

**Important Notes:**

- The Fund may invest in listed companies that derive a significant portion of their revenues from goods produced or sold, investments made or services performed in the Greater China region, which includes the People's Republic of China, the Hong Kong & Macau Special Administrative Regions and Taiwan.
- The Fund may invest in the Greater China securities markets, which are emerging markets. As such, the Fund may involve a higher degree of risk and is usually more sensitive to price movements.
- The value of the Fund can be volatile and could go down substantially within a short period of time.
- The investment decision is yours. You should not invest unless the intermediary who sells this Fund to you has advised you that this Fund is suitable for you and has explained why, including how investing in it would be consistent with your investment objectives.
- Investors should not base on this material alone to make investment decision. Please refer to the explanatory memorandum, including the risk factors involved.
- Investment involves risks. The price of units may go down as well as up. Past performance is not indicative of future performance. Please refer to the explanatory memorandum for further details and the risk factors.

**Investment Objective**

To achieve medium- to long-term capital appreciation by investing in listed companies which are domiciled in or have operating incomes from the Greater China region (Mainland China, Hong Kong, Macau and Taiwan).

**Fund Facts**

Management:	Guotai Junan Assets (Asia) Limited
Inception Date:	2007-11-19
Domicile:	Cayman Islands
Base Currency:	HKD
Benchmark:	Nil
Bloomberg Ticker:	GJGCHGR HK
Redemption Day:	Every Trading Day
Custodian:	HSBC Trustee (Cayman) Limited
Auditor:	Ernst & Young Limited
Minimum amount for HK immigration investment:	HKD 10 million
NAV in total (as of DEC 30):	HKD 61.5 million
NAV per Unit (as of DEC 30):	HKD 64.02

**Fee Structure**

Minimum Subscription:	HK\$ 10,000
Subscription Fee:	Up to 5%
Management Fee:	1.5% p.a.
Redemption Fee:	
Less than 6 Months	1%
6 months or more but less than 12 Months	0.75%
12 months or more but less than 18 Months	0.50%
18 months or more but less than 24 Months	0.25%
24 Months or more	Waived

**Investment Team**

**Chief Investment Officer: Mr. Yuan Junping**

Contact information:

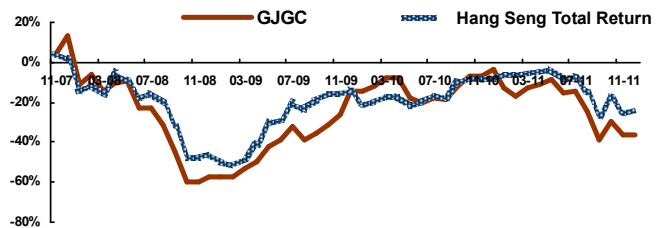
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**Fund Information Resources**

Bloomberg Ticker: GJGCHGR HK EQUITY  
Web URL: [http://www.gtja.com.hk/english/qtja\\_invest/zcqljj/gcgf.aspx](http://www.gtja.com.hk/english/qtja_invest/zcqljj/gcgf.aspx)

**Fund Performance Since Inception**

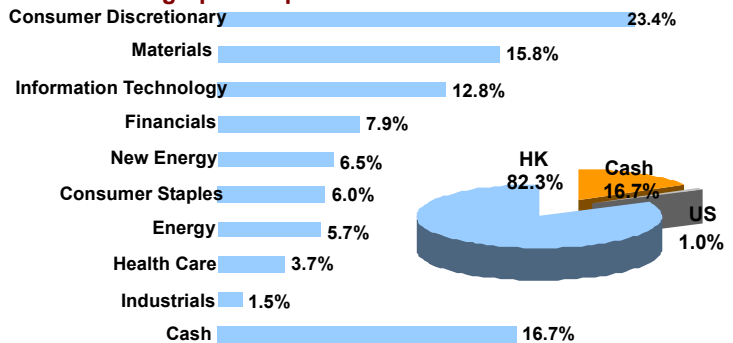
(measured by the percentage change in NAV-to-NAV basis)



**Performance Update** (measured by the percentage change in NAV-to-NAV basis)

	Total Return	Hang Seng Total Return Index
1 Month	0.3%	2.6%
3 Months	4.8%	5.1%
6 Months	-24.5%	-16.7%
YTD Return	-33.4%	-17.4%
1 Year	-33.4%	-17.4%
3 Years	49.0%	40.5%
<b>Since Launch</b>		
Annualized Return	-10.5%	-6.4%
Annualized Volatility	32.1%	34.3%

**Sector & Geographic Exposure**



**Calendar year performance (%)**

(measured by the percentage change in NAV-to-NAV basis)

	2007 <sub>1</sub>	2008	2009	2010	2011 <sub>2</sub>
<b>The Fund</b>	12.9%	-62.0%	99.4%	12.1%	-33.4%
<b>Hang Seng Total Return Index</b>	1.5%	-46.4%	56.5%	8.6%	-17.4%

- Calculated since the launch of the Fund as at 19 November 2007.
- Measured as of DEC 30, 2011.

**Top Ten Security Holdings**

#	Name	Industry	%
1	China All Access	Information Technology	9.3%
2	Hengdeli	Consumer Discretionary	7.2%
3	Haier Electronics	Consumer Discretionary	6.5%
4	Sinopoly Battery Limited	New Energy	5.9%
5	Sinopec	Energy	5.3%
6	Petrochina	Energy	4.7%
7	China Timber	Materials	4.6%
8	China Life Insurance	Financials	4.4%
9	Intime Departmental Store	Consumer Discretionary	4.0%
10	China Taiping	Financials	2.6%

\*Industry Classification is based on Global Industry Classification Standard (GICS).

**Notes:**

- All of the charts and tables in this page are prepared based on the data from Bloomberg and Guotai Junan Assets (Asia) Limited ("GJAL").
- From 29 July 2011, Hang Seng Total Return Index is used as an index which most closely reflects the investment focus of the Fund for the comparison purpose. Hang Seng Total Return Index includes dividend reinvestment.

**Monthly Performance Summary** (measured by the percentage change in NAV-to-NAV basis)

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	-0.1	-0.1	9.7	7.5	14.9	5.6	10.1	-9.4	5.5	6.8	7	16.2	99.4	-14.3
Hang Seng Total Return Index (%)	-7.7	-3.5	6.4	14.5	18.4	1.6	11.9	-3.9	6.7	3.8	0.5	0.3	56.6	-14.7
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	0.3	2.3	5.4	-0.2	-10.7	-3.9	4.1	-1.9	9.3	5.1	0.4	2.9	12.1	-3.9
Hang Seng Total Return Index (%)	-8	2.4	3.3	-0.4	-5.2	2.2	4.5	-2.1	9.4	3.3	-0.2	0.1	8.6	-7.4
Information Ratio*											0.02	-0.11		
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	-9	-4.5	4.9	2	2.6	-7.3	0.7	-11.3	-19.4	15.9	-9.8	0.3	-33.4	-36.0
Hang Seng Total Return Index (%)	1.8	-0.5	1.1	1	0.7	-4.8	0.2	-8.2	-13.8	12.9	-9.2	2.6	-17.4	-23.5
Information Ratio*	-0.21	-0.30	-0.18	-0.02	-0.09	-0.03	0.04	0.07	0.06	0.27	0.22	0.12		

Sources: Bloomberg, GJAAL

Notes: \* Information ratio (IR) is defined as expected active return divided by tracking error, where active return is the difference between the return of the fund and the return of Hang Seng Total Return Index, and tracking error is the standard deviation of the active return. We started to calculate IR based on 3-year data since Nov.2010.

**Market Review**

The US macro figures improved a little bit thanks to the sales peak season in December. The consumer confidence index increased to 64.5, an eight-month high exceeding all estimates surveyed by Bloomberg. November's durable goods orders increased by 3.8%. Both the personal income and spending increased by 0.1%. In December, the Dow Jones increased by 1.4% to 12,218. The S&P 500 increased by 0.9% to 1,258 and the NASDAQ decreased by 0.6% to 2,605.

China reported in-line economic data for December. The M2 growth was 13.6%. Export growth further slowed down to 13.4%; and the latest PMI came at 50.3. Both CPI and PPI growth decreased significantly to 4.1% and 1.7% respectively. The central government hinted more loosening policies in the coming year to boost the slowing-down economy. In December, the Hang Seng Index increased by 2.5% to 18,434, and HSCEI hiked by 4.5% to 9,936.

**Brief Trading Summary**

The Fund's NAV slightly gained by 0.3% in December, underperformed Hang Seng Total Return Index by 2.3% in the same period. Hong Kong market generally range bounded with much light trading volumes, and defensive players continued to outperform. In this month, the best players in our portfolio were Magic Holdings (01633 HK, +21.6%), China Oil and Gas (00603 HK, +20.7%) and China All Access (00633 HK, 17.0%).

In December, we didn't trade much but to keep a relatively high cash ratio at 16.7%. We took profit on China Gas (00384 HK), and we trimmed down position on Chigo Holdings (00449 HK).

**Investment Strategy**

China stock market ended up this year's trading by presenting disappointing performance in both domestic and Hong Kong market. In the whole year, CSI300 index decreased by 25.0% and the Hang Seng Index decreased by 20.0%. As China's economic growth will inevitably slow down, the market consensus of China's GDP growth in 2012 is lowed to 8.4%, and the FAI growth is lowed to 18%. The prospect of export remains rather dim given the stagnant situation in Europe. China's central government till now sticks to the very tight control policies on property sector. PBOC indicates that the monetary policy in 2012 will be stable but flexible, and the market does expect further RRR cuts and even interest rate cuts.

We expect the year of 2012 will be difficult for China government to find the balance between stimulating growth and remaining tight control on property sector. Since the performance of China's equity market will finally reflect the weak economic fundamentals, we are also not much optimistic on next year's performance of stock market. But we do recommend investors to take a positive long-term view on certain sectors which enjoy preferable supportive policies. We also are interested in defensive players given that they will have more potential to present stable earning growths.

Investment opportunities are likely to exist in following areas for the next month.

1) Natural gas sector, both upstream and downstream. The central government has rolled out the pilot price reform program in Guangdong and Guangxi Provinces, which will result in 20% price hike of natural gas. As both the volume and price for natural gas suppliers will significantly increase, we expect their earnings will also grow at a faster pace.

2) Selected industrial manufacturers. We expect the government will consistently support the high-end manufacturing with advanced technology and the agriculture machinery if the central government determines to roll out more aggressive fiscal expanding policies. Also the valuation of the sector remained undemanding.

3) Healthcare. This sector has underperformed for quite a while due to the policy headwinds on price cut. Demand for healthcare services and drugs are still strong, and we expect the volumes will increase even though the movement of prices is uncertain. After all, the valuation of this sector fell to historical low level, which may offer a good entering point.

**Notes:**

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