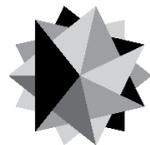


# Affin Hwang World Series - China A Opportunity Fund

Annual Report  
31 May 2020

Out **think.** Out **perform.**



AFFIN HWANG  
CAPITAL

MANAGER  
Affin Hwang Asset Management Berhad  
199701014290 (429786-T)

TRUSTEE  
TMF Trustees Malaysia Berhad (610812-W)

# AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

## Annual Report and Audited Financial Statements For the Financial Period From 8 January 2019 (Date of Launch) To 31 May 2020

---

<b>Contents</b>	<b>Page</b>
FUND INFORMATION .....	III
FUND PERFORMANCE DATA.....	V
MANAGER'S REPORT .....	VI
TRUSTEE'S REPORT .....	XVI
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

## FUND INFORMATION

Fund Name	Affin Hwang World Series – China A Opportunity Fund
Fund Type	Growth
Fund Category	Feeder Wholesale
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period.
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

### BREAKDOWN OF UNITHOLDERS BY SIZE USD CLASS AS AT 31 MAY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	6	155
50,001 to 500,000	6	729
500,001 and above	5	20,749
<b>Total</b>	<b>17</b>	<b>21,633</b>

\* Note: Excluding Manager's stock

### BREAKDOWN OF UNITHOLDERS BY SIZE AUD HEDGED-CLASS AS AT 31 MAY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	1	10
10,001 to 50,000	2	47
50,001 to 500,000	5	1,142
500,001 and above	3	33,493
<b>Total</b>	<b>11</b>	<b>34,692</b>

\* Note: Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY SIZE MYR HEDGED-CLASS AS AT 31 MAY 2020**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	-	-
5,001 to 10,000	55	454
10,001 to 50,000	82	2,144
50,001 to 500,000	89	13,030
500,001 and above	15	283,660
<b>Total</b>	<b>241</b>	<b>299,288</b>

\* Note: Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY SIZE SGD HEDGED-CLASS AS AT 31 MAY 2020**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	5	157
50,001 to 500,000	3	358
500,001 and above	3	4,101
<b>Total</b>	<b>11</b>	<b>4,616</b>

\* Note: Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY SIZE MYR CLASS AS AT 31 MAY 2020**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	2	6
5,001 to 10,000	42	346
10,001 to 50,000	65	1,591
50,001 to 500,000	58	9,505
500,001 and above	17	57,771
<b>Total</b>	<b>184</b>	<b>69,219</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As At 31 May 2020 (%)				
Portfolio composition					
Collective Investment Scheme	95.15				
Cash and cash equivalent	4.85				
<b>Total</b>	<b>100.00</b>				
Currency class	<u>MYR Class</u>	<u>USD Class</u>	<u>MYR Hedged-class</u>	<u>AUD Hedged-class</u>	<u>SGD Hedged-class</u>
Total NAV (million)	45.066	13.320	184.802	20.811	2.774
NAV per unit (in respective currencies)	0.6511	0.6157	0.6175	0.5998	0.6008
Unit in Circulation (million)	69.221	21.636	299.292	34.695	4.617
Highest NAV	0.6645	0.6614	0.6658	0.6523	0.6511
Lowest NAV	0.4985	0.4996	0.4996	0.4979	0.4958
Return of the Fund (%)	30.22	23.14	23.50	19.96	20.16
- Capital Return (%)	30.22	23.14	23.50	19.96	20.16
- Income Return (%)	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil
Management Expenses Ratio (%)	2.73				
Portfolio Turnover Ratio (times)	1.84				

### **Basis of calculation and assumption made in calculating the returns:-**

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	=	NAV per Unit end / NAV per Unit begin – 1
Income return	=	Income distribution per Unit / NAV per Unit ex-date
Total return	=	(1+Capital return) x (1+Income return) – 1

## **MANAGER'S REPORT**

### **Income Distribution / Unit Split**

No income distribution and unit splits were declared for the financial year ended 31 May 2020.

### **Performance Review**

#### **AUD Hedged Class**

For the period 29 January 2019 to 31 May 2020, the Fund registered a return of 19.96%. It underperformed the Benchmark return of 30.85% by 10.89 percentage points. The Net Asset Value (NAV) per unit of the Fund on 31 May 2020 was AUD0.5998 while the NAV per unit on 29 January 2020 was AUD 0.5000. (See Table 1 for the performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

#### **MYR Hedged Class**

For the period 29 January 2019 to 31 May 2020, the Fund registered a return of 23.50%. It underperformed the Benchmark return of 28.45% by 4.95 percentage points. The Net Asset Value (NAV) per unit of the Fund on 31 May 2020 was RM0.6175 while the NAV per unit on 29 January 2020 was RM0.5000. (See Table 1 for the performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

#### **MYR Class**

For the period 29 January 2019 to 31 May 2020, the Fund registered a return of 30.22%. It outperformed the Benchmark return of 28.45% by 1.77 percentage points. The Net Asset Value (NAV) per unit of the Fund on 31 May 2020 was RM0.6511 while the NAV per unit on 29 January 2020 was RM0.5000. (See Table 1 for the performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

#### **SGD Hedged Class**

For the period 29 January 2019 to 31 May 2020, the Fund registered a return of 20.16%. It underperformed the Benchmark return of 26.71% by 6.55 percentage points. The Net Asset Value (NAV) per unit of the Fund on 31 May 2020 was SGD 0.6008 while the NAV per unit on 29 January 2019 was SGD 0.5000. (See Table 1 for the performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

#### **USD Class**

For the period 29 January 2019 to 31 May 2020, the Fund registered a return of 23.14%. It outperformed the Benchmark return of 21.26% by 1.88 percentage points. The Net Asset Value (NAV) per unit of the Fund on 31 May 2020 was USD 0.6157 while the NAV per unit on 29 January 2019 was USD 0.5000. (See Table 1 for the performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

Over the period under review, the Fund has met its objective of providing capital appreciation.

### **AUD Hedged Class**

Table 1: Performance of the Fund

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>19.96%</b>
<b>Benchmark</b>	<b>30.85%</b>
<b>Outperformance / (Underperformance)</b>	<b>(10.89%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>14.55%</b>
<b>Benchmark</b>	<b>22.22%</b>
<b>Outperformance / (Underperformance)</b>	<b>(7.67%)</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>19.96%</b>
<b>Benchmark</b>	<b>30.85%</b>
<b>Outperformance / (Underperformance)</b>	<b>(10.89%)</b>

Source of Benchmark: Bloomberg

### **MYR Hedged Class**

Table 1: Performance of the Fund

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>23.50%</b>
<b>Benchmark</b>	<b>28.45%</b>
<b>Outperformance / (Underperformance)</b>	<b>(4.95%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>17.06%</b>
<b>Benchmark</b>	<b>20.55%</b>
<b>Outperformance / (Underperformance)</b>	<b>(3.49%)</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>23.50%</b>
<b>Benchmark</b>	<b>28.45%</b>
<b>Outperformance / (Underperformance)</b>	<b>(4.95%)</b>

Source of Benchmark: Bloomberg

**MYR Class**

Table 1: Performance of the Fund

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>30.22%</b>
<b>Benchmark</b>	<b>28.45%</b>
<b>Outperformance</b>	<b>1.77%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>21.79%</b>
<b>Benchmark</b>	<b>20.55%</b>
<b>Outperformance / (Underperformance)</b>	<b>1.24%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>30.22%</b>
<b>Benchmark</b>	<b>28.45%</b>
<b>Outperformance / (Underperformance)</b>	<b>1.77%</b>

Source of Benchmark: Bloomberg

**SGD Hedged Class**

Table 1: Performance of the Fund

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>20.16%</b>
<b>Benchmark</b>	<b>26.71%</b>
<b>Outperformance / (Underperformance)</b>	<b>(6.55%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>14.69%</b>
<b>Benchmark</b>	<b>19.33%</b>
<b>Outperformance / (Underperformance)</b>	<b>(4.64%)</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>20.16%</b>
<b>Benchmark</b>	<b>26.71%</b>
<b>Outperformance / (Underperformance)</b>	<b>(6.55%)</b>

Source of Benchmark: Bloomberg

**USD Class**

Table 1: Performance of the Fund

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>23.14%</b>
<b>Benchmark</b>	<b>21.26%</b>
<b>Outperformance / (Underperformance)</b>	<b>1.88%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>16.81%</b>
<b>Benchmark</b>	<b>15.48%</b>
<b>Outperformance / (Underperformance)</b>	<b>1.33%</b>

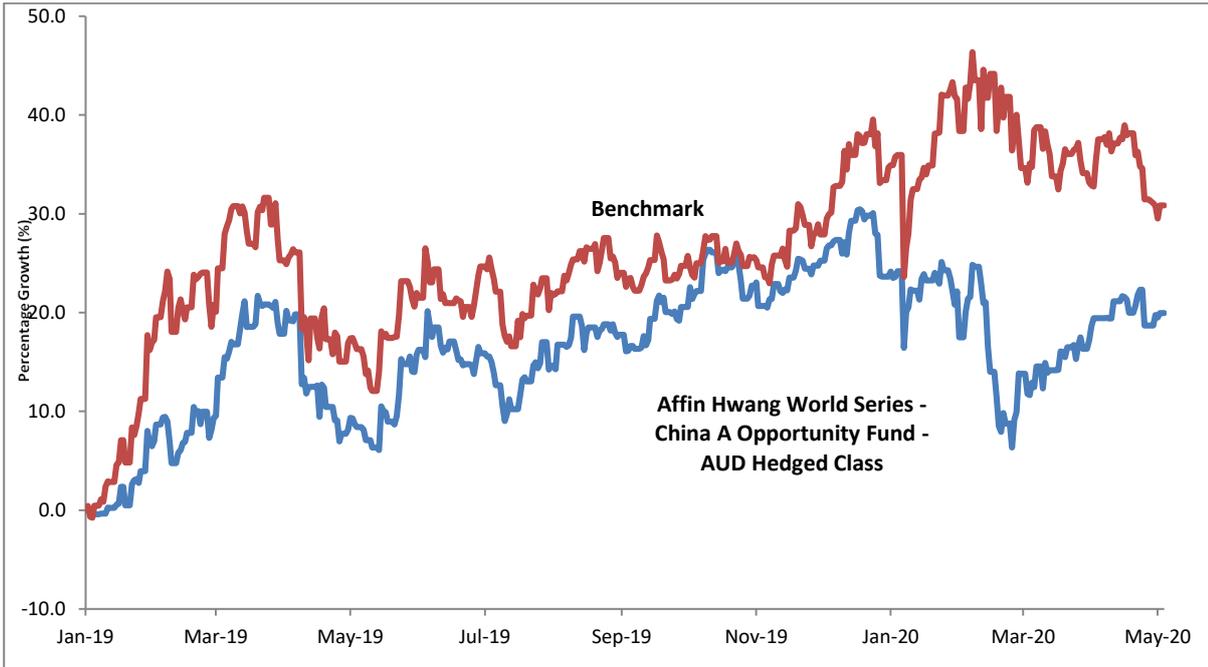
Source of Benchmark: Bloomberg

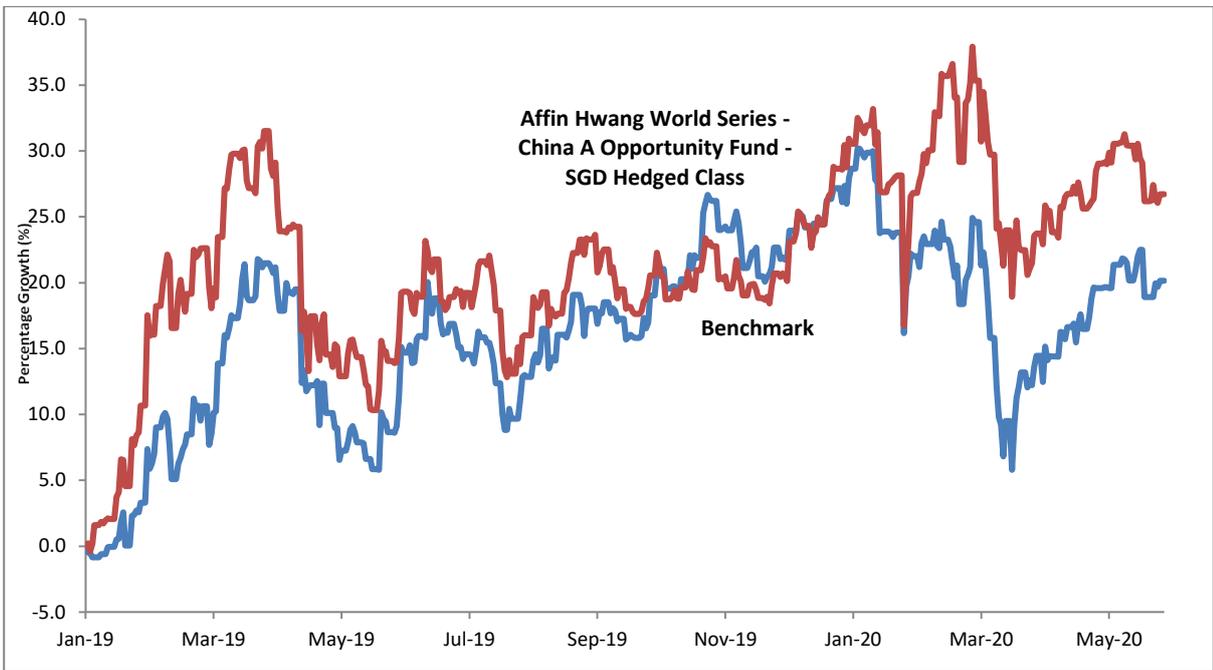
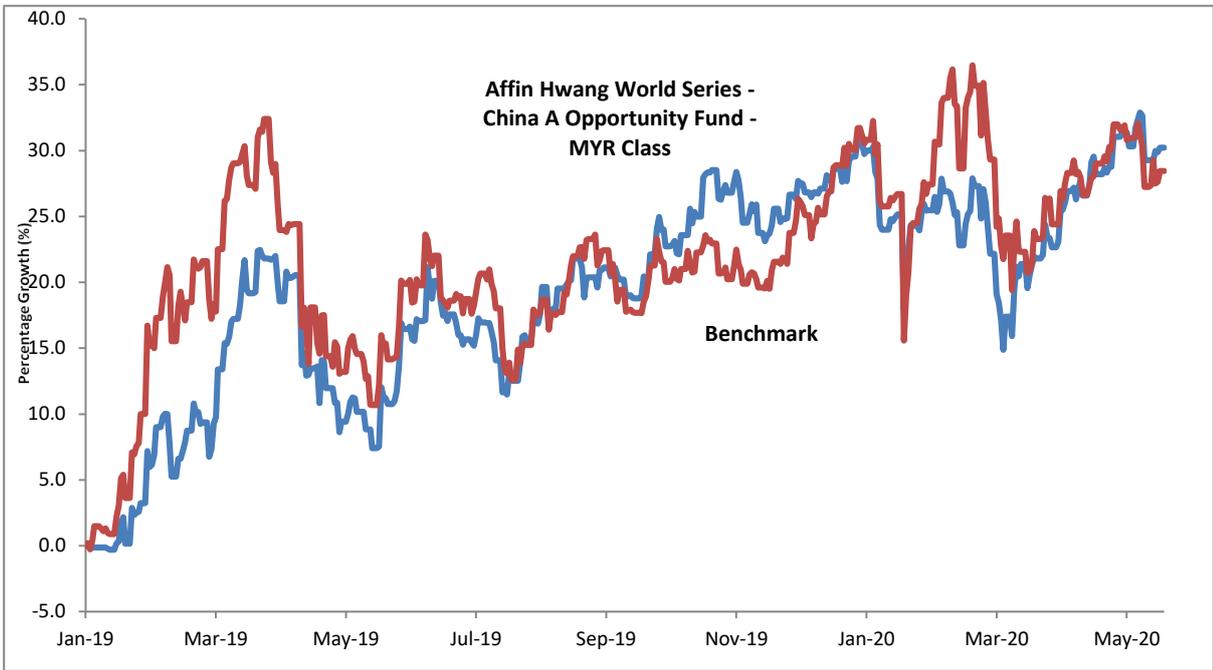
Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(29/1/19 - 31/5/20)</b>
<b>Fund</b>	<b>23.14%</b>
<b>Benchmark</b>	<b>21.26%</b>
<b>Outperformance / (Underperformance)</b>	<b>1.88%</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark since commencement.







*"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."*

Benchmark: MSCI China A On shore

**Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.**

## **Asset Allocation**

For a snapshot of the Fund's asset mix during the period under review, please refer to Fund Performance Data.

As at 31 May 2020, the Fund remained highly invested with 95.15% of the Fund's NAV invested in collective investment scheme while the balance was held in cash and cash equivalent.

## **Strategies Employed**

Our portfolio continues to focus on stock selection and invests in industry leaders with strong fundamentals that, less impacted by the external shocks and are likely to outperform over the next three to five years. The portfolio remains highly concentrated within the industry leaders that are likely to benefited by the accelerating trends taking place, such as shift from offline to online across business segments and ongoing consolidation within many industries as smaller firms struggle. In addition, we are keeping decent cash buffer and remain prepared to make portfolio changes at appropriate price points.

## **Market Review**

China equities started the year positively as the US-China Phase One trade agreement was finally signed. However, in the second half of January, the coronavirus outbreak in Hubei province dominated headlines and market sentiment. Since then, China has ordered mass quarantine in over 20 cities and a majority of businesses and schools to extend shutdown till further notice. Many corporates encouraged employees to work from home meanwhile. Many countries imposed tighter travel restriction to travelers who had been to China to contain the coronavirus accelerate worldwide. The equity market saw profit-taking in view of the situation, cyclical fell more, while the defensives and IT outperformed.

The step change in market sentiment seen in late February, as investors began to comprehend the impact of a global outbreak of coronavirus on economic activity, became a full scale rout in March as more and more countries announced unprecedented limitations on personal and commercial interactions in a bid to stop the disease spreading further. Countries such as the US, France, the UK, Russia and South Africa introduced at least partial lockdowns with bans on non-essential travel between and often within states becoming widespread. The speed of the spread of the Covid-19 virus and the scale of steps taken to mitigate its impact on both population health and economic activity often left investors struggling to adjust. As a result, market volatility and sometimes dislocation reached levels not seen since the depths of the global financial crisis over a decade ago.

Alongside the global market meltdown, the MSCI China index fell about 7% while the MSCI China A onshore index dropped 8% in March, ending the quarter -10.2% and -9.7% respectively. Looking at the domestic activity indicators, the Caixin China Manufacturing PMI rose above 50 up from 40.3 in February, reflecting steady production resumption after Covid-19 disruptions. On the other hand, non-manufacturing PMI showed a continued weakness in the offline catering and accommodation, tourism, household service, and entertainment. The Chinese government rolled out a series of fiscal measures, including tax and fee exemptions, to support the economy and ease the burden on companies. From a monetary policy perspective, the central bank cut reverse repo rate and targeted required reserve ratio to supplement liquidity and reduce financing cost for small and mid-size businesses.

However, China A-shares market rebounded in April as China continued to lead the subsequent recovery from the COVID-19 pandemic and government pledged more stimulus to support the economy. Wuhan lifted outbound travel restrictions after a 76-day lockdown and overall activity indicators such as traffic and coal consumption level pointed towards incremental resumption of activities. On the economic front, in line with the general expectation, China's 1Q20 real GDP declined 6.8% yoy, while March numbers shows a meaningful uplift. April export data came in stronger than expectation due to manufacturing volume remained low in many countries and a low base last year.

Investor concerns about covid-19 are being clouded by escalating US-China tensions being played out in several areas in May. Among these are talks about delisting Chinese companies on US stock exchanges, further export controls in the Tech space and the security law for Hong Kong. Domestically, China's National People's Congress (NPC) ended on 28 May. The NPC did not set an explicit GDP growth target for 2020, and emphasized the importance of supporting employment, protecting basic livelihood, and reducing poverty as the main economic objectives instead. This implies policy stimulus will be more measured and targeted than in 2009.

## **Investment Outlook**

As the impact from COVID-19 is fading out, investors have turned their attention to the escalating tension between the US and China. We have reiterated that US-China tensions will be here for a long time; and that they have moved beyond trade to technology, capital markets and more. In addition, it is not unusual to expect the current US administration to be tough towards China in the runup to the US elections in November.

Geopolitical risks are an ever-present reality of investing in Emerging Markets. However, in the long run most geopolitical events have proven not to have any meaningful lasting impact on markets beyond the short term. Overall we maintain our focus on long term themes, such as China's rebalancing into services and consumption, increasing share of discretionary spending and premiumization, increasing spending on R&D and technology leading to innovations and market consolidation within segments.

## **State of Affairs of the Fund**

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

## **Soft Commissions received from Brokers**

As per the requirements of the Securities Commission's Guidelines on Unit Trust Funds and Guidelines on Compliance Function for Fund Management Companies, soft commissions received from brokers/dealers may be retained by the management company only if the :-

- (i) goods and services provided are of demonstrable benefit to Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

During the financial period under review, the management company had received on behalf of the Fund, soft commissions in the form of research materials, data and quotation services, investment-related publications, market data feed and industry benchmarking agencies which are of demonstrable benefit to Unitholders of the Fund.

## **TRUSTEE’S REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND**

We have acted as Trustee Affin Hwang World Series – China A Opportunity Fund (“the Fund”) for the financial period from 8 January 2019 (Date of Launch) to 31 May 2020. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has managed the Fund in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission’s Guidelines on Unlisted Capital Market Products Under The Lodge and Launch Framework and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by **Affin Hwang Asset Management Berhad** to value and/or price the units of the Fund are adequate and that such valuation/pricing is carried out in accordance with the Deed of the Fund and other regulatory requirements; and
- (b) the creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For TMF Trustees Malaysia Berhad  
(Company No.: 610812-W)

**NORHAYATI BINTI AZIT  
DIRECTOR – FUND SERVICES**

Kuala Lumpur  
15 July 2020

**AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH)  
TO 31 MAY 2020**

# **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH)  
TO 31 MAY 2020**

<b>CONTENTS</b>	<b>PAGE(S)</b>
STATEMENT OF COMPREHENSIVE INCOME	1 - 2
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	5
STATEMENT OF CASH FLOWS	6
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7 - 13
NOTES TO THE FINANCIAL STATEMENTS	14 - 32
STATEMENT BY THE MANAGER	33
INDEPENDENT AUDITORS' REPORT	34 - 37

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020

	<u>Note</u>	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
<b>INVESTMENT INCOME</b>		
Interest income from financial assets at amortised cost		4,376
Net gain on foreign currency exchange		35,666
Net loss on forward foreign currency contract at fair value through profit or loss		(2,344,594)
Net gain on financial assets at fair value through profit or loss	8	3,318,114
Management fee rebate		20,951
		<hr/> 1,034,513 <hr/>
<b>EXPENSES</b>		
Management fee	4	(919,439)
Trustee fee	5	(29,820)
Auditors' remuneration		(8,000)
Tax agent's fee		(3,500)
Fund accounting fee	6	(801)
Transaction cost		(10)
Other expenses		(9,978)
		<hr/> (971,548) <hr/>
<b>NET PROFIT BEFORE TAXATION</b>		62,965
Taxation	7	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<hr/> <u>62,965</u> <hr/>

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

	<u>Note</u>	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
Increase in net assets attributable to unitholders comprise the following:		
Realised amount		(1,195,934)
Unrealised amount		1,258,899
		<hr/>
		62,965
		<hr/> <hr/>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

	<u>Note</u>	As at <u>31.05.2020</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	9	5,793,921
Financial assets at fair value through profit or loss	8	78,041,099
Amount due from Manager		
- creation of units		1,375,783
- management fee rebate receivable		100,775
Forward foreign currency contracts at fair value through profit or loss	10	245,476
<b>TOTAL ASSETS</b>		<u>85,557,054</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	10	1,609,708
Amount due to brokers		1,700,000
Amount due to Manager		
- management fee		122,103
- cancellation of units		87,756
Amount due to Trustee		3,960
Auditors' remuneration		8,000
Tax agent's fee		3,500
Other payables and accruals		1,927
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>3,536,954</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>82,020,100</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>82,020,100</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020 (CONTINUED)

	<u>Note</u>	As at <u>31.05.2020</u> USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- AUD Hedged-class		13,831,745
- MYR class		10,372,021
- MYR Hedged-class		42,532,167
- SGD Hedged-class		1,963,852
- USD class		13,320,315
		<u>82,020,100</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- AUD Hedged-class	11(a)	34,695,000
- MYR class	11(b)	69,221,000
- MYR Hedged-class	11(c)	299,292,000
- SGD Hedged-class	11(d)	4,617,000
- USD class	11(e)	21,636,000
		<u>429,461,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- AUD Hedged-class		0.3987
- MYR class		0.1498
- MYR Hedged-class		0.1421
- SGD Hedged-class		0.4254
- USD class		0.6157
		<u>0.6157</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- AUD Hedged-class		AUD0.5998
- MYR class		RM0.6511
- MYR Hedged-class		RM0.6175
- SGD Hedged-class		SGD0.6008
- USD class		USD0.6157
		<u>USD0.6157</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020

	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH</b>	-
Movement due to units created and cancelled during the financial period	
Creation of units arising from applications	113,671,209
- AUD Hedged-class	17,201,076
- MYR class	15,834,974
- MYR Hedged-class	62,808,051
- SGD Hedged-class	3,043,349
- USD class	14,783,759
Cancellation of units	(31,714,074)
- AUD Hedged-class	(3,671,301)
- MYR class	(5,844,706)
- MYR Hedged-class	(18,838,921)
- SGD Hedged-class	(1,035,201)
- USD class	(2,323,945)
Increase in net assets attributable to unitholders during the financial period	62,965
- AUD Hedged-class	301,970
- MYR Class	381,753
- MYR Hedged-class	(1,436,963)
- SGD Hedged-class	(44,296)
- USD class	860,501
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>82,020,100</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020

	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
	<u>Note</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from sale of investments	27,648,764
Purchase of investments	(101,419,990)
Interest received	4,376
Management fee paid	(776,385)
Management fee rebate received	647,466
Trustee fee paid	(25,860)
Payment for other fees and expenses	(8,862)
Net realised foreign currency exchange gain	66,463
Realised loss on forward foreign currency contract	(980,362)
	<hr/>
Net cash used in operating activities	(74,844,390)
	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from creation of units	112,295,426
Payments for cancellation of units	(31,626,318)
	<hr/>
Net cash generated from financing activities	80,669,108
	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,824,718
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	(30,797)
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>	<hr/> -
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	9 <hr/> <hr/> 5,793,921

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020**

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards (“MFRS”).

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

(a) Standards, amendments to published standards and interpretations that are effective

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) Standards and amendments that have been issued but not yet effective

- Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

##### Interest income

Interest income from short term deposits with licensed financial institutions are recognised based on effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)**

#### **B INCOME RECOGNITION (CONTINUED)**

##### Realised gains and losses on sale of investments

For collective investment schemes (“CIS”), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

#### **C TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial period.

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in. Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

#### **D FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in United States Dollar (“USD”), which is the Fund’s functional and presentation currency.

#### **E FOREIGN CURRENCY TRANSLATIONS**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)**

#### **F FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are solely payment of principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in collective investment scheme have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to brokers, amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee and other payables and accruals as financial liabilities measured at amortised cost.

##### **(ii) Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 9 are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category including the effects of currency transactions are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the period which they arise.

Investment in collective investment schemes are valued at the last published NAV per unit at the date of the statement of financial position.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

(iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

The Fund defines a financial as default, which is truly aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)**

#### **F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### **(iii) Impairment (continued)**

Financial instruments that are credit-impaired are assessed on individual basis.

##### Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial period.

#### **G CASH AND CASH EQUIVALENTS**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### **H CREATION AND CANCELLATION OF UNITS**

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in five classes of units, known respectively as the AUD Hedged-class, MYR class, MYR Hedged-class, SGD Hedged-class and USD class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

#### **I INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Income not distributed is included in net assets attributable to unitholders.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)**

#### **J AMOUNT DUE FROM/(TO) BROKERS**

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection. Refer to Note F for accounting policy on recognition and measurement.

Any contractual payment which is more than 90 days past due is considered credit impaired.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

#### **K DERIVATIVE FINANCIAL INSTRUMENTS**

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)**

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

##### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

- (i) The Fund's sole investment is in a collective investment scheme denominated in USD.
- (ii) Significant portion of the Fund's cash is denominated in USD for the purpose of making settlement of foreign trades and expenses.
- (iii) Significant portion of the Fund's expenses are denominated in USD.

#### **M REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

The analysis of realised and unrealised increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020**

#### **1 INFORMATION ON THE FUND**

The Wholesale Fund was constituted under the name Affin Hwang World Series – China A Opportunity (the “Fund”) pursuant to the execution of a Deed dated 18 December 2018 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 8 January 2019 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed.

The Fund may invest in any of the following assets, subject to the Deed, the Fund’s objective, the Guidelines, the requirements of SC and all relevant laws:

- (a) Collective investment scheme;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives; and
- (e) Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund’s objective.

All investments will be subjected to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework , the Deed and the objective of the Fund.

The main objective of the Fund is to achieve capital appreciation and regular income over medium to long term period.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 15 July 2020.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>As at 31.05.2020</u>				
<u>Financial assets</u>				
Collective investment scheme	8	-	78,041,099	78,041,099
Cash and cash equivalents	9	5,793,921	-	5,793,921
Amount due from Manager				
- creation of units		1,375,783	-	1,375,783
- management fee rebate receivable		100,775	-	100,775
Forward foreign currency contract at fair value through profit or loss	10	-	245,476	245,476
Total		<u>7,270,479</u>	<u>78,286,575</u>	<u>85,557,054</u>
<u>Financial liabilities</u>				
Forward foreign currency contract at fair value through profit or loss	10	-	1,609,708	1,609,708
Amount due to Manager				
- management fee		122,103	-	122,103
- cancellation of units		87,756	-	87,756
Amount due to Trustee		3,960	-	3,960
Amount due to broker		1,700,000	-	1,700,000
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		1,927	-	1,927
Total		<u>1,927,246</u>	<u>1,609,708</u>	<u>3,536,954</u>

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Fund is exposed to a variety of risks which include market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

#### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	As at <u>31.05.2020</u> USD
<b>Quoted investment</b>	
Collective investment scheme	78,041,099

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities.

<u>% Change in price</u>	<u>Market value</u> USD	Impact on profit after <u>tax/NAV</u> USD
<u>As at 31.05.2020</u>		
-10%	70,236,989	(7,804,110)
0%	78,041,099	-
+10%	85,845,209	7,804,110

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short term placement with a financial institution. The Manager overcomes this exposure by way of maintaining deposits on short term basis.

The Fund's exposure to interest rate risk associated with deposit with licensed financial institutions is not material as the carrying value of the deposit is a reasonable estimate of fair value as the deposits are held on a short term basis.

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against United States Dollar, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus United States Dollar based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

The following table sets out the foreign currency risk concentrations and counterparties of the Fund:

	<u>Forward foreign currency contract</u> USD	<u>Cash and cash equivalents</u> USD	<u>Amount due from Manager</u> USD	<u>Total</u> USD
<u>As at 31.05.2020</u>				
<u>Financial assets</u>				
Australian Dollar	226,480	79,069	228,536	534,085
Malaysian Ringgit	14,694	621,572	1,100,704	1,736,970
Singapore Dollar	4,302	11,283	28,797	44,382
	<u>245,476</u>	<u>711,924</u>	<u>1,358,037</u>	<u>2,315,437</u>

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (c) Currency risk (continued)

The following table sets out the foreign currency risk concentrations and counterparties of the Fund: (continued)

	Forward foreign currency contract USD	Amount due to Manager USD	Other liabilities* USD	Net assets attributable to unitholders USD	Total USD
<u>Financial liabilities</u>					
Australian Dollar	114,782	19,497	-	13,831,745	13,966,024
Malaysian Ringgit	1,470,090	68,259	13,427	52,904,188	54,455,964
Singapore Dollar	24,836	-	-	1,963,852	1,988,688
	<u>1,609,708</u>	<u>87,756</u>	<u>13,427</u>	<u>68,699,785</u>	<u>70,410,676</u>

\*Other liabilities consist of auditors' remuneration, tax agent's fee and other payables and accruals.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/ (decrease) in foreign exchange rate will result in a corresponding (decrease)/ increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in <u>price</u> %	Impact on profit after tax/ <u>NAV</u> USD
<u>As at 31.05.2020</u>		
Australian Dollar	+/- 14.12	-/+ 1,896,590
Malaysian Ringgit	+/- 6.82	-/+ 3,594,435
Singapore Dollar	+/- 5.88	-/+ 114,325

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders, liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table below are the contractual undiscounted cash flows.

	<u>Within one month</u> USD	<u>Between one month to one year</u> USD	<u>Total</u> USD
<u>As at 31.05.2020</u>			
Amount due to Manager			
- management fees	122,103	-	122,103
- cancellation of units	87,756	-	87,756
Amount due to Trustee	3,960	-	3,960
Amount due to broker	1,700,000	-	1,700,000
Auditors' remuneration	-	8,000	8,000
Tax agent fee	-	3,500	3,500
Other payables and accruals		1,927	1,927
Forward foreign currency contracts	308,234	1,301,474	1,609,708
Net assets attributable to unitholders*	82,020,100	-	82,020,100
	<u>84,242,153</u>	<u>1,314,901</u>	<u>85,557,054</u>

\* Units are cancelled on demand at the unitholder's option (Note H). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders of these instruments typically retain them for the medium to long term.

##### Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interests, principals and proceeds from realisation of investments. The Manager manages credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Credit risk (continued)

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework .

The following table sets out the credit risk concentration and counterparties of the Fund:

	<u>Forward foreign currency contracts</u> USD	<u>Cash and cash equivalents</u> USD	<u>Amount due from manager</u> USD	<u>Total</u> USD
<u>As at 31.05.2020</u>				
Financial Services				
- AAA	35,268	5,793,921	-	5,829,189
- AA2	24,177	-	-	24,177
- AA3	133,010	-	-	133,010
- NR	53,021	-	-	53,021
Others				
- NR	-	-	1,476,558	1,476,558
	<u>245,476</u>	<u>5,793,921</u>	<u>1,476,558</u>	<u>7,515,955</u>

##### Capital risk

The capital of the Fund is represented by net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the period end date. The fund utilises the current bid price for financial assets which falls within the bid-ask spread.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

##### (i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>As at 31.05.2020</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	78,041,099	-	-	78,041,099
- forward foreign currency contracts	-	245,476	-	245,476
	<u>78,041,099</u>	<u>245,476</u>	<u>-</u>	<u>78,286,575</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	1,609,708	-	1,609,708
	<u>-</u>	<u>1,609,708</u>	<u>-</u>	<u>1,609,708</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These includes forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- (ii) The carrying values of cash and cash equivalents, amount due from Manager and all current liabilities except for forward foreign currency contracts are a reasonable approximation of the fair values due to their short term nature.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)**

#### **4 MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the net asset value ("NAV") of the Fund calculated on a daily basis.

For the financial period from 8 January 2019 (date of launch) to 31 May 2020, management fee is recognised at a rate of 1.85% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

There will be no further liability to the Manager in respect of management fee other than the amounts recognised above.

#### **5 TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the net asset value ("NAV") of the Fund, excluding of foreign custodian fees and charges.

For the financial period from 8 January 2019 (date of launch) to 31 May 2020, the Trustee's fee is recognised at a rate of 0.06% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

There will be no further liability to the Trustee in respect of Trustee fee other than the amounts recognised above.

#### **6 FUND ACCOUNTING FEE**

Effective 1 January 2020, the annual fund valuation and accounting fee for the Fund is RM14,000 (USD 3,222) per annum, accrued on a daily basis.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 7 TAXATION

	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
Current taxation	-

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
Net profit before taxation	62,965
Tax at Malaysian statutory rate of 24%	15,112
Tax effects of:	
Investment income not subject to tax	(243,255)
Expenses not deductible for tax purposes	10,106
Restriction on tax deduction expenses for Wholesale Funds	218,037
Tax expense	-

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial period from 8.1.2019 (date of launch) to <u>30.4.2020</u> USD
Financial assets at fair value through profit or loss:	
- collective investment scheme	78,041,099
Net gain on financial assets at fair value through profit or loss:	
- realised loss on sale of investments	(84,055)
- unrealised gain on changes in fair value	2,653,928
- management fee rebate on collective investment scheme #	748,241
	<u>3,318,114</u>

# In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment scheme has been considered as part of its net asset value. In order to prevent the double charging of management fee, management fee charged on the Fund's investment in a collective investment scheme has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme.

(a) Collective investment scheme

(i) Collective investment scheme as at 31 May 2020 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> USD	Fair <u>value</u> USD	Percentage <u>of NAV</u> %
UBS Lux Investment SICAV				
- China A Opportunity	264,788	75,387,171	78,041,099	95.15
Total collective investment scheme	<u>264,788</u>	<u>75,387,171</u>	<u>78,041,099</u>	<u>95.15</u>
Accumulated unrealised gain on collective investment scheme		2,653,928		
Total collective investment scheme		<u>78,041,099</u>		

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	As at <u>31.05.2020</u> USD
Cash and bank balances	5,770,902
Deposit with a licensed financial institution	23,019
	<u>5,793,921</u>

Weighted average effective interest rates per annum of deposit with a licensed financial institution are as follows:

	<u>2020</u> %
Deposit with a licensed financial institution	<u>2.00</u>

Deposit with a licensed financial institution of the Fund has an average maturity of 1 day.

#### 10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the statement of financial position, there are 123 forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD201,088,268. The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the Hedged-class denominated in Australian Dollar, Malaysian Ringgit and Singapore Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 11 NUMBER OF UNITS IN CIRCULATION

(a)	AUD Hedged-class units in circulation	As at <u>31.05.2020</u> No. of units
	At 8 January 2019 (date of launch)	-
	Creation of units arising from applications	43,800,000
	Cancellation of units	<u>(9,105,000)</u>
	At the end of the financial period	<u><u>34,695,000</u></u>
(b)	MYR class units in circulation	As at <u>31.05.2020</u> No. of units
	At 8 January 2019 (date of launch)	-
	Creation of units arising from applications	108,901,000
	Cancellation of units	<u>(39,680,000)</u>
	At the end of the financial period	<u><u>69,221,000</u></u>
(c)	MYR Hedged-class units in circulation	As at <u>31.05.2020</u> No. of units
	At 8 January 2019 (date of launch)	-
	Creation of units arising from applications	435,544,000
	Cancellation of units	<u>(136,252,000)</u>
	At the end of the financial period	<u><u>299,292,000</u></u>

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS F FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(d)	SGD Hedged-class units in circulation	As at <u>31.05.2020</u> No. of units
	At 8 January 2019 (date of launch)	-
	Creation of units arising from applications	7,051,000
	Cancellation of units	<u>(2,434,000)</u>
	At the end of the financial period	<u><u>4,617,000</u></u>
(e)	USD class units in circulation	As at <u>31.05.2020</u> No. of units
	At 8 January 2019 (date of launch)	-
	Creation of units arising from applications	25,644,000
	Cancellation of units	<u>(4,008,000)</u>
	At the end of the financial period	<u><u>21,636,000</u></u>



## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 14 MANAGEMENT EXPENSE RATIO (“MER”)

	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
MER	<u>2.73</u>

MER is derived from the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E + F) \times 100}{G}$$

- A = Management fee, excluding management fee rebates
- B = Trustee fee
- C = Fund accounting fee
- D = Auditors' remuneration
- E = Tax agent's fee
- F = Other expenses, excluding sales and service tax on transaction costs and withholding tax
- G = Average net asset value of Fund calculated on a daily basis

The average NAV of the Fund for the financial period from 8 January 2019 (date of launch) to 31 May 2020 calculated on a daily basis is USD35,568,802.

## AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2019 (DATE OF LAUNCH) TO 31 MAY 2020 (CONTINUED)

#### 15 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 8.1.2019 (date of launch) to <u>31.5.2020</u> USD
PTR (times)	<u>1.84</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where: total acquisition for the financial period = USD103,119,990  
total disposal for the financial period = USD27,732,819

#### 16 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

#### 17 COMPARATIVES

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

## **AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 32 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2020 and of its financial performance, net assets attributable to unitholders and cash flows for the financial period from 8 January 2019 (date of launch) to 31 May 2020 in accordance with the Malaysia Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**AFFIN HWANG ASSET MANAGEMENT BERHAD**

**TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
15 July 2020

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the financial statements of Affin Hwang World Series – China A Opportunity Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2020 and of its financial performance and its cash flows for the financial period from 8 January 2019 (date of launch) to 31 May 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 32.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

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

### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND  
(CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report but does not include the financial statements of the Fund and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND  
(CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**OTHER MATTERS**

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants**

**Kuala Lumpur  
15 July 2020**

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

Affin Hwang Asset Management Berhad  
Ground Floor  
Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

Tel : 03 – 2116 6000  
Fax : 03 – 2116 6100  
Toll free no : 1-800-88-7080  
Email: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)

### **PENANG**

Affin Hwang Asset Management Berhad  
No. 10-C-24 Precinct 10  
Jalan Tanjung Tokong  
10470 Penang

Tel : 04 – 899 8022  
Fax : 04 – 899 1916

### **PERAK**

Affin Hwang Asset Management Berhad  
1, Persiaran Greentown 6  
Greentown Business Centre  
30450 Ipoh Perak

Tel : 05 – 241 0668  
Fax : 05 – 255 9696

### **MELAKA**

Affin Hwang Asset Management Berhad  
Ground Floor, No. 584, Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka

Tel : 06 – 281 2890 / 3269  
Fax : 06 – 281 2937

### **JOHOR**

Affin Hwang Asset Management Berhad  
Unit 22-05, Level 22  
Menara Landmark  
No. 12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor Darul Takzim

Tel : 07 – 227 8999  
Fax : 07 – 223 8998

### **SABAH**

Affin Hwang Asset Management Berhad  
Lot No. B-2-09, 2<sup>nd</sup> Floor  
Block B, Warisan Square  
Jalan Tun Fuad Stephens  
88000 Kota Kinabalu  
Sabah

Tel : 088 – 252 881  
Fax : 088 – 288 803

## **DIRECTORY OF SALES OFFICE (CONTINUED)**

### **SARAWAK**

Affin Hwang Asset Management Berhad  
Ground Floor, No. 69  
Block 10, Jalan Laksamana Cheng Ho  
93200 Kuching  
Sarawak

Tel : 082 – 233 320  
Fax : 082 – 233 663

Affin Hwang Asset Management Berhad  
1<sup>st</sup> Floor, Lot 1291  
Jalan Melayu, MCLD  
98000 Miri  
Sarawak

Tel : 085 – 418 403  
Fax : 085 – 418 372

[www.affinhwangam.com](http://www.affinhwangam.com)

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)