responsible Entity, I state that for the purpose of section 295(4) of the Corporations Act 2001, in the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including section 296 (compliance with accounting standards) and section 297 (true and fair view).
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) The financial statements and notes of the Group comply with International Financial Reporting Standards applicable to annual reporting as disclosed in note 1(b).

This declaration has been made after receiving the declaration required to be made to the directors in accordance with s295A of the Corporations Act 2001 for the year ended 31 December 2012.



**Stephen J. P. Dunne**  
Executive Chairman

Sydney, 27 February 2013

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# AUDITOR'S REPORT



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680 George Street  
Sydney NSW 2000 Australia  
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## Independent auditor's report to the unitholders of AMP Capital China Growth Fund

We have audited the accompanying financial report of AMP Capital China Growth Fund (the "Fund"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets attributable to unitholders and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entity it controlled at the year's end.

### **Directors' responsibility for the Financial Report**

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### **Auditor's Responsibility**

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


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

## AUDITOR'S REPORT CONT.

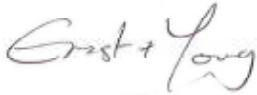


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**Auditor's Opinion**

In our opinion:

- a. the financial report of AMP Capital China Growth Fund is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1b.



Ernst & Young



Darren Handley-Greaves  
Partner  
Sydney  
27 February 2013

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# INVESTOR INFORMATION

AS AT 31 DECEMBER 2012

The following information presented on pages 38–41 was current as at 31 December 2012.

## Number of unitholders and unitholders' rights

There were 355,699,116 ordinary units on issue held by 6,348 unitholders. On a show of hands at any unitholder meeting, every member present in person or represented by a proxy or representative shall have one vote and on a poll every member who is present in person or represented by a proxy or representative shall have one vote for every dollar of the value of the total interest they have in the Fund.

## Distribution of units

Source: Computershare

Investor ranges	Number of holders	Total units	% of issued capital
1–1000	788	282,260	0.08
1,001–5,000	1,442	3,827,934	1.08
5,001–10,000	1,122	7,794,406	2.19
10,001–100,000	2,769	77,695,160	21.84
100,001 and over	227	266,099,356	74.81
<b>Total</b>	<b>6,348</b>	<b>355,699,116</b>	<b>100</b>

There are 668 unitholders with an unmarketable parcel of units in the Fund.

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# INVESTOR INFORMATION CONT.

AS AT 31 DECEMBER 2012

## Twenty largest investors

Rank	Investor	Number of units	% issued capital
1	AMP Life Limited	119,648,847	33.64
2	National Nominees Limited	29,890,863	8.40
3	HSBC Custody Nominees (Australia) Limited	14,353,266	4.04
4	BNP Paribas Noms (NZ) Limited	12,623,059	3.55
5	CS Fourth Nominees Pty Ltd	7,655,276	2.15
6	BNP Paribas Noms Pty Ltd	7,200,475	2.02
7	UBS Wealth Management Australia Nominees Pty Ltd	5,908,571	1.66
8	RBC Investor Services Australia Nominees Pty Ltd	4,635,687	1.30
9	Citicorp Nominees Pty Ltd	3,079,372	0.87
10	Navigator Australia Limited	2,537,582	0.71
11	Vigor Door Corporation Pty Ltd	2,199,318	0.62
12	Buttonwood Nominees Pty Ltd	2,000,000	0.56
13	Charanda Nominee Company Pty Ltd	1,853,855	0.52
14	Kevson Pty Ltd	1,375,613	0.39
15	Serioso Pty Ltd	1,330,064	0.37
16	Ms Feng-Chu Lin	1,211,700	0.34
17	Ms Feng-Chu Lin	1,185,873	0.33
18	Merrill Lynch (Australia) Nominees Pty Ltd	1,160,673	0.33
19	J P Morgan Nominees Australia Limited	1,003,357	0.28
20	Australian Executor Trustees Limited	873,813	0.25
<b>Total</b>		<b>221,727,264</b>	<b>62.33</b>

### Substantial holders

Units as reported on the latest notice of change of interests of substantial holder (Form 604)

AMP Limited and its related bodies corporate	132,271,906 units
City of London Investment Management Company Ltd	28,274,814 units

### Voting rights

All units carry one vote per unit without restrictions.

### Restricted securities

There are no restricted securities on issue.

### Buy-back

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

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# INVESTOR INFORMATION CONT.

AS AT 31 DECEMBER 2012

## Management agreement

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

## Services

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

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

## Indemnities

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

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

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

## Fees

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

The base fee of 1.65 per cent per annum is calculated on the Fund value as at the last day of each month and is payable quarterly in arrears on the final day of each quarter. The Subsidiary Company either pays certain out of pocket expenses (eg custody, broking and administration costs and taxes) associated with the investment and management of the investment portfolio or AMP Capital Investors Limited may cause those expenses to be deducted from the investment portfolio.

The performance fee of 20 per cent of outperformance above the benchmark (if any) is payable quarterly in arrears on the final day of each quarter.

## Termination

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

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

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

# INVESTOR INFORMATION CONT.

AS AT 31 DECEMBER 2012

## Investment portfolio

### CHINA

STOCK	WEIGHT (%)	STOCK	WEIGHT (%)
Air China Ltd	1.1	Industrial Bank Co Ltd	1.4
Anhui Conch Cement Co Ltd	2.1	Inner Mongolia Baotou Steel Ra	2.4
Baoshan Iron & Steel Co Ltd	1.1	Jiangsu Yanghe Brewery Joint-S	0.4
BesTV New Media Co Ltd	1.0	Jiangxi Copper Co Ltd	2.5
Changjiang Securities Co Ltd	0.8	Kweichow Moutai Co Ltd	3.9
China CNR Corp Ltd	0.9	Livzon Pharmaceutical Group In	0.7
China Coal Energy Co Ltd	1.5	PetroChina Co Ltd	0.9
China Construction Bank Corp	1.1	Ping An Insurance Group Co	5.0
China Eastern Airlines Corp Ltd	1.1	Poly Real Estate Group Co Ltd	4.3
China Life Insurance Co Ltd	1.8	Qingdao Haier Co Ltd	1.0
China Merchants Bank Co Ltd	3.3	Sany Heavy Industry Co Ltd	1.3
China Merchants Property Development	3.3	Shandong Dong-E E-Jiao-A	1.5
China Minsheng Banking Corp Ltd	3.7	Shandong Gold Mining Co Ltd	0.9
China Pacific Insurance Group	0.6	Shanghai Pudong Development Ba	2.2
China Railway Construction Corp Ltd	1.2	Shanxi Xishan Coal & Electrici	1.9
China Shenhua Energy Co Ltd	2.0	Shenzhen O-film Tech Co Ltd	1.0
China Southern Airlines Co Ltd	1.0	Sinolink Securities Co Ltd	1.4
China State Construction Engin	2.0	Southwest Securities Co Ltd	0.8
China Vanke Co Ltd	2.7	Suning Appliance Co Ltd	1.4
CITIC Securities Co Ltd	5.1	Suzhou Gold Mantis Constructio	1.0
CSR Corp Ltd	1.1	Tangshan Jidong Cement Co Ltd	0.5
Fuyao Glass Industry Group Co	1.3	Tasly Pharmaceutical Group Co	0.6
Gemdale Corp	1.0	Tsingtao Brewery Co Ltd	0.2
Gree Electric Appliances Inc	3.7	Weichai Power Co Ltd	0.5
Haitong Securities Co Ltd	2.1	Wuhan Humanwell Healthcare Gro	1.3
Hangzhou Hikvision Digital Tec	1.5	Yantai Wanhua Polyurethanes Co	2.3
Hong Yuan Securities Co Ltd	0.8	Yunnan Baiyao Group Co Ltd	1.6
Huaneng Power International In	0.5	Zhengzhou Yutong Bus Co Ltd	1.7
Huaxin Cement Co Ltd	1.6	Zijin Mining Group Co Ltd	0.5
ICBC	2.0	Zoomlion Heavy Industry Scienc	0.9

### HONG KONG

STOCK	WEIGHT (%)
BOCI-Prudential – W.I.S.E. –	0.9
CSI China Tracker Fund	

### Brokerage costs and investment transactions

There were a total of 266 transactions in securities during the year ended 31 December 2012. Total brokerage paid by the Group on those transactions was approximately \$676,526 (excluding GST).

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## CORPORATE DIRECTORY

**AMP CAPITAL CHINA GROWTH FUND**

ABN 59 597 237 725

Registered Office  
Level 24, 33 Alfred Street  
Sydney NSW 2000  
T: 02 9257 5000

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

### **Responsible Entity and Investment Manager**

AMP Capital Investors Limited  
ABN 59 001 777 591

### **Secretary of the Responsible Entity**

Adrian Lucchese

### **Share Registry**

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

### **Auditors**

Ernst & Young  
680 George Street  
Sydney NSW 2000