

Affin Hwang World Series - China Growth Fund

Annual Report
31 May 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (001281T)

AFFIN HWANG WORLD SERIES – CHINA GROWTH 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 Growth Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period through investments in China equities
Benchmark	MSCI China 10/40 Index
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	97.47			98.05			98.02		
Cash and cash equivalent	2.53			1.95			1.98		
Total	100.00			100.00			100.00		
Currency class	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR-</u> <u>Hedged</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR-</u> <u>Hedged</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR-</u> <u>Hedged</u> <u>Class</u>
Total NAV (in million)	8.773	97.881	170.171	11.224	107.473	159.986	5.503	64.490	88.054
NAV per unit (in respective currencies)	0.4931	0.8738	0.4988	0.7593	1.2676	0.7608	0.4889	0.8607	0.4884
Unit in Circulation (in million)	17.789	112.018	341.161	14.783	84.777	210.286	11.256	74.926	180.221
Highest NAV	0.7688	1.2938	0.7708	0.9325	1.5232	0.9333	0.5279	0.8980	0.5306
Lowest NAV	0.4436	0.7704	0.4486	0.4889	0.8548	0.4885	0.4024	0.7192	0.4042
Return of the Fund (%) ⁱⁱⁱ	-35.06	-31.07	-34.44	55.31	47.28	55.77	10.04	14.15	9.38
- Capital Return (%) ⁱ	-35.06	-31.07	-34.44	55.31	47.28	55.77	10.04	14.15	9.38
- Income Return (%) ⁱⁱ	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expenses Ratio (%) ¹		1.85			1.86			1.86	
Portfolio Turnover Ratio (times) ²		0.32			0.78			0.27	

¹ The Fund's TER decreased due to higher average NAV during the financial year .

² The Fund's PTR was lower than previous year as the Manager had decreased 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	=	Capital return x Income return – 1

MANAGER'S REPORT

Income Distribution / Unit Split

No income distributions or unit splits were declared for the financial year ended 31 May 2022.

Performance Review

USD Class

For the financial year under review 1 June 2021 to 31 May 2022, the Fund registered a -35.06% return compared to the benchmark return of -34.52%. The Fund thus underperformed the Benchmark by 0.54%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was USD0.4931 while the NAV as at 31 May 2021 was USD0.7593.

Since commencement, the Fund has registered a return of -1.38% compared to the benchmark return of -1.98%, outperforming by 0.60%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (15/8/17 - 31/5/22)
Fund	(35.06%)	10.98%	(1.38%)
Benchmark	(34.52%)	1.90%	(1.98%)
Outperformance	(0.54%)	9.08%	0.60%

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 (15/8/17 - 31/5/22)
Fund	(35.06%)	3.53%	(0.29%)
Benchmark	(34.52%)	0.63%	(0.42%)
Outperformance	(0.54%)	2.90%	0.13%

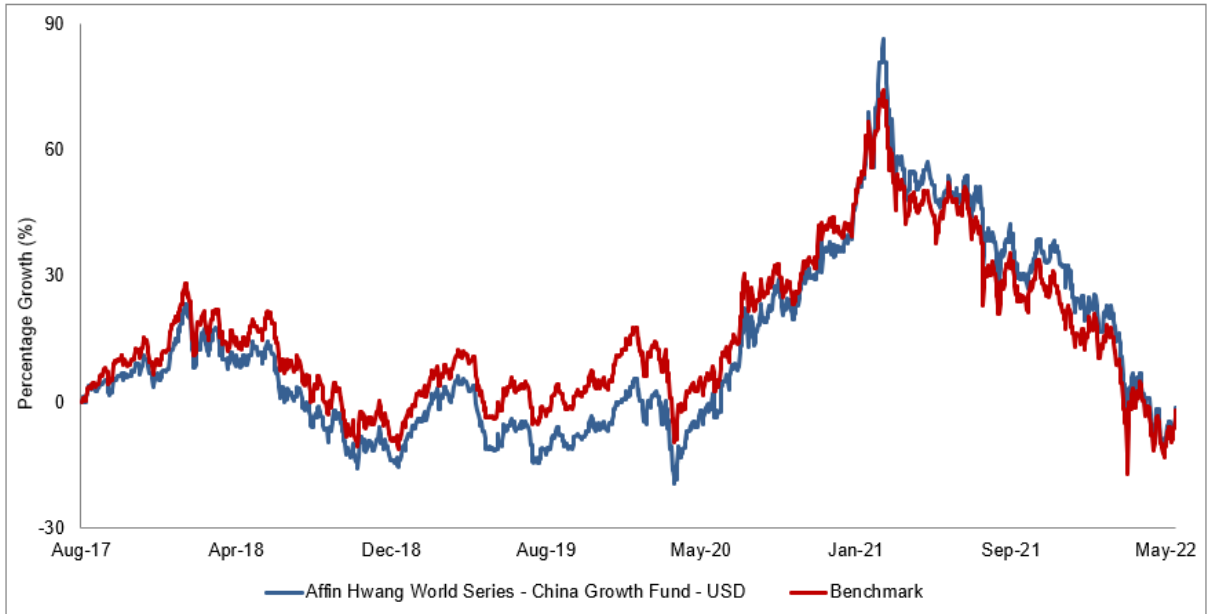
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (15/8/17 - 31/5/18)
Fund	(35.06%)	55.31%	10.04%	(19.36%)	10.20%
Benchmark	(34.52%)	42.39%	9.29%	(17.54%)	16.65%
Outperformance	(0.54%)	12.92%	0.75%	(1.82%)	(6.45%)

Source of Benchmark: Bloomberg

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



MYR Class

For the financial year under review 1 June 2021 to 31 May 2022, the Fund registered a -31.07% return compared to the benchmark return of -30.48%. The Fund thus underperformed the Benchmark by 0.59%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was MYR0.8738 while the NAV as at 31 May 2021 was MYR1.2676.

Since commencement, the Fund has registered a return of 74.76% compared to the benchmark return of 77.81%, underperforming by 3.05%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	5 Years (1/6/17 - 31/5/22)	Since Commencement (1/8/11 - 31/5/22)
Fund	(31.07%)	15.89%	9.44%	74.76%
Benchmark	(30.48%)	6.69%	9.31%	77.81%
Outperformance	(0.59%)	9.20%	0.13%	(3.05%)

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)	5 Years (1/6/17 - 31/5/22)	Since Commencement (1/8/11 - 31/5/22)
Fund	(31.07%)	5.03%	1.82%	5.28%
Benchmark	(30.48%)	2.18%	1.80%	5.46%
Outperformance	(0.59%)	2.85%	0.02%	(0.18%)

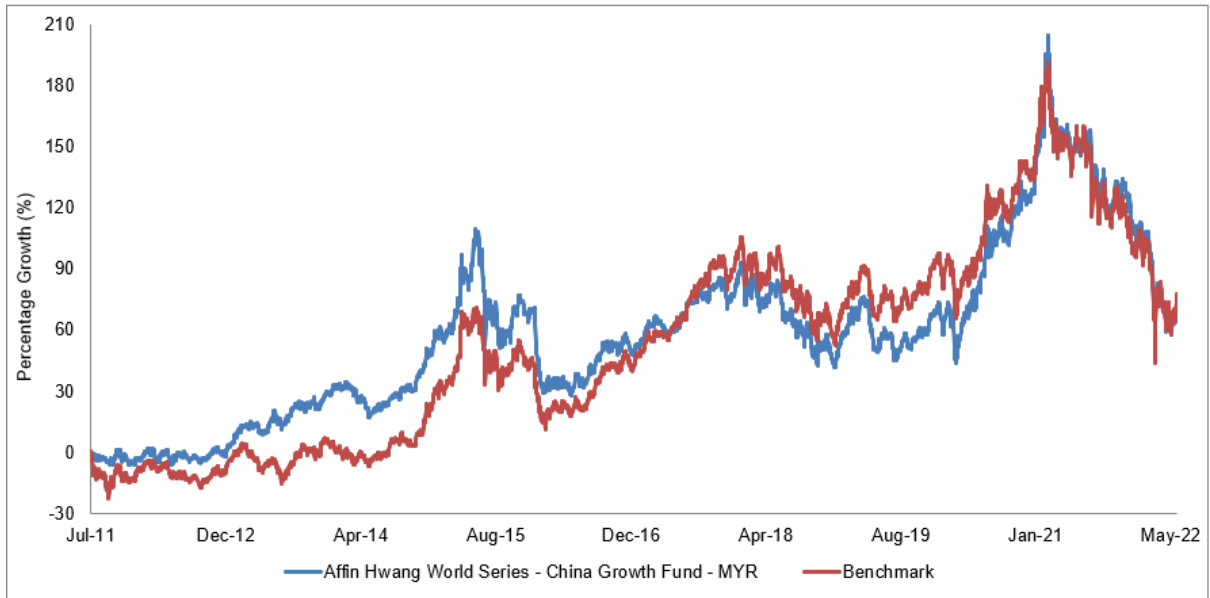
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (1/1/18 - 31/5/18)
Fund	(31.07%)	47.28%	14.15%	(15.15%)	0.74%
Benchmark	(30.48%)	34.97%	13.70%	(13.36%)	1.58%
Outperformance	(0.59%)	12.31%	0.45%	(1.79%)	(0.84%)

Source of Benchmark: Bloomberg

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



MYR Hedged-Class

For the financial year under review 1 June 2021 to 31 May 2022, the Fund registered a -34.44% return compared to the benchmark return of -30.48%. The Fund thus underperformed the Benchmark by 3.96%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was MYR0.4988 while the NAV as at 31 May 2021 was MYR0.7608.

Since commencement, the Fund has registered a return of -0.24% compared to the benchmark return of -0.05%, underperforming by 0.19%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	3 Years (1/6/19 - 31/5/22)	Since Commencement (15/8/17 - 31/5/22)
Fund	(34.44%)	11.71%	(0.24%)
Benchmark	(30.48%)	6.69%	(0.05%)
Outperformance	(3.96%)	5.02%	(0.19%)

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 (15/8/17 - 31/5/22)
Fund	(34.44%)	3.76%	(0.05%)
Benchmark	(30.48%)	2.18%	(0.01%)
Outperformance	(3.96%)	1.58%	(0.04%)

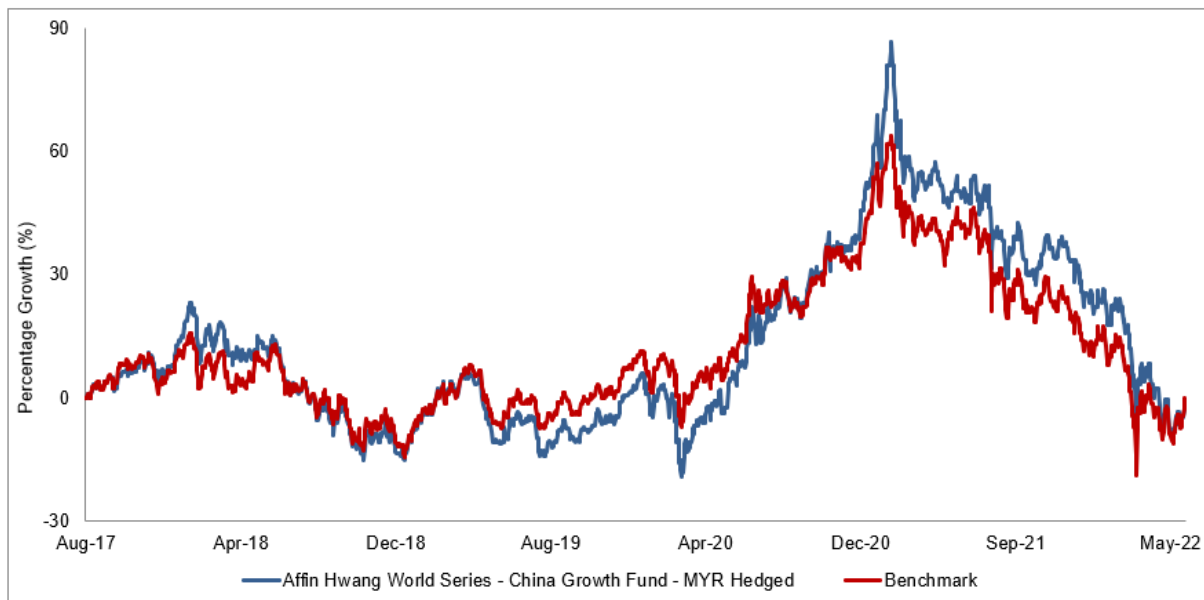
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (15/8/17 - 31/5/18)
Fund	(34.44%)	55.77%	9.38%	(19.45%)	10.86%
Benchmark	(30.48%)	34.97%	13.70%	(13.36%)	8.13%
Outperformance	(3.96%)	20.80%	(4.32%)	(6.09%)	2.73%

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 10/40 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 year under review, please refer to Fund Performance Data.

As at 31 May 2022, the asset allocation of the Fund's exposure to the collective investment scheme stood at 97.47 (2021:98.05%) of the Fund's NAV, while the balance was held in cash and cash equivalent.

Strategies Employed

The Target Fund adopts a flexible style and has a focus on the structural change and reform in China. The portfolio seeks to capture full spectrum of opportunities for a changing China through access to full range of China-focused stocks. The structural reform focus offers dynamic opportunity to uncover reform beneficiaries and optimal investment themes in new and old economies.

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.

Bond yields continued to rise in April 2022 and the curve steepened, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. US consumer price inflation accelerated to 8.5% year on year in March though the core personal consumption expenditure index fell slightly to an annualised 5.2% from 5.3%. Corporate bonds garnered negative total returns and underperformed government bonds in general.

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 RM48.1billion 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.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

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 year 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 year 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 financial year under review .

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 GROWTH 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 Deeds, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 July 2022

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

AFFIN HWANG WORLD SERIES – CHINA GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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AFFIN HWANG WORLD SERIES – CHINA GROWTH 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		2,591	2,484
Net loss on foreign currency exchange		(29,994)	(11,777)
Net (loss)/gain on financial assets at fair value through profit or loss	7	(30,683,478)	15,832,650
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	8	(1,768,873)	741,699
		<u>(32,479,754)</u>	<u>16,565,056</u>
EXPENSES			
Management fee	4	(1,367,664)	(872,778)
Trustee fee	5	(38,018)	(24,244)
Auditors' remuneration		(1,940)	(1,858)
Tax agent's fee		(849)	(854)
Other expenses		(357)	(602)
		<u>(1,408,828)</u>	<u>(900,336)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(33,888,582)	15,664,720
Taxation	6	-	-
(DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(33,888,582)</u>	<u>15,664,720</u>
(Decrease)/Increase in net assets attributable to unitholders comprise the following:			
Realised amount		(1,744,497)	4,391,392
Unrealised amount		(32,144,085)	11,273,328
		<u>(33,888,582)</u>	<u>15,664,720</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 GROWTH 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		3,052,907	1,475,162
Amount due from dealer		-	135,445
Amount due from Manager			
- creation of units		6,606	636,391
- management fee rebate receivable		40,446	46,834
Financial assets at fair value through profit or loss	7	68,260,219	74,603,283
Forward foreign currency contracts at fair value through profit or loss	8	16,392	47,910
TOTAL ASSETS		<u>71,376,570</u>	<u>76,945,025</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	8	1,137,457	382,347
Amount due to broker		-	220,000
Amount due to dealer		65,896	135,807
Amount due to Manager			
- management fee		98,998	114,429
- cancellation of units		37,941	-
Amount due to Trustee		2,750	3,179
Auditors' remuneration		2,084	2,033
Tax agent's fee		827	811
Other payables and accruals		1,019	1,115
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)		<u>1,346,972</u>	<u>859,721</u>
NET ASSET VALUE OF THE FUND		<u>70,029,598</u>	<u>76,085,304</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>70,029,598</u>	<u>76,085,304</u>

AFFIN HWANG WORLD SERIES – CHINA GROWTH 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			
- MYR Class		22,365,957	26,062,427
- MYR-Hedged Class		38,891,058	38,798,564
- USD Class		8,772,583	11,224,313
		<u>70,029,598</u>	<u>76,085,304</u>
NUMBER OF UNITS IN CIRCULATION			
- MYR Class	9(a)	112,018,000	84,777,000
- MYR-Hedged Class	9(b)	341,161,000	210,286,000
- USD Class	9(c)	17,789,000	14,783,000
		<u>470,968,000</u>	<u>309,846,000</u>
NET ASSET VALUE PER UNIT (USD)			
- MYR Class		0.1997	0.3074
- MYR-Hedged Class		0.1140	0.1845
- USD Class		0.4931	0.7593
		<u>0.1997</u>	<u>0.3074</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR Class		RM0.8738	RM1.2676
- MYR-Hedged Class		RM0.4988	RM0.7608
- USD Class		USD0.4931	USD0.7593
		<u>RM0.8738</u>	<u>RM1.2676</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 GROWTH 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	76,085,304	40,610,344
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	51,733,198	61,541,904
- MYR Class	24,734,219	20,649,239
- MYR-Hedged Class	23,623,494	30,690,986
- USD Class	3,375,485	10,201,679
Cancellation of units	(23,900,322)	(41,731,664)
- MYR Class	(17,831,801)	(15,716,140)
- MYR-Hedged Class	(4,763,007)	(19,798,299)
- USD Class	(1,305,514)	(6,217,225)
Net (decrease)/increase in net assets attributable to unitholders during the financial year	(33,888,582)	15,664,720
- MYR Class	(10,598,888)	6,287,993
- MYR-Hedged Class	(18,767,993)	7,640,228
- USD Class	(4,521,701)	1,736,499
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>70,029,598</u>	<u>76,085,304</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 GROWTH FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	<u>2022</u> USD	<u>2021</u> USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	12,459,349	31,304,687
Purchase of investments	(37,510,911)	(49,749,999)
Interest received	2,591	2,484
Management fee rebate received	563,070	337,589
Management fee paid	(1,383,095)	(821,791)
Trustee fee paid	(38,447)	(22,827)
Realised (loss)/gain on forward foreign currency contracts	(982,245)	420,125
Payment for other fees and expenses	(3,175)	(3,254)
Net realised gain/(loss) on foreign currency exchange	17,675	(21,352)
	<hr/>	<hr/>
Net cash flows used in operating activities	(26,875,188)	(18,554,338)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	52,362,983	60,930,462
Payments for cancellation of units	(23,862,381)	(42,240,037)
	<hr/>	<hr/>
Net cash flows generated from financing activities	28,500,602	18,690,425
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,625,414	136,087
EFFECTS OF FOREIGN CURRENCY EXCHANGE	(47,669)	9,575
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<hr/> 1,475,162	<hr/> 1,329,500
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<hr/> <hr/> 3,052,907	<hr/> <hr/> 1,475,162

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

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 GROWTH 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 entities to update the effective interest rate (insert as applicable: for instruments measured at amortised cost, lessees and insurers applying the temporary exemption from MFRS 9) 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 GROWTH 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 deposit with licensed financial institutions is 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 gain and loss on sale of investments

For collective investment schemes ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the 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.

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

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.

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

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 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.

Investment 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 dealer and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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

(ii) Recognition and measurement

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

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 (continued)

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 de-recognised 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 transactions are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the period which they arise.

Investment in 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.

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully 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.

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 (continued)

Qualitative criteria:

The debtor meets unlikelihood 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 writes 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 changes in value.

H AMOUNT DUE FROM/(TO) BROKER/DEALER

Amounts due from and to broker/dealer 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 broker/dealer balance is held for collection. Refer to Note F for accounting policy on recognition and measurement.

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

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

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

I CREATION AND CANCELLATION OF UNITS

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

The Fund issues cancellable units, in three classes of units, known respectively as the MYR class, MYR-Hedged class and USD class, which are cancelled at the unitholder's option and do not have identical features subject to restrictions as stipulated in the Information Memorandum and Securities Commission's (SC) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date 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 unitholders 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 enterprise and a financial liability or equity instrument of another enterprise.

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

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

K INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's 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 judgement 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 GROWTH 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 HwangDBS China Select Fund (the “Fund”) pursuant to the execution of a Deed dated 3 June 2011. The Fund has changed its name from HwangDBS China Select Fund to Hwang China Select Fund as amended by its First Supplemental Deed dated 18 January 2012 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”), from Hwang China Select Fund to Affin Hwang China Growth Fund as amended by its Second Supplemental Deed dated 27 June 2014, from Affin Hwang China Growth Fund to Affin Hwang World Series - China Growth Fund as amended by Third Supplemental Deed dated 3 August 2016 and changed its trustee from TMF Trustees Malaysia Berhad to HSBC (Malaysia) Trustee Berhad as modified by the Fourth Supplemental Deed dated 17 July 2017.

The Fund commenced operations on 3 August 2011 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed.

Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there are no inconsistencies with the objectives of the Fund, the Fund may invest in the following investments:

- (a) Collective investment scheme - Target Fund;
- (b) Money market instruments;
- (c) Deposits with financial institutions; and
- (d) Derivatives.

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

The main objective of the Fund, a feeder fund, is to achieve capital appreciation over medium to long term period through investments in China equities via Target Fund.

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 GROWTH 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 cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		3,052,907	-	3,052,907
Amount due from Manager				
- creation of units		6,606	-	6,606
- management fee rebate receivable		40,446	-	40,446
Collective investment scheme	7	-	68,260,219	68,260,219
Forward foreign currency contracts	8	-	16,392	16,392
Total		<u>3,099,959</u>	<u>68,276,611</u>	<u>71,376,570</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	8	-	1,137,457	1,137,457
Amount due to dealer		65,896	-	65,896
Amount due to Manager				
- management fee		98,998	-	98,998
- cancellation of units		37,941	-	37,941
Amount due to Trustee		2,750	-	2,750
Auditors' remuneration		2,084	-	2,084
Tax agent's fee		827	-	827
Other payables and accruals		1,019	-	1,019
Total		<u>209,515</u>	<u>1,137,457</u>	<u>1,346,972</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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)

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,475,162	-	1,475,162
Amount due from dealer		135,445	-	135,445
Amount due from Manager				
- creation of units		636,391	-	636,391
- management fee rebate receivable		46,834	-	46,834
Collective investment scheme	7	-	74,603,283	74,603,283
Forward foreign currency contracts	8	-	47,910	47,910
Total		<u>2,293,832</u>	<u>74,651,193</u>	<u>76,945,025</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	8	-	382,347	382,347
Amount due to broker		220,000	-	220,000
Amount due to dealer		135,807	-	135,807
Amount due to Manager				
- management fee		114,429	-	114,429
Amount due to Trustee		3,179	-	3,179
Auditors' remuneration		2,033	-	2,033
Tax agent's fee		811	-	811
Other payables and accruals		1,115	-	1,115
Total		<u>477,374</u>	<u>382,347</u>	<u>859,721</u>

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

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

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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	68,260,219	74,603,283

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value ("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 and unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> USD	<u>Impact on</u> <u>(loss)/profit</u> <u>after tax/NAV</u> USD
<u>2022</u>		
-4%	65,529,810	(2,730,409)
0%	68,260,219	-
+4%	70,990,628	2,730,409
<u>2021</u>		
-10%	67,142,955	(7,460,328)
0%	74,603,283	-
+10%	82,063,611	7,460,328

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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:

	<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>2022</u>				
<u>Financial assets</u>				
Malaysian Ringgit	16,392	26,981	6,606	49,979
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>Forward foreign currency contracts</u> USD	<u>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Malaysian Ringgit	1,137,457	41,871	61,257,015	62,436,343
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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>				
Malaysian Ringgit	47,910	9,355	577,435	634,700
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>Forward foreign currency contracts</u> USD	<u>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Malaysian Ringgit	382,347	139,766	64,860,991	65,383,104
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* Other liabilities consist of amount due to Manager, auditor's remuneration, tax agent's fee and other payables and accruals.

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables held constants. 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>		
Malaysian Ringgit	+/- 3.42	+/- 2,132,923
<u>2021</u>		
Malaysian Ringgit	+/- 3.72	+/- 2,410,856

Credit risk

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

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

The settlement terms of amount due from broker/dealer are governed by the relevant rules and regulations as prescribed by the respective stock exchanges.

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.

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

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 (continued)

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

	Cash and cash <u>equivalents</u> USD	Forward foreign currency <u>contracts</u> USD	Amount due from <u>dealer</u> USD	Amount due from <u>Manager</u> USD	<u>Total</u> USD
<u>2022</u>					
Financial services					
- AAA	3,052,907	14,578	-	-	3,067,485
- NR	-	1,814	-	-	1,814
Others					
- NR	-	-	-	47,052	47,052
	<u>3,052,907</u>	<u>16,392</u>	<u>-</u>	<u>47,052</u>	<u>3,116,351</u>
<u>2021</u>					
Financial services					
- AAA	1,475,162	25,478	-	-	1,500,640
- AA2	-	22,432	-	-	22,432
Others					
- NR	-	-	135,445	683,225	818,670
	<u>1,475,162</u>	<u>47,910</u>	<u>135,445</u>	<u>683,225</u>	<u>2,341,742</u>

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders. Liquid assets comprise cash.

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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</u> USD	<u>Between one month to one year</u> USD	<u>Total</u> USD
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	118,035	1,019,422	1,137,457
Amount due to dealer	65,896	-	65,896
Amount due to Manager			
- management fee	98,998	-	98,998
- cancellation of units	37,941	-	37,941
Amount due to Trustee	2,750	-	2,750
Auditors' remuneration	-	2,084	2,084
Tax agent's fee	-	827	827
Other payables and accruals	-	1,019	1,019
Net asset attributable to unitholders*	70,029,598	-	70,029,598
	<u>70,353,218</u>	<u>1,023,352</u>	<u>71,376,570</u>
<u>2021</u>			
Forward foreign currency contracts at fair value through profit or loss	45,770	336,577	382,347
Amount due to broker	220,000	-	220,000
Amount due to dealer	135,807	-	135,807
Amount due to Manager			
- management fee	114,429	-	114,429
Amount due to Trustee	3,179	-	3,179
Auditors' remuneration	-	2,033	2,033
Tax agent's fee	-	811	811
Other payables and accruals	-	1,115	1,115
Net asset attributable to unitholders*	76,085,304	-	76,085,304
	<u>76,604,489</u>	<u>340,536</u>	<u>76,945,025</u>

* Units are cancelled 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

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 period end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

The fair value of financial assets 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 GROWTH 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	68,260,219	-	-	68,260,219
- forward foreign currency contracts	-	16,392	-	16,392
	<u>68,260,219</u>	<u>16,392</u>	<u>-</u>	<u>68,276,611</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	1,137,457	-	1,137,457
	<u>-</u>	<u>1,137,457</u>	<u>-</u>	<u>1,137,457</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	74,603,283	-	-	74,603,283
- forward foreign currency contracts	-	47,910	-	47,910
	<u>74,603,283</u>	<u>47,910</u>	<u>-</u>	<u>74,651,193</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	382,347	-	382,347
	<u>-</u>	<u>382,347</u>	<u>-</u>	<u>382,347</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 dealer, amount due from Manager and all current liabilities except forward foreign currency contracts are a reasonable approximation of the fair values due to their short-term nature.

4 MANAGEMENT FEE

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, the management fee is recognised at a rate of 1.80% (2021: 1.80%) 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 Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum of the NAV or equivalent in the base currency (excluding foreign custodian fees and charges).

For the financial year ended 31 May 2022, the Trustee's fee is recognised at a rate of 0.05% (2021: 0.05) per annum of the NAV of the Fund, calculated on a daily basis 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 GROWTH FUND

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

6 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	(33,888,582)	15,664,720
Tax at Malaysian statutory rate of 24% (2021: 24%)	(8,133,260)	3,759,533
Tax effects of:		
Investment loss not brought to tax/ (Investment income not subject to tax)	7,795,141	(3,975,614)
Expenses not deductible for tax purposes	9,414	6,168
Restriction on tax deductible expenses for Wholesale Fund	328,705	209,913
Tax expense	-	-

7 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 – foreign	68,260,219	74,603,283
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	69,627	4,531,967
- unrealised (loss)/gain on changes in fair value	(31,309,787)	10,942,179
- management fee rebate on collective investment scheme #	556,682	358,504
	(30,683,478)	15,832,650

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

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

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

(a) Collective investment scheme – foreign

(i) Collective investment scheme – foreign as at 31 May 2022 is as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
Blackrock Global Funds - China Fund Class I2 USD	3,215,272	91,353,829	68,260,219	97.47
Total collective investment scheme	<u>3,215,272</u>	<u>91,353,829</u>	<u>68,260,219</u>	<u>97.47</u>
Accumulated unrealised loss on collective investment scheme		(23,093,610)		
Total collective investment scheme		<u>68,260,219</u>		

(ii) Collective investment scheme - foreign as at 31 May 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
Blackrock Global Funds - China Fund Class I2 USD	2,278,659	66,387,106	74,603,283	98.05
Total collective investment scheme	<u>2,278,659</u>	<u>66,387,106</u>	<u>74,603,283</u>	<u>98.05</u>
Accumulated unrealised gain on collective investment scheme		8,216,177		
Total collective investment scheme		<u>74,603,283</u>		

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

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

(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> %
Alibaba Group Holding Ltd	9.70
Meituan	8.60
NetEase Inc	5.90
Tencent Holdings Ltd	5.80
JD.com Inc	5.10
Kweichow Moutai Co Ltd	3.70
BOC Hong Kong Holdings Ltd	3.20
BYD Co Ltd	3.00
China Merchants Bank Co Ltd	2.80
Yum China Holdings Inc	2.60
Total	<u>50.40</u>

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

	<u>Percentage of Target Fund's NAV</u> %
Tencent Holdings Ltd	6.60
China Merchants Bank Co Ltd	5.20
Alibaba Group Holding Ltd	4.60
Yum China Holdings Inc	3.20
China Construction Bank Corp	3.20
Meituan	3.20
Industrial Bank Co Ltd	3.10
Netease Inc	2.80
Li Ning Co Ltd	2.60
Kuaishou Technology	2.50
Total	<u>37.00</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

8 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 26 (2021: 34) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD38,005,703 (2021: USD38,281,557). The forward currency contracts entered into during the financial year were for hedging against the currency exposure arising from different hedged-classes that are denominated in Malaysian Ringgit. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contracts is 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	16,392	47,910
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	1,137,457	382,347
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss:		
- realised (loss)/gain on forward foreign currency contracts	(982,245)	420,125
- unrealised (loss)/gain on forward foreign currency contracts	(786,628)	321,574
	<u>(1,768,873)</u>	<u>741,699</u>

(a) Forward foreign currency contracts

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

<u>Name of issuer</u>	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Berhad #	3,275,743	3,383,667	(107,924)	(0.15)
BNP Paribas Malaysia Berhad	3,562,061	3,679,875	(117,814)	(0.17)
CIMB Bank Berhad	4,407,434	4,517,400	(109,966)	(0.16)
Citibank Berhad	6,652,868	6,787,087	(134,219)	(0.19)
Hong Leong Bank Berhad	3,684,735	3,837,028	(152,293)	(0.22)
JP Morgan Chase Bank Berhad	6,723,730	6,923,611	(199,881)	(0.29)
Standard Chartered Bank	3,426,525	3,513,219	(86,694)	(0.12)
United Overseas Bank (Malaysia) Berhad	5,151,542	5,363,816	(212,274)	(0.30)
Total forward foreign currency contracts	<u>36,884,638</u>	<u>38,005,703</u>	<u>(1,121,065)</u>	<u>(1.60)</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

8 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

(b) Forward foreign currency contracts (continued)

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

<u>Name of issuer</u>	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Berhad #	8,532,988	8,661,748	(128,760)	(0.17)
BNP Paribas Malaysia Berhad	9,138,403	9,199,677	(61,274)	(0.08)
CIMB Bank Berhad	6,167,491	6,189,817	(22,326)	(0.03)
Hong Leong Bank Berhad	5,499,390	5,550,238	(50,848)	(0.07)
J.P. Morgan Chase Bank Berhad	5,825,581	5,901,698	(76,117)	(0.10)
United Overseas Bank (Malaysia) Berhad	2,783,267	2,778,379	4,888	0.01
Total forward foreign currency contracts	<u>37,947,120</u>	<u>38,281,557</u>	<u>(334,437)</u>	<u>(0.44)</u>

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

9 NUMBER OF UNITS IN CIRCULATION

(a) MYR Class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	84,777,000	74,926,000
Creation of units during the financial year	92,318,000	68,005,000
Cancellation of units during the financial year	(65,077,000)	(58,154,000)
As at the end of the financial year	<u>112,018,000</u>	<u>84,777,000</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(b)	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	210,286,000	180,221,000
	Creation of units during the financial year	162,178,000	160,418,000
	Cancellation of units during the financial year	(31,303,000)	(130,353,000)
	As at the end of the financial year	<u>341,161,000</u>	<u>210,286,000</u>
(c)	USD Class units in circulation	<u>2022</u>	<u>2021</u>
		No. of units	No. of units
	At the beginning of the financial year	14,783,000	11,256,000
	Creation of units during the financial year	5,054,000	13,309,000
	Cancellation of units during the financial year	(2,048,000)	(9,782,000)
	As at the end of the financial year	<u>17,789,000</u>	<u>14,783,000</u>

10 TRANSACTIONS WITH BROKER

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

<u>Name of broker</u>	<u>Value of trade</u> USD	<u>Percentage of total trade</u> %
J.P. Morgan SE - Luxembourg Branch	<u>49,544,903</u>	<u>100.00</u>

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

<u>Name of broker</u>	<u>Value of trade</u> USD	<u>Percentage of total trade</u> %
J.P. Morgan SE - Luxembourg Branch	<u>80,583,908</u>	<u>100.00</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

11 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>Relationship</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

The units held by the Manager and parties related to the Manager as at the end of the financial year are as follows :

	<u>2022</u>		<u>2021</u>	
<u>The Manager:</u>	No. of units	USD	No. of units	USD
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)				
- MYR Class	3,636	726	2,810	864
- MYR-Hedged Class	3,928	448	3,329	614
- USD Class	2,890	1,425	2,214	1,681
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)				
- MYR Class	1,351,584	269,911	-	-
- MYR-Hedged Class	1,510,944	172,248	-	-
	<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.

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

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

12 TOTAL EXPENSE RATIO (“TER”)

	<u>2022</u> %	<u>2021</u> %
TER	1.85	1.86

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	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 USD76,144,762 (2021: USD48,466,160).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u> %	<u>2021</u> %
PTR (times)	0.32	0.78

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 = USD37,221,000 (2021: USD49,954,000)
total disposal for the financial year = USD12,254,277 (2021: USD26,097,941)

AFFIN HWANG WORLD SERIES - CHINA GROWTH 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 32 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 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 GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series - China Growth 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 32.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 GROWTH FUND

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 financial statements so as to 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 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 has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' Responsibilities for the audit of 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.

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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.

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
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 July 2022

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