

Affin Hwang World Series - China A Opportunity Fund

Annual Report
31 May 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad
(200301008392[610812-W])

AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 31 May 2022

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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.
Benchmark	MSCI China A Onshore
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

FUND PERFORMANCE DATA

Category	As At 31 May 2022 (%)					As At 31 May 2021 (%)					As At 31 May 2020 (%)				
Portfolio composition															
Collective Investment Scheme	98.17					98.26					95.15				
Cash and cash equivalent	1.83					1.74					4.85				
Total	100.00					100.00					100.00				
Currency class	<u>MYR</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Hedged-</u> <u>class</u>	<u>AUD</u> <u>Hedged-</u> <u>class</u>	<u>SGD</u> <u>Hedged-</u> <u>class</u>	<u>MYR</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Hedged-</u> <u>class</u>	<u>AUD</u> <u>Hedged-</u> <u>class</u>	<u>SGD</u> <u>Hedged-</u> <u>class</u>	<u>MYR</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Hedge</u> <u>d-class</u>	<u>AUD</u> <u>Hedge</u> <u>d-class</u>	<u>SGD</u> <u>Hedge</u> <u>d-class</u>
Total NAV (million)	197.416	31.954	743.959	31.775	23.147	202.237	50.703	936.632	47.008	33.390	45.066	13.320	184.802	20.811	2.774
NAV per unit (in respective currencies)	0.6128	0.5754	0.5866	0.5466	0.5553	0.8901	0.8869	0.8929	0.8532	0.8582	0.6511	0.6157	0.6175	0.5998	0.6008
Unit in Circulation (million)	322.170	55.533	1,268.232	58.134	41.683	227.210	57.169	1,048.968	55.099	38.905	69.221	21.636	299.292	34.695	4.617
Highest NAV	0.8937	0.8901	0.8962	0.8562	0.8613	0.9683	0.9843	0.9898	0.9480	0.9539	0.6645	0.6614	0.6658	0.6523	0.6511
Lowest NAV	0.5820	0.5512	0.5616	0.5238	0.5297	0.6467	0.6158	0.6175	0.5998	0.6008	0.4985	0.4996	0.4996	0.4979	0.4958
Return of the Fund (%)	-31.15	-35.12	-34.30	-35.94	-35.29	36.71	44.05	44.60	42.25	42.84	30.22	23.14	23.50	19.96	20.16
- Capital Return (%)	-31.15	-35.12	-34.30	-35.94	-35.29	36.71	44.05	44.60	42.25	42.84	30.22	23.14	23.50	19.96	20.16
- Income Return (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management Expenses Ratio (%) ¹			1.91					1.91					2.73		
Portfolio Turnover Ratio (times) ²			0.18					0.71					1.84		

¹ The Fund's TER was unchanged during the financial year.

²The Fund's PTR was lower than previous year due to lower trading activities during the financial year.

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 2022.

Performance Review

USD Class

For the period 1 June 2021 to 31 May 2022, the Fund registered a -35.12% return compared to the benchmark return of -23.26%. The Fund thus underperformed the Benchmark by 11.86%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was USD0.5754 while the NAV as at 31 May 2021 was USD0.8869.

Since commencement, the Fund has registered a return of 15.08% compared to the benchmark return of 46.13%, underperforming by 31.05%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(35.12%)	6.50%	15.08%
Benchmark	(23.26%)	29.88%	46.13%
Outperformance	(11.86%)	(23.38%)	(31.05%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(35.12%)	2.12%	4.30%
Benchmark	(23.26%)	9.10%	12.03%
Outperformance	(11.86%)	(6.98%)	(7.73%)

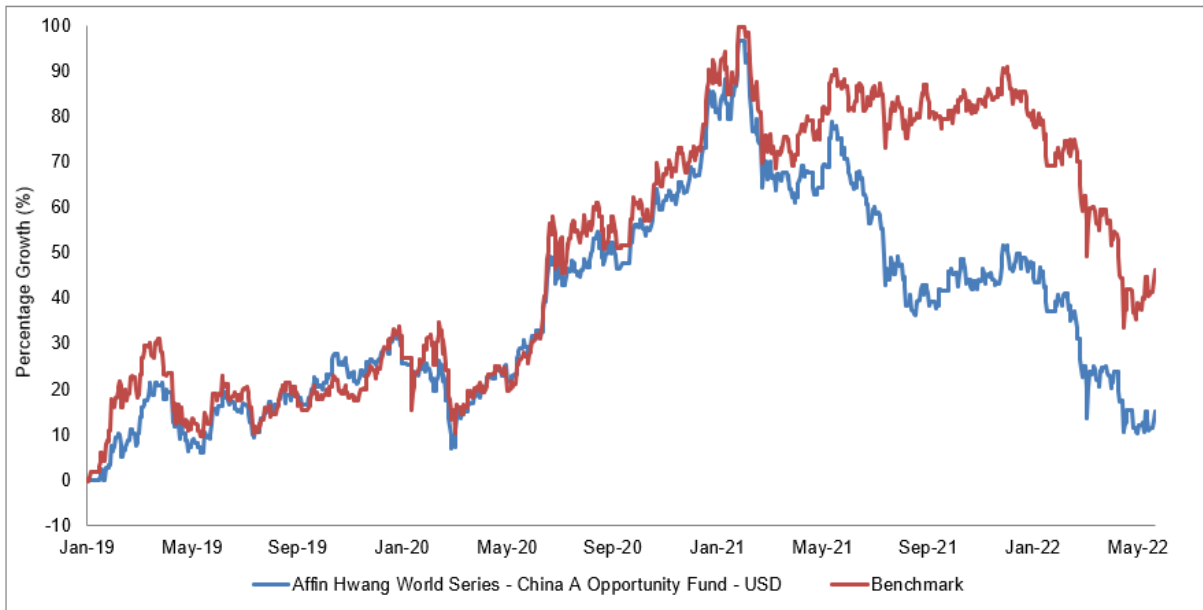
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (29/1/19 - 31/5/20)
Fund	(35.12%)	44.05%	23.14%
Benchmark	(23.26%)	57.03%	21.26%
Outperformance	(11.86%)	(12.98%)	1.88%

Source of Benchmark: Bloomberg

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



MYR Class

For the period 1 June 2021 to 31 May 2022, the Fund registered a -31.15% return compared to the benchmark return of -18.52%. The Fund thus underperformed the Benchmark by 12.63%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2022 was MYR0.6128 while the NAV as at 31 May 2021 was MYR0.8901.

Since commencement, the Fund has registered a return of 22.56% compared to the benchmark return of 55.78%, underperforming by 33.22%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(31.15%)	11.26%	22.56%
Benchmark	(18.52%)	35.99%	55.78%
Outperformance	(12.63%)	(24.73%)	(33.22%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(31.15%)	3.62%	6.28%
Benchmark	(18.52%)	10.78%	14.19%
Outperformance	(12.63%)	(7.16%)	(7.91%)

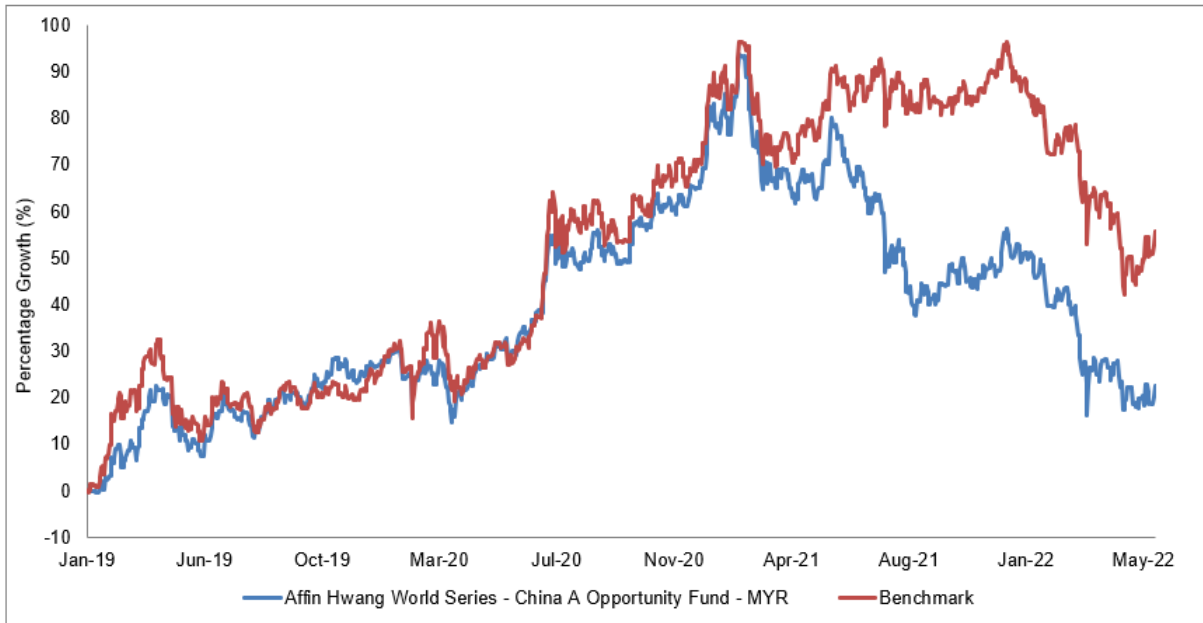
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (29/1/19 - 31/5/20)
Fund	(31.15%)	36.71%	30.22%
Benchmark	(18.52%)	48.85%	28.45%
Outperformance	(12.63%)	(12.14%)	1.77%

Source of Benchmark: Bloomberg

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



AUD Hedged-Class

For the period 1 June 2021 to 31 May 2022, the Fund registered a -35.94% return compared to the benchmark return of -17.38%. The Fund thus underperformed the Benchmark by 18.56%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2022 was AUD0.5466 while the NAV as at 31 May 2021 was AUD0.8532.

Since commencement, the Fund has registered a return of 9.32% compared to the benchmark return of 45.70%, underperforming by 36.38%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(35.94%)	0.85%	9.32%
Benchmark	(17.38%)	25.27%	45.70%
Outperformance	(18.56%)	(24.42%)	(36.38%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(35.94%)	0.28%	2.70%
Benchmark	(17.38%)	7.79%	11.93%
Outperformance	(18.56%)	(7.51%)	(9.23%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (29/1/19 - 31/5/20)
Fund	(35.94%)	42.25%	19.96%
Benchmark	(17.38%)	34.77%	30.85%
Outperformance	(18.56%)	7.48%	(10.89%)

Source of Benchmark: Bloomberg

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



MYR Hedged-Class

For the period 1 June 2021 to 31 May 2022, the Fund registered a -34.30% return compared to the benchmark return of -18.52%. The Fund thus underperformed the Benchmark by 15.78%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2022 was MYR0.5866 while the NAV as at 31 May 2021 was MYR0.8929.

Since commencement, the Fund has registered a return of 17.32% compared to the benchmark return of 55.78%, underperforming by 38.46%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(34.30%)	7.75%	17.32%
Benchmark	(18.52%)	35.99%	55.78%
Outperformance	(15.78%)	(28.24%)	(38.46%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(34.30%)	2.52%	4.90%
Benchmark	(18.52%)	10.78%	14.19%
Outperformance	(15.78%)	(8.26%)	(9.29%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (29/1/19 - 31/5/20)
Fund	(34.30%)	44.60%	23.50%
Benchmark	(18.52%)	48.85%	28.45%
Outperformance	(15.78%)	(4.25%)	(4.95%)

Source of Benchmark: Bloomberg

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



SGD Hedged-Class

For the period 1 June 2021 to 31 May 2022, the Fund registered a -35.29% return compared to the benchmark return of -20.46%. The Fund thus underperformed the Benchmark by 14.83%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2022 was SGD0.5553 while the NAV as at 31 May 2021 was SGD0.8582.

Since commencement, the Fund has registered a return of 11.06% compared to the benchmark return of 47.91%, underperforming by 36.85%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(35.29%)	2.95%	11.06%
Benchmark	(20.46%)	29.33%	47.91%
Outperformance	(14.83%)	(26.38%)	(36.85%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (29/1/19 - 31/5/22)
Fund	(35.29%)	0.97%	3.19%
Benchmark	(20.46%)	8.94%	12.43%
Outperformance	(14.83%)	(7.97%)	(9.24%)

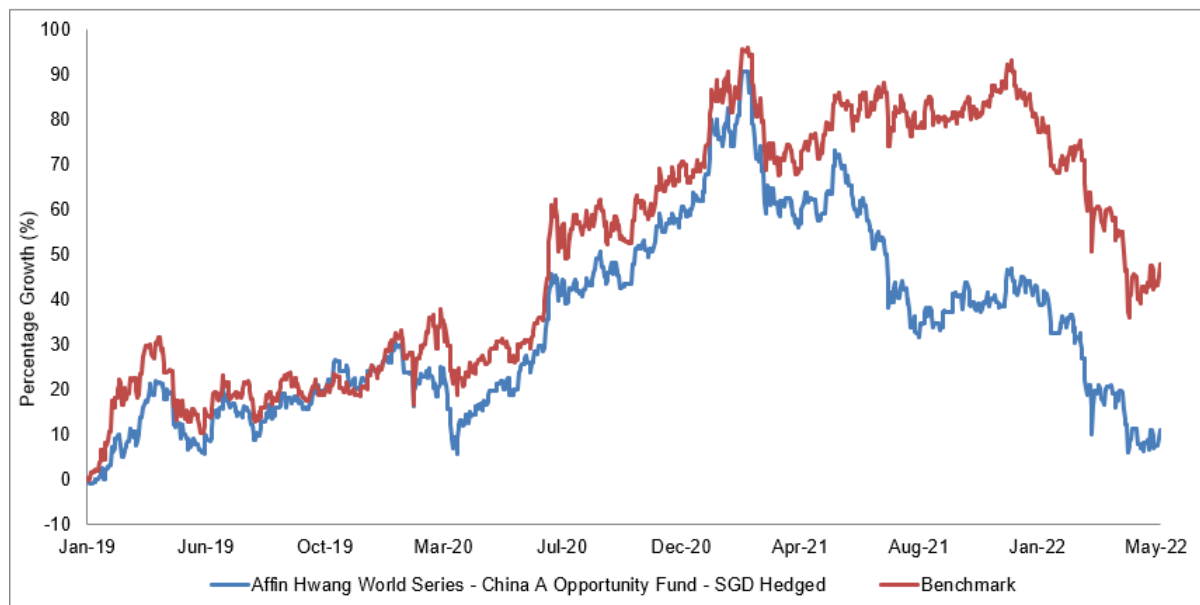
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (29/1/19 - 31/5/20)
Fund	(35.29%)	42.84%	20.16%
Benchmark	(20.46%)	46.76%	26.71%
Outperformance	(14.83%)	(3.92%)	(6.55%)

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 Onshore Index

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 2022, the Fund remained highly invested with 98.17% (2021:98.26) 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

Uncertainty has been an ongoing theme in economies and markets. While global equities started on a strong note at the start of 2021 due to policy easing and optimism surrounding vaccination rollout, global recovery was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook. For the most of the second half of 2021, expensive valuations in both fixed income and equities loomed over investors. However, the challenging market conditions in the first quarter of 2022 addressed some of these concerns as Chinese equities both onshore and offshore traded below their 15-year average and the Standard & Poor's ("S&P") plummeted 8.7% in April 2022.

Real Gross Domestic Product (“GDP”) growth for US in the first quarter of 2022 was weaker than expected, falling 1.4% on an annualised basis. The weakness can be largely attributed to a decline in the real trade deficit, lower government spending and a decrease in fiscal stimulus that was initiated to improve spending during the pandemic. Economic data showed sign of weakening while inflationary pressures continued to prompt the Federal Reserve into a more aggressive stance on interest rate hikes. However, domestic demand continues to be resilient, with personal consumption expenditures up 2.7% on an annualised basis.

In the Eurozone, equities continue to decline as the conflict between Ukraine and Russia persist, further placing upward pressure on inflation – annual eurozone inflation reached 8.1% in May, an increase from 7.4% in April. The sectors that performed best included energy due to continued strong demand and communication services given their defensive profile. Information technology, consumer discretionary and industrials fared weaker as these sectors tend to be affected by supply chain disruptions and concerns over consumer confidence the most.

In China, although first quarter 2022 GDP has shown that the Chinese economy began to rebound in January and February, the impact the pandemic had on consumption, investment and production overshadowed the growth as Covid-19 continued to put downward pressure on the Chinese economy. The tightened credit conditions that persisted until early 2022 and regulatory policies in place as a result of the government’s common prosperity initiative have slowed growth.

However, a decline in new Covid infection numbers as cases in China have seemingly peaked out as we approach the second half of the year could be the first step in restoring market confidence. We saw ease in lockdown measures in various cities, including Shanghai’s reopening on 1 June. Manufacturing Purchasing Managers’ Index (“PMI”) rose in May, signalling a production and sentiment recovery. The Chinese Yuan experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in the first half of 2022 as China fought hard to contain its worst outbreak of Covid-19, implementing measures that affected the market adversely. Expectations of higher interest rates and the still ongoing conflict between Russia and Ukraine also weakened investor sentiment. Taiwan performed worst in terms of index market as major electronics manufacturers and chip slumped due to supply chain disruptions brought upon by lockdowns in Shanghai and neighbouring cities.

The S&P GSCI Index reported a positive return in May 2022. Higher prices in agricultural and energy components supported weaker prices for livestock, industrial and precious metals. Energy was the top performing component of the index as the global economy normalises after the Covid-19 pandemic and supplies are disrupted due to geopolitical unrest.

On the domestic front, Bank Negara Malaysia (“BNM”) raised the Overnight Policy Rate by 25 basis points (“bps”) to 2% on 11 May 2022, signalling further policy tightening ahead. May exports jumped 30.5% year on year, exceeding consensus estimates amid increasing commodity prices. The growth was largely attributed to electrical & electronic and commodities-based products such as palm oil. In the local bond market, Malaysia’s sovereign bonds’ trading volume declined to RM48.1b in May 2022, a 14.4% reduction since April 2022. A decline in trading volume of corporate bonds from RM5.7billion in April to in RM4.1billion in May was also recorded.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalisation of growth rates and monetary policy tightening. Both equities and bonds are down year-to-date as uncertain policy outlooks, an energy shock and weak growth outlook in China continue to stir markets. With the most impactful effects of the pandemic likely behind us, peak policy support and with its peak GDP growth during the pandemic era also likely realized in 2021. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures and it is no surprise that commodities are on track to outperform equities for the second consecutive year. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs. Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this is much less likely this time as battling inflation is seen as a more pressing matter.

Over the past few months, the Chinese government has pledged for more policy supports to stabilize the economy and the market. We are seeing monetary, fiscal and credit easing coming from policymakers to boost growth. With the recent COVID-19 outbreak, these stimulus efforts should carry a bigger weight toward the second half of the year, and help the economy get back on track in the long run. At the same time, valuations have fallen to compelling levels. Even though the recovery might take longer than what we had expected initially, we continue to believe the Chinese equity markets hold significant opportunities for active investing.

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, no soft commission was received by the management on behalf of the Fund.

Cross Trade

No cross trade transactions have been carried out during the reported period.

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

Changes Made To the Fund's Information Memorandum

There were no changes made to the Fund's information memorandum during the financial year under review.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 May 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AFFIN HWANG ASSET MANAGEMENT BERHAD has operated and managed the fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the Deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement

For **TMF Trustees Malaysia Berhad**
(Company No.: (200301008392 [610812-W]))

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
18 July 2022

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
INVESTMENT (LOSS)/INCOME			
Interest income from financial assets at amortised cost		5,970	3,957
Net loss on foreign currency exchange		(165,732)	(11,975)
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	9	(11,662,836)	5,717,143
Net (loss)/gain on financial assets at fair value through profit or loss	8	(140,468,753)	60,808,912
		<u>(152,291,351)</u>	<u>66,518,037</u>
EXPENSES			
Management fee	4	(6,392,371)	(4,076,266)
Trustee fee	5	(207,447)	(132,894)
Auditors' remuneration		(1,902)	4,119
Tax agent's fee		(832)	1,802
Fund accounting fee	6	(3,328)	(3,393)
Other expenses		(10,270)	(7,612)
		<u>(6,616,150)</u>	<u>(4,214,244)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(158,907,501)	62,303,793
Taxation	7	-	-
		<u> </u>	<u> </u>
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(158,907,501)</u>	<u>62,303,793</u>
 (Decrease)/increase in net assets attributable to unitholders comprise the following:			
Realised amount		(9,189,538)	10,865,446
Unrealised amount		(149,717,963)	51,438,347
		<u>(158,907,501)</u>	<u>62,303,793</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 2022

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
ASSETS			
Cash and cash equivalents		10,192,992	8,272,513
Amount due from brokers		370,581	-
Amount due from Manager			
- creation of units		155,083	1,136,471
- management fee rebate receivable		374,609	487,164
Financial assets at fair value through profit or loss	8	281,587,923	381,830,302
Forward foreign currency contracts at fair value through profit or loss	9	53,340	1,806,978
TOTAL ASSETS		<u>292,734,528</u>	<u>393,533,428</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	9	5,369,495	1,538,890
Amount due to brokers		-	710,000
Amount due to Manager			
- management fee		440,228	578,029
- cancellation of units		74,628	2,085,815
Amount due to Trustee		14,278	18,747
Auditors' remuneration		1,828	1,997
Tax agent's fee		800	834
Other payables and accruals		21	160
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>5,901,278</u>	<u>4,934,472</u>
NET ASSET VALUE OF THE FUND		<u>286,833,250</u>	<u>388,598,956</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>286,833,250</u>	<u>388,598,956</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022 (CONTINUED)

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- AUD Hedged-class		22,824,226	36,415,334
- MYR Class		45,118,571	49,044,935
- MYR Hedged-class		170,028,350	227,144,813
- SGD Hedged-class		16,908,504	25,290,728
- USD Class		31,953,599	50,703,146
		<u>286,833,250</u>	<u>388,598,956</u>
NUMBER OF UNITS IN CIRCULATION			
- AUD Hedged-class	10(a)	58,134,000	55,099,000
- MYR Class	10(b)	322,170,000	227,210,000
- MYR Hedged-class	10(c)	1,268,232,000	1,048,968,000
- SGD Hedged-class	10(d)	41,683,000	38,905,000
- USD Class	10(e)	55,533,000	57,169,000
		<u>1,745,752,000</u>	<u>1,427,351,000</u>
NET ASSET VALUE PER UNIT (USD)			
- AUD Hedged-class		0.3926	0.6609
- MYR Class		0.1400	0.2159
- MYR Hedged-class		0.1341	0.2165
- SGD Hedged-class		0.4056	0.6501
- USD Class		0.5754	0.8869
		<u>0.5754</u>	<u>0.8869</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- AUD Hedged-class		AUD0.5466	AUD0.8532
- MYR Class		RM0.6128	RM0.8901
- MYR Hedged-class		RM0.5866	RM0.8929
- SGD Hedged-class		SGD0.5553	SGD0.8582
- USD Class		USD0.5754	USD0.8869
		<u>USD0.5754</u>	<u>USD0.8869</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 YEAR ENDED 31 MAY 2022

	<u>2022</u> USD	<u>2021</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	388,598,956	82,020,100
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	109,129,658	299,396,586
- AUD Hedged-class	5,540,615	29,848,650
- MYR Class	28,723,002	41,831,796
- MYR Hedged-class	61,614,013	168,689,045
- SGD Hedged-class	5,570,170	24,125,123
- USD Class	7,681,858	34,901,972
Cancellation of units	(51,987,863)	(55,121,523)
- AUD Hedged-class	(3,971,468)	(16,899,951)
- MYR Class	(11,621,448)	(10,882,967)
- MYR Hedged-class	(23,335,000)	(18,656,155)
- SGD Hedged-class	(4,290,083)	(3,633,793)
- USD Class	(8,769,864)	(5,048,657)
(Decrease)/increase in net assets attributable to unitholders during the financial year	(158,907,501)	62,303,793
- AUD Hedged-class	(15,160,255)	9,634,890
- MYR Class	(21,027,918)	7,724,085
- MYR Hedged-class	(95,395,476)	34,579,756
- SGD Hedged-class	(9,662,311)	2,835,546
- USD Class	(17,661,541)	7,529,516
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>286,833,250</u>	<u>388,598,956</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 YEAR ENDED 31 MAY 2022

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		37,760,034	38,171,805
Purchase of investments		(84,480,000)	(285,533,000)
Interest received		5,970	3,957
Management fee rebate received		5,525,566	3,004,515
Management fee paid		(6,530,172)	(3,620,340)
Trustee fee paid		(211,916)	(118,107)
Fund accounting fee paid		(3,328)	(3,393)
Payment for other fees and expenses		(13,347)	(12,127)
Net realised foreign currency exchange (loss)/gain		(175,572)	36,783
Realised (loss)/gain on forward foreign currency contracts		(6,078,593)	4,084,823
		<u>(54,201,358)</u>	<u>(243,985,084)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		110,111,046	299,635,898
Payments for cancellation of units		(53,999,049)	(53,123,464)
		<u>56,111,997</u>	<u>246,512,434</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,910,639	2,527,350
EFFECTS OF FOREIGN CURRENCY EXCHANGE		9,840	(48,758)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>8,272,513</u>	<u>5,793,921</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u><u>10,192,992</u></u>	<u><u>8,272,513</u></u>

Cash and cash equivalents as at 31 May 2022 and 31 May 2021 comprise bank balances only.

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 YEAR ENDED 31 MAY 2022

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 (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with MFRS and IFRS 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 year. 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:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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).

Realised gains and loss on sale of investments

For collective investment scheme ("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 year.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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 TRANSLATION

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 the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

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 Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the Fund’s debt securities are solely payments 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 and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

Investments in CIS 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, amount due from brokers 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.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(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.

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.

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 foreign 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 financial year which they arise.

Investment in CIS are valued at the last published net asset value (“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’s financial assets measured at amortised cost are subject to expected credit losses. 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.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

The Fund defines a financial asset 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

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 year.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances which are subject to an insignificant risk of change in value.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

H 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 brokers, 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.

I 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 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 unitholder'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.

J DERIVATIVE FINANCIAL INSTRUMENTS

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

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 positive fair value and a negative fair value are presented as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, respectively.

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

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

J DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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.

K INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

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 YEAR ENDED 31 MAY 2022

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 18 July 2022.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> USD	At fair value through <u>profit or loss</u> USD	<u>Total</u> USD
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		10,192,992	-	10,192,992
Amount due from brokers		370,581	-	370,581
Amount due from Manager				
- creation of units		155,083	-	155,083
- management fee rebate receivable		374,609	-	374,609
Collective investment scheme	8	-	281,587,923	281,587,923
Forward foreign currency contracts at fair value through profit or loss	9	-	53,340	53,340
Total		<u>11,093,265</u>	<u>281,641,263</u>	<u>292,734,528</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts at fair value through profit or loss	9	-	5,369,495	5,369,495
Amount due to Manager				
- management fee		440,228	-	440,228
- cancellation of units		74,628	-	74,628
Amount due to Trustee		14,278	-	14,278
Auditors' remuneration		1,828	-	1,828
Tax agent's fee		800	-	800
Other payables and accruals		21	-	21
Total		<u>531,783</u>	<u>5,369,495</u>	<u>5,901,278</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

Financial instruments are as follows: (continued)

	Note	At amortised cost USD	At fair value through profit or loss USD	Total USD
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		8,272,513	-	8,272,513
Amount due from Manager				
- creation of units		1,136,471	-	1,136,471
- management fee rebate receivable		487,164	-	487,164
Collective investment scheme	8	-	381,830,302	381,830,302
Forward foreign currency contracts at fair value through profit or loss	9	-	1,806,978	1,806,978
Total		<u>9,896,148</u>	<u>383,637,280</u>	<u>393,533,428</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts at fair value through profit or loss	9	-	1,538,890	1,538,890
Amount due to brokers		710,000	-	710,000
Amount due to Manager				
- management fee		578,029	-	578,029
- cancellation of units		2,085,815	-	2,085,815
Amount due to Trustee		18,747	-	18,747
Auditors' remuneration		1,997	-	1,997
Tax agent's fee		834	-	834
Other payables and accruals		160	-	160
Total		<u>3,395,582</u>	<u>1,538,890</u>	<u>4,934,472</u>

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

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

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:

	<u>2022</u> USD	<u>2021</u> USD
Quoted investment		
Collective investment scheme	281,587,923	381,830,302

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and NAV to price risk movements. The analysis is based on the assumptions that the market price increased by 4% (2021: 10%) and decreased by 4% (2021: 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 (loss)/ profit after <u>tax/NAV</u> USD
<u>2022</u>		
-4%	270,324,406	(11,263,517)
0%	281,587,923	-
+4%	292,851,440	11,263,517
<u>2021</u>		
-10%	343,647,272	(38,183,030)
0%	381,830,302	-
+10%	420,013,332	38,183,030

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (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.

As at 31 May 2022 and 31 May 2021, the Fund is not exposed to any interest rate risk.

(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:

	Forward foreign currency contracts USD	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	23,349	16,275	-	39,624
Malaysian Ringgit	20,163	28,824	153,905	202,892
Singapore Dollar	9,828	63,214	1,178	74,220
	<u>53,340</u>	<u>108,313</u>	<u>155,083</u>	<u>316,736</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (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 contracts USD	Amount due to Manager USD	Other liabilities* USD	Net assets attributable to unitholders USD	Total USD
<u>2022</u> (continued)					
<u>Financial liabilities</u>					
Australian Dollar	288,649	12,528	-	22,824,226	23,125,403
Malaysian Ringgit	4,963,100	49,160	2,649	215,146,921	220,161,830
Singapore Dollar	117,746	12,940	-	16,908,504	17,039,190
	<u>5,369,495</u>	<u>74,628</u>	<u>2,649</u>	<u>254,879,651</u>	<u>260,326,423</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 YEAR ENDED 31 MAY 2022 (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)

	<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>2021</u>				
<u>Financial assets</u>				
Australian Dollar	903,901	2,133	56,863	962,897
Malaysian Ringgit	653,993	1,348	782,087	1,437,428
Singapore Dollar	249,084	32,356	126,341	407,781
	<u>1,806,978</u>	<u>35,837</u>	<u>965,291</u>	<u>2,808,106</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (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 contracts USD	Amount due to Manager USD	Other liabilities* USD	Net assets attributable to unitholders USD	Total USD
<u>2021</u> (continued)					
<u>Financial liabilities</u>					
Australian Dollar	59,989	579,223	-	36,415,334	37,054,546
Malaysian Ringgit	1,477,973	1,299,443	2,991	276,189,748	278,970,155
Singapore Dollar	928	76,731	-	25,290,728	25,368,387
	<u>1,538,890</u>	<u>1,955,397</u>	<u>2,991</u>	<u>337,895,810</u>	<u>341,393,088</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 YEAR ENDED 31 MAY 2022 (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 (loss)/profit after tax and NAV 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 rate %	Impact on (loss)/ profit after tax/ NAV USD
<u>2022</u>		
Australian Dollar	+/- 10.13	-/+ 2,338,589
Malaysian Ringgit	+/- 3.42	-/+ 7,522,596
Singapore Dollar	+/- 4.11	-/+ 697,260
<u>2021</u>		
Australian Dollar	+/- 9.44	-/+ 3,407,052
Malaysian Ringgit	+/- 3.72	-/+ 10,324,217
Singapore Dollar	+/- 3.90	-/+ 973,464

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 bank balances and other instruments, which are capable of being converted into cash within 7 days.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

Liquidity risk (continued)

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 USD</u>	<u>Between one month to one year USD</u>	<u>Total USD</u>
<u>2022</u>			
Forward foreign currency contracts	529,911	4,839,584	5,369,495
Amount due to Manager			
- management fees	440,228	-	440,228
- cancellation of units	74,628	-	74,628
Amount due to Trustee	14,278	-	14,278
Auditors' remuneration	-	1,828	1,828
Tax agent fee	-	800	800
Other payables and accruals	-	21	21
Net assets attributable to unitholders*	286,833,250	-	286,833,250
	<u>287,892,295</u>	<u>4,842,233</u>	<u>292,734,528</u>
<u>2021</u>			
Forward foreign currency contracts	157,938	1,380,952	1,538,890
Amount due to Manager			
- management fees	578,029	-	578,029
- cancellation of units	2,085,815	-	2,085,815
Amount due to Trustee	18,747	-	18,747
Amount due to brokers	710,000	-	710,000
Auditors' remuneration	-	1,997	1,997
Tax agent fee	-	834	834
Other payables and accruals	-	160	160
Net assets attributable to unitholders*	388,598,956	-	388,598,956
	<u>392,149,485</u>	<u>1,383,943</u>	<u>393,533,428</u>

* Units are redeemed on demand at the unitholder's option (Note I). 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 return.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

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 cash and bank balances is managed by ensuring they are held by parties with credit rating AA or higher.

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>Others*</u> USD	<u>Total</u> USD
<u>2022</u>				
Financial Services				
- AAA	29,991	10,192,992	-	10,222,983
- AA3	23,349	-	-	23,349
Others				
- NR	-	-	900,273	900,273
	<u>53,340</u>	<u>10,192,992</u>	<u>900,273</u>	<u>11,146,605</u>
<u>2021</u>				
Financial Services				
- AAA	642,941	8,272,513	-	8,915,454
- AA2	432,038	-	-	432,038
- AA3	316,482	-	-	316,482
- NR	415,517	-	-	415,517
Others				
- NR	-	-	1,623,635	1,623,635
	<u>1,806,978</u>	<u>8,272,513</u>	<u>1,623,635</u>	<u>11,703,126</u>

*Others comprise of amount due from Manager and amount due from brokers.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

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.

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as 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 financial year end date. The Fund utilises the current bid price for financial assets which fall 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 and financial liabilities 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.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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.

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (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>2022</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	281,587,923	-	-	281,587,923
- forward foreign currency contracts	-	53,340	-	53,340
	<u>281,587,923</u>	<u>53,340</u>	<u>-</u>	<u>281,641,263</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	5,369,495	-	5,369,495
	<u>-</u>	<u>5,369,495</u>	<u>-</u>	<u>5,369,495</u>
<u>2021</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	381,830,302	-	-	381,830,302
- forward foreign currency contracts	-	1,806,978	-	1,806,978
	<u>381,830,302</u>	<u>1,806,978</u>	<u>-</u>	<u>383,637,280</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	1,538,890	-	1,538,890
	<u>-</u>	<u>1,538,890</u>	<u>-</u>	<u>1,538,890</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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 NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 May 2022, management fee is recognised at a rate of 1.85% (2021: 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 NAV of the Fund, excluding of foreign custodian fees and charges.

For the financial year ended 31 May 2022, the Trustee's fee is recognised at a rate of 0.06% (2021: 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.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM14,000 (equivalent of: USD3,328 (2021: USD3,393) per annum.

7 TAXATION

	<u>2022</u> USD	<u>2021</u> USD
Current taxation	-	-

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

	<u>2022</u> USD	<u>2021</u> USD
Net (loss)/profit before taxation	(158,907,501)	62,303,793
Tax at Malaysian statutory rate of 24% (2021: 24%)	(38,137,800)	14,952,910
Tax effects of:		
Investment loss not brought to tax/ (Investment income not subject to tax)	36,549,924	(15,964,329)
Expenses not deductible for tax purposes	52,312	34,409
Restriction on tax deduction expenses for Wholesale Funds	1,535,564	977,010
Tax expense	-	-

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> USD	<u>2021</u> USD
Financial assets at fair value through profit or loss:		
- collective investment scheme	281,587,923	381,830,302
	<u>2022</u> USD	<u>2021</u> USD
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(1,738,204)	7,563,223
- unrealised (loss)/gain on changes in fair value	(144,143,560)	49,854,785
- management fee rebate on collective investment scheme #	5,413,011	3,390,904
	<u>(140,468,753)</u>	<u>60,808,912</u>

In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme has been considered as part of its NAV. 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 NAV of the collective investment scheme.

(a) Collective investment scheme

(i) Collective investment scheme as at 31 May 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
UBS Lux Investment SICAV				
- China A Opportunity (USD P-accumulation share class)	1,017,150	373,222,770	281,587,923	98.17
Total collective investment scheme	<u>1,017,150</u>	<u>373,222,770</u>	<u>281,587,923</u>	<u>98.17</u>
Accumulated unrealised loss on collective investment scheme		(91,634,847)		
Total collective investment scheme		<u>281,587,923</u>		

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

(a) Collective investment scheme (continued)

(ii) Collective investment scheme as at 31 May 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
UBS Lux Investment SICAV - China A Opportunity (USD P-accumulation share class)	888,618	329,321,589	381,830,302	98.26
Total collective investment scheme	<u>888,618</u>	<u>329,321,589</u>	<u>381,830,302</u>	<u>98.26</u>
Accumulated unrealised gain on collective investment scheme		<u>52,508,713</u>		
Total collective investment scheme		<u>381,830,302</u>		

(b) Target Fund's top 10 holdings

(i) The Target Fund's top 10 holdings as at 31 May 2022 is as follows:

	<u>Percentage of Target Fund's NAV %</u>
Kweichow Moutai	9.70
China Merchants Bank	9.60
Yunnan Baiyao Group Co Ltd	9.20
Ping An Bank Co Ltd	6.80
NetEase	5.00
Inner Mongolia Yili	4.70
Ping An Insurance	4.70
Midea Group Co Ltd	4.40
Jiangsu Hengrui	3.80
Gree Electric Appliances	3.60
Total	<u>61.50</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

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

(b) Target Fund's top 10 holdings (continued)

(ii) The Target Fund's top 10 holdings as at 31 May 2021 is as follows:

	Percentage of Target Fund's NAV %
Kweichow Moutai	10.30
Wuliangye Yibin Co Ltd	9.90
Yunnan Baiyao Group Co Ltd	9.00
Jiangsu Hengrui Medicine Co	7.40
China Merchants Bank	4.90
Ping An Bank Co Ltd	4.80
Midea Group Co Ltd	4.50
Hangzhou Tigermed Consulti	4.20
Ping An Insurance	3.90
Gree Electric Appliances	3.70
Total	<u>62.60</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the statement of financial position, there are 59 (2021: 185) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD207,644,619 (2021: USD288,285,182). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from different hedged-classes denominated in Australian Dollar, Malaysian Ringgit and Singapore Dollar. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

	<u>2022</u> USD	<u>2021</u> USD
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	53,340	1,806,978
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	5,369,495	1,538,890
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss:		
- realised (loss)/gain on forward foreign currency contracts	(6,078,593)	4,084,823
- unrealised (loss)/gain on changes in fair value	(5,584,243)	1,632,320
	<u>(11,662,836)</u>	<u>5,717,143</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

9 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 31 May 2022 is as follows:

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	37,059,919	37,936,018	(876,099)	(0.31)
BNP Paribas Malaysia Bhd	41,934,494	42,929,548	(995,054)	(0.35)
CIMB Bank Bhd	26,031,089	26,650,238	(619,149)	(0.22)
Citibank Bhd	8,308,777	8,620,800	(312,023)	(0.11)
Hong Leong Bank Bhd	3,801,468	3,948,071	(146,603)	(0.05)
J.P Morgan Chase Bank Bhd	15,294,086	15,746,169	(452,083)	(0.16)
Maybank Bhd	35,262,144	36,140,212	(878,068)	(0.31)
Standard Chartered Bank Malaysia Bhd	26,534,431	27,124,378	(589,947)	(0.21)
United Overseas Bank (M) Bhd	13,418,211	13,865,340	(447,129)	(0.16)
Total forward foreign currency contracts	<u>207,644,619</u>	<u>212,960,774</u>	<u>(5,316,155)</u>	<u>(1.88)</u>

(ii) Forward foreign currency contracts as at 31 May 2021 is as follows:

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	53,516,782	53,580,815	(64,033)	(0.02)
BNP Paribas Malaysia Bhd	46,503,111	46,374,746	128,365	0.03
CIMB Bank Bhd	54,779,209	54,996,868	(217,659)	(0.06)
Hong Leong Bank Bhd	9,269,790	9,256,310	13,480	-
J.P Morgan Chase Bank Bhd	46,623,856	46,497,703	126,153	0.03
Maybank Bhd	17,917,549	17,685,166	232,383	0.06
Standard Chartered Bank Malaysia Bhd	43,286,764	43,221,750	65,014	0.02
United Overseas Bank (M) Bhd	16,388,121	16,403,736	(15,615)	0.01
Total forward foreign currency contracts	<u>288,285,182</u>	<u>288,017,094</u>	<u>268,088</u>	<u>0.07</u>

The Manager is of the opinion that all transactions with the holding company of the Manager have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

10 NUMBER OF UNITS IN CIRCULATION

(a)	AUD Hedged-class units in circulation	<u>2022</u>	<u>2021</u>
		No. of units	No. of units
	At the beginning of the financial year	55,099,000	34,695,000
	Creation of units arising from applications	10,673,000	52,087,000
	Cancellation of units	<u>(7,638,000)</u>	<u>(31,683,000)</u>
	At the end of the financial year	<u>58,134,000</u>	<u>55,099,000</u>
(b)	MYR Class units in circulation	<u>2022</u>	<u>2021</u>
		No. of units	No. of units
	At the beginning of the financial year	227,210,000	69,221,000
	Creation of units arising from applications	160,511,000	211,594,000
	Cancellation of units	<u>(65,551,000)</u>	<u>(53,605,000)</u>
	At the end of the financial year	<u>322,170,000</u>	<u>227,210,000</u>
(c)	MYR Hedged-class units in circulation	<u>2022</u>	<u>2021</u>
		No. of units	No. of units
	At the beginning of the financial year	1,048,968,000	299,292,000
	Creation of units arising from applications	345,767,000	846,092,000
	Cancellation of units	<u>(126,503,000)</u>	<u>(96,416,000)</u>
	At the end of the financial year	<u>1,268,232,000</u>	<u>1,048,968,000</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(d)	SGD Hedged-class units in circulation	<u>2022</u>	<u>2021</u>
		No. of units	No. of units
	At the beginning of the financial year	38,905,000	4,617,000
	Creation of units arising from applications	10,727,000	40,398,000
	Cancellation of units	(7,949,000)	(6,110,000)
	At the end of the financial year	<u>41,683,000</u>	<u>38,905,000</u>
(e)	USD Class units in circulation	<u>2022</u>	<u>2021</u>
		No. of units	No. of units
	At the beginning of the financial year	57,169,000	21,636,000
	Creation of units arising from applications	10,391,000	41,909,000
	Cancellation of units	(12,027,000)	(6,376,000)
	At the end of the financial year	<u>55,533,000</u>	<u>57,169,000</u>

11 TRANSACTIONS WITH BROKERS

(i) Details of transaction with the brokers for the financial year ended 31 May 2022 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Morgan Stanley Investment Management Ltd	5,300,000	4.35
Northern Trust Global Services SE	116,600,615	95.65
	<u>121,900,615</u>	<u>100.00</u>

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transaction with the brokers for the financial year ended 31 May 2021 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Northern Trust Global Services SE	322,714,805	100.00

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationships</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

The units held by the Manager as at the end of the financial year are as follows:

	<u>2022</u>		<u>2021</u>	
	No. of units	USD	No. of units	USD
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (the units are held legally for booking purposes)				
- AUD Hedged - class	2,285	897	3,778	2,497
- MYR Class	3,077	431	3,295	711
- MYR Hedged - class	2,930	393	3,703	802
- SGD Hedged - class	3,187	1,293	2,855	1,856
- USD Class	3,146	1,810	3,180	2,820
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other than the above, there were no units held by the Directors or parties related to the Manager.

13 TOTAL EXPENSE RATIO ("TER")

	<u>2022</u>	<u>2021</u>
	USD	USD
TER	<u>1.91</u>	<u>1.91</u>

TER is derived from the following calculation:

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

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
G	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD345,741,646 (2021: USD221,487,375).

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u> %	<u>2021</u> %
PTR (times)	<u>0.18</u>	<u>0.71</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = USD83,770,000 (2021: USD284,543,000)
total disposal for the financial year = USD39,868,819 (2021: USD30,608,582)

AFFIN HWANG WORLD SERIES - CHINA A OPPORTUNITY FUND

STATEMENT BY THE MANAGER

I, Dato' 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 37 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 2022 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 May 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
18 July 2022

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 2022, and of its financial performance and its cash flows for the financial year then ended 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 2022, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 37.

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’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“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 of the Fund 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
18 July 2022

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

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
Unit 1.09(a), Level 1
Plaza Shell
29, Jalan Tunku Abdul Rahman
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
1st Floor, Lot 1291
Jalan Melayu, MCLD
98000 Miri
Sarawak

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

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)