

ANNUAL REPORT 31 May 2023

Affin Hwang World Series – **China Growth** Fund

MANAGER AHAM Asset Management Berhad (Formerly known as Affin Hwang Asset Management Berhad) 199701014290 (429786-T) TRUSTEE HSBC (Malaysia) Trustee Berhad 193701000084 (001281T)

Annual Report and Audited Financial Statements For The Financial Year Ended 31 May 2023

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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 2023 (%) As At 31 May 2022 (%)		As At 31 May 2021 (%)		1				
Portfolio composition Collective investment scheme Cash and cash equivalent Total	97.92 97.47 2.08 2.53 100.00 100.00		2.08		2.08 2.53			98.05 1.95 100.00	
Currency class	<u>USD</u> <u>Class</u>	MYR Class	MYR-Hedged Class	<u>USD</u> <u>Class</u>	MYR Class	MYR-Hedged Class	USD Class	MYR Class	MYR-Hedged Class
Total NAV (in million)	7.346	85.189	163.465	8.773	97.881	170.171	11.224	107.473	159.986
NAV per unit (in respective currencies)	0.3908	0.7294	0.3868	0.4931	0.8738	0.4988	0.7593	1.2676	0.7608
Unit in Circulation (in million)	18.798	116.793	422.609	17.789	112.018	341.161	14.783	84.777	210.286
Highest NAV	0.5303	0.9438	0.5372	0.7688	1.2938	0.7708	0.9325	1.5232	0.9333
Lowest NAV	0.3380	0.6470	0.3414	0.4436	0.7704	0.4486	0.4889	0.8548	0.4885
Return of the Fund (%)	-20.75	-16.53	-22.45	-35.06	-31.07	-34.44	55.31	47.28	55.77
- Capital Return (%)	-20.75	-16.53	-22.45	-35.06	-31.07	-34.44	55.31	47.28	55.77
- Income Return (%)	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			1.85			1.86	
Portfolio Turnover Ratio (times) ²		0.17			0.32			0.78	

 $^{^{\}rm 1}$ The Fund's TER was unchanged during the financial year . $^{\rm 2}$ The Fund's PTR was lower 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 Net Asset Value ("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 2023.

Performance Review

USD Class

For the financial year under review, the Fund registered a -20.75% return compared to the benchmark return of -14.61%. The Fund thus underperformed the Benchmark by 6.14%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was USD0.3908 while the NAV as at 31 May 2022 was USD0.4931.

Since commencement, the Fund has registered a return of -21.84% compared to the benchmark return of -16.30%, underperforming by 5.54%.

Table 1: Performance of the Fund

				Since
	1 Year	3 Years	5 Years	Commencement
	(1/6/22 -	(1/6/20 -	(1/6/18 -	(15/8/17 -
	31/5/23)	31/5/23)	31/5/23)	31/5/23)
Fund	(20.75%)	(20.07%)	(29.07%)	(21.84%)
Benchmark	(14.61%)	(20.38%)	(28.25%)	(16.30%)
Outperformance	(6.14%)	0.31%	(0.82%)	(5.54%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

				Since
	1 Year (1/6/22 -	3 Years (1/6/20 -	5 Years (1/6/18 -	Commencement (15/8/17 -
	31/5/23)	31/5/23)	31/5/23)	31/5/23)
Fund	(20.75%)	(7.19%)	(6.64%)	(4.16%)
Benchmark	(14.61%)	(7.31%)	(6.42%)	(3.03%)
Outperformance	(6.14%)	0.12%	(0.22%)	(1.13%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

Table 5. Affilial Total Return						
	FYE 2023 (1/6/22 - 31/5/23)	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)	
Fund	(20.75%)	(35.06%)	55.31%	10.04%	(19.36%)	
Benchmark	(14.61%)	(34.52%)	42.39%	9.29%	(17.54%)	
Outperformance	(6.14%)	(0.54%)	12.92%	0.75%	(1.82%)	

Source of Benchmark: Bloomberg

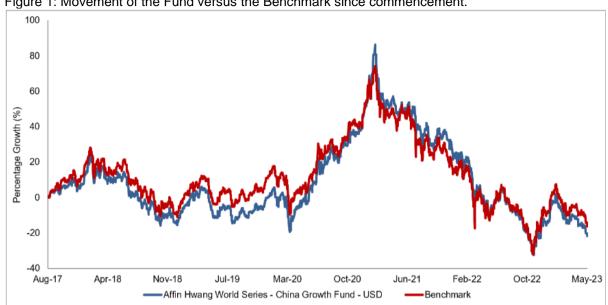


Figure 1: Movement of the Fund versus the Benchmark since commencement.

MYR Class

For the financial year under review, the Fund registered a -16.53% return compared to the benchmark return of -10.03%. The Fund thus underperformed the Benchmark by 6.50%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was MYR0.7294 while the NAV as at 31 May 2022 was MYR0.8738.

Since commencement, the Fund has registered a return of 45.88% compared to the benchmark return of 59.98%, underperforming by 14.10%.

Table 1: Performance of the Fund

	1 Year (1/6/22 - 31/5/23)	3 Years (1/6/20 - 31/5/23)	5 Years (1/6/18 - 31/5/23)	Since Commencement (1/8/11 - 31/5/23)
Fund	(16.53%)	(15.26%)	(17.92%)	45.88%
Benchmark	(10.03%)	(15.57%)	(16.83%)	59.98%
Outperformance	(6.50%)	0.31%	(1.09%)	(14.10%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

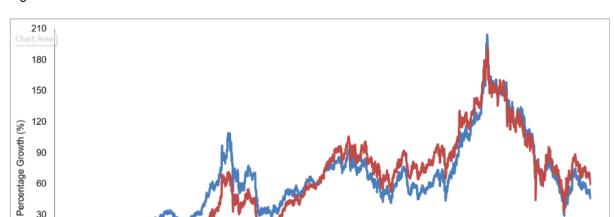
Table 2.7 (Verage Tetal Netal)							
				Since			
	1 Year	3 Years	5 Years	Commencement			
	(1/6/22 -	(1/6/20 -	(1/6/18 -	(1/8/11 -			
	31/5/23)	31/5/23)	31/5/23)	31/5/23)			
Fund	(16.53%)	(5.37%)	(3.87%)	3.24%			
Benchmark	(10.03%)	(5.49%)	(3.62%)	4.05%			
Outperformance	(6.50%)	0.12%	(0.25%)	(0.81%)			

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

Table 617 tillidal 1 otal 1 otal 1							
	FYE 2023 (1/6/22 - 31/5/23)	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)		
Fund	(16.53%)	(31.07%)	47.28%	14.15%	(15.15%)		
Benchmark	(10.03%)	(30.48%)	34.97%	13.70%	(13.36%)		
Outperformance	(6.50%)	(0.59%)	12.31%	0.45%	(1.79%)		

Source of Benchmark: Bloomberg



Oct-16

Affin Hwang World Series - China Growth Fund - MYR

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

Jul-15

MYR Hedged-Class

60

30

0

-30

Jul-11

For the financial year under review, the Fund registered a -22.45% return compared to the benchmark return of -10.03%. The Fund thus underperformed the Benchmark by 12.42%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was MYR0.3868 while the NAV as at 31 May 2022 was MYR0.4988.

Feb-18

Jun-19

Sep-20

Benchmark

Jan-22

May-23

Since commencement, the Fund has registered a return of -22.64% compared to the benchmark return of -10.07%, underperforming by 12.57%.

Table 1: Performance of the Fund

Nov-12

Mar-14

				Since
	1 Year	3 Years	5 Years	Commencement
	(1/6/22 -	(1/6/20 -	(1/6/18 -	(15/8/17 -
	31/5/23)	31/5/23)	31/5/23)	31/5/23)
Fund	(22.45%)	(20.80%)	(30.22%)	(22.64%)
Benchmark	(10.03%)	(15.57%)	(16.83%)	(10.07%)
Outperformance	(12.42%)	(5.23%)	(13.39%)	(12.57%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

Table 2. Average Total	TCturri	T		
				Since
	1 Year	3 Years	5 Years	Commencement
	(1/6/22 -	(1/6/20 -	(1/6/18 -	(15/8/17 -
	31/5/23)	31/5/23)	31/5/23)	31/5/23)
Fund	(22.45%)	(7.48%)	(6.94%)	(4.33%)
Benchmark	(10.03%)	(5.49%)	(3.62%)	(1.82%)
Outperformance	(12.42%)	(1.99%)	(3.32%)	(2.51%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

Table 9. Allitual Total Neturn						
	FYE 2023 (1/6/22 - 31/5/23)	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)	
Fund	(22.45%)	(34.44%)	55.77%	9.38%	(19.45%)	
Benchmark	(10.03%)	(30.48%)	34.97%	13.70%	(13.36%)	
Outperformance	(12.42%)	(3.96%)	20.80%	(4.32%)	(6.09%)	

Source of Benchmark: Bloomberg

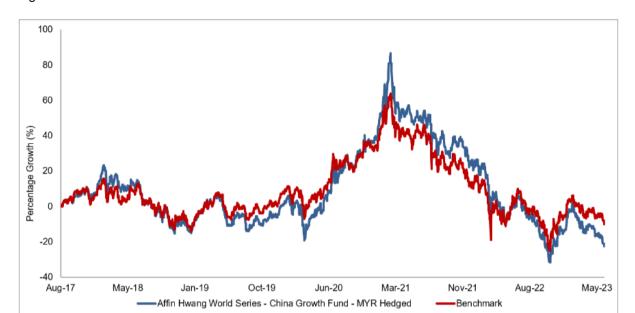


Figure 1: Movement of the Fund versus the Benchmark since commencement.

"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) 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 2023, the asset allocation of the Fund's exposure to the collective investment scheme stood at 97.92% 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

Market volatility persisted over the past year as macro events and policy rate increases across the global economy affected stock and bond markets. Over the year under review, the Standard & Poor's 500 ("S&P 500") returned 2.89%, Morgan Stanley Capital International ("MSCI") AC World index returned 2.64%, MSCI AC Asia ex Japan Index 1.40%, and the Financial Times Stock Exchange ("FTSE") Bursa Malaysia -7.94%. Bond markets were similarly impacted with the Bloomberg Barclays Global Aggregate Index down -4.48%, while local bond markets saw edge higher with the benchmark 10-year Malaysian Government Securities ("MGS") yield closing at 3.85%.

The financial year under review started off turbulent May last year, driven by a confluence of unprecedented events that unfolded globally. The Russia-Ukraine conflict casted a shadow of geopolitical instability, heightening risk sentiments and increasing volatility. Although Covid cases have started to trend downward since a year ago, the market continues to grapple with the ongoing effects of the pandemic and geopolitical

instability. Temporary closure of factories and logistical facilities created disruptions in the flow of goods and services resulted in supply chain bottlenecks and delayed deliveries. Now that supply have started to normalise, and goods and services are readily available, consumer spending is returning to pre-pandemic levels. In order to regulate consumer spending driven by stimulus over the lock-down period to rein in inflation, central banks globally embarked on a series of policy rates increases.

The United States ("US") Federal Reserve raised their policy rates in each monetary policy committee meetings since March last year, to of 5.25% in May 2023. The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even a potential recession. Further signs of tension in the economy were also visible in March this year as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggered concerns of contagion to other vulnerable banks. However, despite the Fed's effort in policy tightening, economic indicators continue to remain positive. In addition to fractures in the banking sector, other notable events over the year included the concern over the US approaching its debt ceiling in January, failing which to reach a consensus to suspend or raise the limit could result in a catastrophic default. However, investors heaved a sigh of relief after lawmakers passed a bill to raise the debt ceiling, in a deal that included concessions on spending expected to have limited effect on economic growth.

The global equity was volatile throughout the year and ended the month of May down 1.25%, but with a stark difference between sectors. Technology stocks were boosted by enthusiasm over new developments in generative Artificial Intelligence ("Al") while energy and materials stocks were among the weaker performers in the month. Although economic data released remained broadly supportive, the prospect of a government default has put investors on edge. Opr

At the start of the financial year, both the China onshore and offshore equity markets regained momentum as COVID cases in China seemed to have peaked out and an ease in lockdown measures in various cities including Shanghai's reopening in June last year was seen. However, by the end of the financial year, Chinese stocks trended downwards, amongst other factors includes high-profile divestments of Chinese internet platform companies and lingering geopolitical risks. After great anticipation of China's reopening cooled, Chinese equities fell sharply by the end of the financial year. Weak demand for exports and lacklustre consumer spending has effected in the slowing down of factory outputs in China.

In Asia, the broader MSCI Asia ex-Japan index fell over the year. The effect of China's cooling economy also weakened sentiment towards Hong Kong stocks. India on the other hand showed gains driven by steady earnings and foreign inflows. The development in Al helped boost Taiwan and South Korea's technology stocks.

Investment Outlook

Global equity markets still remain susceptible to shifting sentiment towards geopolitical tensions, inflation, economic growth and ultimately corporate earnings. Valuations have already significantly adjusted to reflect a change in the market environment, and we believe reflect realistic expectations for inflation, rates and risk premia. Consequently, the source of risk has now shifted from valuation to earnings in light of the softer growth and prospects for a recession, which appears increasingly likely.

China is expected to be a strong source of growth and returns for Asia. The Chinese equities as well as credit market took a breather from February onwards after strong rally in the prior months. Market sentiment was dampened by the re-intensifying geopolitical tensions between US-China which arose from the balloon controversies and the plan to expand US troops in Taiwan for military training. On the other hand, macro and economic front continued to deliver encouraging data. Consumption to recover in February, stronger and at a faster pace than expected, albeit with more encouraging signs in the services sector over consumer goods. Signs of the rebound were evident over the Chinese New Year holiday, and domestic tourism recorded the strongest visitor and revenue levels since the pandemic. China's official manufacturing Purchasing Managers Index ("PMI") rose to 52.6 in February from 50.1 in January, however has dipped slightly to 51.9 in March. Non-manufacturing PMI on the other hand rose to 58.2 in March, the highest since May 2011. The supportive stance continued into 2023 and was recently validated by the 2 sessions that took place in early March. The general positive tone on economic recovery and consumption stimulus remains, alongside with the announcement of the new cabinet and securing of President Xi's third term.

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

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
- 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 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

- 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 27 July 2023

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

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STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
INVESTMENT LOSS			
Interest income from financial assets at amortised cost Net loss on foreign currency exchange Net loss on financial assets at fair value through profit or loss Net loss on forward foreign currency contracts at fair value through profit or loss	7 9	13,426 (71,178) (14,746,282) (3,065,067) (17,869,101)	2,591 (29,994) (30,683,478) (1,768,873) (32,479,754)
EXPENSES			
Management fee Trustee fee Auditors' remuneration Tax agent's fee Other expenses	4 5	(1,171,701) (32,579) (1,826) (799) (629) (1,207,534)	(1,367,664) (38,018) (1,940) (849) (357) (1,408,828)
NET LOSS BEFORE TAXATION		(19,076,635)	(33,888,582)
Taxation	6		
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		(19,076,635)	(33,888,582)
Decrease in net assets attributable to unitholders comprise the following:			
Realised amount Unrealised amount		(7,019,704) (12,056,931)	(1,744,497) (32,144,085)
		(19,076,635)	(33,888,582)

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
ASSETS			
Cash and cash equivalents Amount due from broker Amount due from Manager	8	2,043,341 600,310	3,052,907
- creation of units - management fee rebate receivable Financial assets at fair value through		34,003 41,279	6,606 40,446
profit or loss Forward foreign currency contracts	7	60,017,240	68,260,219
at fair value through profit or loss	9	1,549	16,392
TOTAL ASSETS		62,737,722	71,376,570
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss Amount due to broker Amount due to Manager - management fee - cancellation of units Amount due to Trustee Auditors' remuneration Tax agent's fee Other payables and accruals	9	1,286,403 - 100,596 51,872 2,794 2,121 843 916	1,137,457 65,896 98,998 37,941 2,750 2,084 827 1,019
TOTAL LIABILITIES (EXCLUDING NET ASSET			
ATTRIBUTABLE TO UNITHOLDERS)		1,445,545	1,346,972
NET ASSET VALUE OF THE FUND		61,292,177	70,029,598
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		61,292,177	70,029,598

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONTINUED)

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- MYR Class - MYR-Hedged Class - USD Class		18,478,781 35,467,411 7,345,985	22,365,957 38,891,058 8,772,583
		61,292,177	70,029,598
NUMBER OF UNITS IN CIRCULATION			
- MYR Class- MYR-Hedged Class- USD Class	10(a) 10(b) 10(c)	116,793,000 422,609,000 18,798,000	112,018,000 341,161,000 17,789,000
		558,200,000	470,968,000
NET ASSET VALUE PER UNIT (USD)			
- MYR Class - MYR-Hedged Class - USD Class		0.1582 0.0839 0.3908	0.1997 0.1140 0.4931
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR Class- MYR-Hedged Class- USD Class		RM0.7294 RM0.3868 USD0.3908	RM0.8738 RM0.4988 USD0.4931

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	<u>2023</u> USD	<u>2022</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	70,029,598	76,085,304
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	18,640,091	51,733,198
- MYR Class - MYR-Hedged Class - USD Class	4,168,844 13,308,825 1,162,422	
Cancellation of units	(8,300,877)	(23,900,322)
- MYR Class - MYR-Hedged Class - USD Class	(3,354,678) (4,287,624) (658,575)	(17,831,801) (4,763,007) (1,305,514)
Net decrease in net assets attributable to unitholders during the financial year	(19,076,635)	(33,888,582)
- MYR Class - MYR-Hedged Class - USD Class	(4,701,342) (12,444,848) (1,930,445)	(10,598,888) (18,767,993) (4,521,701)
NET ACCETO ATTRIBUTARI E TO UNITUO DECO		
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	61,292,177	70,029,598

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

		<u>2023</u> USD	<u>2022</u> USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments Purchase of investments Interest received Management fee rebate received Management fee paid Trustee fee paid Realised loss on forward foreign currency contracts Payment for other fees and expenses Net realised (loss)/gain on foreign currency exchange		5,016,966 (12,665,896) 13,426 478,588 (1,170,103) (32,535) (2,901,278) (3,304) (2,598)	12,459,349 (37,510,911) 2,591 563,070 (1,383,095) (38,447) (982,245) (3,175) 17,675
Net cash flows used in operating activities		(11,266,734)	(26,875,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units Payments for cancellation of units		18,612,694 (8,286,946)	52,362,983 (23,862,381)
Net cash flows generated from financing activities		10,325,748	28,500,602
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(940,986)	1,625,414
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(68,580)	(47,669)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		3,052,907	1,475,162
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	2,043,341	3,052,907

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

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 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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 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.

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 101 'Classification of liabilities as current or non-current' (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The amendments also specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 financial assets measured at fair value through profit or loss.

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

The Fund classifies amount due to broker, amount due to Manager, amount due to Trustee, payables for 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 creditimpaired.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 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; and
- 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 and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

H AMOUNT DUE FROM/(TO) BROKER

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 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 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

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 between AHAM Asset Management Berhad (formerly known as 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. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on xx July 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2023</u>	<u>Note</u>	At amortised <u>cost</u> USD	At fair value through profit or loss USD	<u>Total</u> USD
<u>Financial assets</u>				
Cash and cash equivalents Amount due from broker Amount due from Manager	8	2,043,341 600,310	-	2,043,341 600,310
creation of unitsmanagement fee rebate receivable		34,003 41,279	-	34,003 41,279
Collective investment scheme Forward foreign currency contracts	7 9	-	60,017,240 1,549	60,017,240 1,549
Total	=	2,718,933	60,018,789	62,737,722
Financial liabilities				
Forward foreign currency contracts Amount due to Manager	9	-	1,286,403	1,286,403
- management fee		100,596	-	100,596
- cancellation of units		51,872	-	51,872
Amount due to Trustee		2,794	-	2,794
Auditors' remuneration Tax agent's fee		2,121 843	-	2,121 843
Other payables and accruals		916	-	916
Total	_	159,142	1,286,403	1,445,545

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

Financial instruments are as follows: (continued)

<u>2022</u>	<u>Note</u>	At amortised <u>cost</u> USD	At fair value through <u>profit or loss</u> USD	<u>Total</u> USD
Financial assets				
Cash and cash equivalents Amount due from Manager	8	3,052,907	-	3,052,907
- creation of units		6,606	-	6,606
 management fee rebate receivable Collective investment scheme 	7	40,446	- 69.260.210	40,446 68,260,219
Forward foreign currency contracts	9	- -	68,260,219 16,392	16,392
Total		3,099,959	68,276,611	71,376,570
Financial liabilities				
Forward foreign currency contracts	9	_	1,137,457	1,137,457
Amount due to broker Amount due to Manager	-	65,896	-	65,896
- management fee		98,998	-	98,998
- cancellation of units		37,941	-	37,941
Amount due to Trustee		2,750	-	2,750
Auditors' remuneration		2,084 827	-	2,084 827
Tax agent's fee Other payables and accruals		1,019	-	1,019
Total		209,515	1,137,457	1,346,972

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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:

	2023	2022
	USD	USD
Quoted investment		
Collective investment scheme	60,017,240	68,260,219

The following table summarises the sensitivity of the Fund's loss after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 15% (2022: 4%) and decreased by 15% (2022: 4%) 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.

% Change in price 2023	Market value USD	Impact on loss after <u>tax/NAV</u> USD
-15% 0% +15%	51,014,654 60,017,240 69,019,826	9,002,586
<u>2022</u>		
-4% 0% +4%	65,529,810 68,260,219 70,990,628	(2,730,409) - 2,730,409

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

(c) Currency risk

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

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

<u>2023</u>	Forward foreign currency <u>contracts</u> USD	Cash and cash <u>equivalents</u> USD	Amount due from/ to <u>Manager</u> USD	<u>Total</u> USD
<u>Financial assets</u> Malaysian Ringgit	1,549	240,468	34,003	276,020

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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>2023</u>	Forward foreign currency <u>contracts</u> USD	Other <u>liabilities*</u> USD	Net assets attributable to <u>unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u> Malaysian Ringgit	1,286,403	55,752	53,946,192	55,288,347
<u>2022</u>	Forward foreign currency <u>contracts</u> USD	Cash and cash <u>equivalents</u> USD	Amount due from/ to <u>Manager</u> USD	<u>Total</u> USD
<u>Financial assets</u> Malaysian Ringgit	16,392	26,981	6,606	49,979
	Forward foreign currency contracts USD	Other <u>liabilities*</u> USD	Net assets attributable to <u>unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u> Malaysian Ringgit	1,137,457	41,871	61,257,015	62,436,343

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 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

2023	Change <u>in rate</u> %	Impact on loss after tax/NAV USD
Malaysian Ringgit	+/- 5.75	+/- 3,164,841
<u>2022</u>		
Malaysian Ringgit	+/- 3.42	+/- 2,132,923 ==========

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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:

<u>2023</u>	Cash and cash equivalents USD	Forward foreign currency <u>contracts</u> USD	Amount due from <u>broker</u> USD	Amount due from <u>Manager</u> USD	<u>Total</u> USD
Financial services - AAA - NR Others	2,043,341 -	1,549 -	600,310	- - -	2,044,890 600,310
- NR				75,282	75,282
	2,043,341	1,549 	600,310	75,282 ======	2,720,482
2022					
Financial services - AAA - NR Others	3,052,907	14,578 1,814	-	-	3,067,485 1,814
- NR	<u>-</u>	<u>-</u>	- -	47,052	47,052
	3,052,907	16,392	-	47,052	3,116,351

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 payments and cancellations of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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>2023</u>	Within one month USD	Between one month to one year USD	<u>Total</u> USD
Forward foreign currency contracts at fair value through profit or loss Amount due to Manager - management fee - cancellation of units Amount due to Trustee Auditors' remuneration Tax agent's fee Other payables and accruals Net asset attributable to unitholders*	352,655 100,596 51,872 2,794 - - - 61,292,177	933,748 - - 2,121 843 916	1,286,403 100,596 51,872 2,794 2,121 843 916 61,292,177
	61,800,094	937,628	62,737,722
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss Amount due to broker Amount due to Manager - management fee - cancellation of units Amount due to Trustee Auditors' remuneration Tax agent's fee Other payables and accruals Net asset attributable to unitholders*	118,035 65,896 98,998 37,941 2,750 - - - 70,029,598 70,353,218	1,019,422 - - - 2,084 827 1,019 - 1,023,352	1,137,457 65,896 98,998 37,941 2,750 2,084 827 1,019 70,029,598 71,376,570

^{*} Outstanding 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 date (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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	Level 3 USD	<u>Total</u> USD
<u>2023</u>				
Financial assets at fair value through profit or loss - collective investment				
scheme - forward foreign currency	60,017,240	-	-	60,017,240
contracts		1,549		1,549
-	60,017,240	1,549	-	60,018,789
Financial liabilities at fair value through profit or loss - forward foreign currency	;			
contracts	-	1,286,403	-	1,286,403
<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
- -	68,260,219	16,392	-	68,276,611
Financial liabilities at fair value through profit or loss - forward foreign currency)			
contracts	-	1,137,457		1,137,457

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 broker, 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 2023, the management fee is recognised at a rate of 1.80% (2022: 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 2023, the Trustee's fee is recognised at a rate of 0.05% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

6 TAXATION

7

	<u>2023</u> USD	<u>2022</u> USD
Current taxation	-	-
The numerical reconciliation between net loss before taxation multipli tax rate and tax expense of the Fund is as follows:	ed by the Mala	ysian statutory
	<u>2023</u> USD	<u>2022</u> USD
Net loss before taxation	(19,076,635)	(33,888,582)
Tax at Malaysian statutory rate of 24% (2022: 24%)	(4,578,392)	(8,133,260)
Tax effects of: Investment loss not brought to tax Expenses not deductible for tax purposes Restriction on tax deductible expenses for Wholesale Fund	4,403,645 8,162 166,585	7,928,745 9,414 195,101
Tax expense	-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOS	s	
	<u>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss: - collective investment scheme – foreign	60,017,240	68,260,219
Net loss on financial assets at fair value through profit or loss: - realised (loss)/gain on sale of investments - unrealised loss on changes in fair value - management fee rebate on collective investment scheme #	(3,401,141) (11,824,562) 479,421	69,627 (31,309,787) 556,682
	(14,746,282)	(30,683,478)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 2023 is as follows:

	Quantity	Aggregate <u>cost</u> USD	Fair <u>value</u> USD	Percentage of NAV %
Blackrock Global Funds - China Fund Class I2 USD	3,542,930	94,935,412	60,017,240	97.92
Total collective investment scheme	3,542,930	94,935,412	60,017,240	97.92
Accumulated unrealised loss on collective investment scheme		(34,918,172)		
Total collective investment scheme		60,017,240		

(ii) Collective investment scheme - foreign as at 31 May 2022 is as follows:

entage of NAV %
97.47
97.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 2023 is as follows:

	Percentage of
	Target Fund's NAV
	%
Tencent Holdings Ltd	9.24
Alibaba Group Holding Ltd	8.58
China Construction Bank Corp	5.11
Baidu Inc	4.43
China Petroleum & Chemical Corp	4.06
Netease Inc	3.86
Yum China Holdings Inc	3.33
Trip.Com Group Ltd	3.21
Ishares Gold Trust	2.71
Ck Hutchison Holdings Ltd	2.58
Total	47.11

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

	Percentage of Target Fund's NAV %
Alibaba Group Holding Ltd	9.70
Meituan	8.62
NetEase Inc	5.95
Tencent Holdings Ltd	5.79
JD.com Inc	5.14
Kweichow Moutai Co Ltd	3.66
BOC Hong Kong Holdings Ltd	3.22
BYD Co Ltd	2.98
China Merchants Bank Co Ltd	2.85
Yum China Holdings Inc	2.55
Total	50.46

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2023</u> USD	<u>2022</u> USD
Cash and bank balances Deposit with a licensed financial institution	1,805,696 237,645	3,052,907
	2,043,341	3,052,907

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

	<u>2023</u> %	<u>2022</u> %
Deposit with a licensed financial institution	3.00	-

Deposit with a licensed financial institution of the Fund has an average maturity of 1 day (2022: Nil day).

9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 15 (2022: 26) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD38,433,867 (2022: USD38,005,703). 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>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss: - forward foreign currency contracts	1,549	16,392
Financial liabilities at fair value through profit or loss: - forward foreign currency contracts	1,286,403	1,137,457
Net loss on forward foreign currency contracts at fair value through profit or loss: - realised loss on forward foreign currency contracts - unrealised loss on forward foreign currency contracts	(2,901,278) (163,789)	(982,245) (786,628)
	(3,065,067)	(1,768,873)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

9 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

- (a) Forward foreign currency contracts
 - (i) Forward foreign currency contracts as at 31 May 2023 are as follows:

Name of issuer	Receivables USD	<u>Payables</u> USD	Fair <u>value</u> USD	Percentage of NAV %
BNP Paribas Malaysia Berhad	5,088,865	5,287,370	(198,505)	(0.33)
CIMB Bank Berhad	3,926,510	4,029,089	(102,579)	(0.17)
Hong Leong Bank Berhad	3,942,875	4,072,967	(130,092)	(0.21)
Standard Chartered Bank				
Malaysia Berhad	3,842,795	3,904,188	(61,393)	(0.10)
United Overseas Bank				
(Malaysia) Berhad	8,647,737	8,997,581	(349,844)	(0.57)
Citibank Berhad	6,808,758	7,098,969	(290,211)	(0.47)
J.P. Morgan Chase Bank Berhad	4,891,473	5,043,703	(152,230)	(0.25)
Total famous ad famaiana accuracy				
Total forward foreign currency				
contracts	37,149,013	38,433,867	(1,284,854)	(2.10)

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

Name of issuer	Receivables USD	Payables USD	Fair <u>value</u> USD	Percentage of NAV %
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	36,884,638	38,005,703	(1,121,065)	(1.60)

[#] The Manager is of the opinion that all transactions with the former immediate holding company of the Manager have been entered into normal course of business of agreed terms between the related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

10 NUMBER OF UNITS IN CIRCULATION

(a)	MYR Class units in circulation		
		No. of units	No. of units
	At the beginning of the financial year	112,018,000	84,777,000
	Creation of units during the financial year	22,949,000	92,318,000
	Cancellation of units during the financial year	(18,174,000)	(65,077,000)
	As at the end of the financial year	116,793,000	112,018,000
(b)	MYR-Hedged Class units in circulation		
		No. of units	No. of units
	At the beginning of the financial year	341,161,000	210,286,000
	Creation of units during the financial year	129,142,000	162,178,000
	Cancellation of units during the financial year	(47,694,000)	(31,303,000)
	As at the end of the financial year	422,609,000	341,161,000
(c)	USD Class units in circulation		
(0)	COD Class driks in circulation	No. of units	No. of units
	At the beginning of the financial year	17,789,000	14,783,000
	Creation of units during the financial year	2,507,000	5,054,000
	Cancellation of units during the financial year	(1,498,000)	(2,048,000)
	As at the end of the financial year	18,798,000	17,789,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

11 TRANSACTIONS WITH BROKER

(i) Details of transactions with broker for the financial year ended 31 May 2023 are as follows:

		Value <u>of trade</u> USD	Percentage of total trade %
	Name of broker		
	J.P. Morgan SE - Luxembourg Branch	18,217,276	100.00
(ii)	Details of transactions with broker for the financial year ended	31 May 2022 a	are as follows:
		Value of trade	Percentage of total trade
		USD	%

Name of broker

J.P. Morgan SE - Luxembourg Branch 49,544,903 100.00

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:

Related parties	Relationship
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager and substantial shareholder of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former immediate holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAMI")	Former substantial shareholder of the Manager

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

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

Related parties	<u>Relationship</u>
Nikko Asset Management Co., Ltd ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) ("AHAM")	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as 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:

		2023		2022
The Manager:	No. of units	USD	No. of units	USD
THE Manager.				
AHAM Asset Management Berhad				
(formerly known as Affin Hwang Asset Management Berhad)				
(The units are held legally				
for booking purposes) - MYR Class	3,498	553	3,636	726
- MYR-Hedged Class	3,744	314	3,928	448
- USD Class	2,374	928	2,890	1,425
Subsidiary and associated companies				
of the former penultimate holding company of the Manager:				
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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

13 TOTAL EXPENSE RATIO ("TER")

	<u>2023</u> %	<u>2022</u> %
TER	1.85	1.85

TER is derived from the following calculation:

TER =
$$(A + B + C + D + E) \times 100$$

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 USD65,238,831 (2022: USD76,144,762).

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2023</u>	<u>2022</u>
PTR (times)	0.17	0.32

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = USD12,600,000 (2022: USD37,221,000) total disposal for the financial year = USD9,018,417 (2022: USD12,254,277)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

15 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Change in corporate shareholding of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

<u>Change in substantial shareholders of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)</u>

On 19 April 2023, Nikko Asset Management International Limited ("NAMI") has divested all its equity interest of 27% in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) to Nikko Asset Management Co., Ltd ("NAM") for 20% and the remaining 7% of the equity interest to Lembaga Tabung Angkatan Tentera ("LTAT") resulting in both NAM and LTAT becoming substantial shareholders of the Manager.

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 34 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 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 May 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AHAM ASSET MANAGEMENT BERHAD
(FORMERLY KNOWN AS AFFIN HWANG ASSET MANAGEMENT BERHAD)

DATO' TENG CHEE WAI EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur 27 July 2023

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 2023, 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 2023, 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 34.

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.

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 the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND (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 LLP0014401-LCA & AF 1146 Chartered Accountants

Kuala Lumpur 27 July 2023

DIRECTORY OF SALES OFFICE

HEAD OFFICE

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

Ground Floor Tel: 03 – 2116 6000

Menara Boustead Fax: 03 – 2116 6100

69, Jalan Raja Chulan Toll free no : 1-800-88-7080

50200 Kuala Lumpur Email:customercare@aham.com.my

PERAK

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

1, Persiaran Greentown 6

Greentown Business Centre Tel: 05 – 241 0668 30450 Ipoh Perak Fax: 05 – 255 9696

PETALING JAYA

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

C-31-1, Jaya One

72A Jalan Prof Diraja Ungku Aziz Section 13

46200 Petaling Jaya

Selangor Tel: 03 – 7760 3062

MELAKA

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

Ground Floor, No. 584, Jalan Merdeka

Taman Melaka Raya Tel : 06 – 281 2890 75000 Melaka Fax : 06 – 281 2937

JOHOR

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

Unit 22-05, Level 22 Menara Landmark

No. 12, Jalan Ngee Heng

80000 Johor Bahru Tel : 07 – 227 8999 Johor Darul Takzim Fax : 07 – 223 8998

SABAH

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

Unit 1.09(a), Level 1

Plaza Shell

29, Jalan Tunku Abdul Rahman

88000 Kota Kinabalu Tel : 088 – 252 881 Sabah Fax : 088 – 288 803

SARAWAK

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

Ground Floor, No. 69

Block 10, Jalan Laksamana Cheng Ho

93200 Kuching Tel: 082 – 233 320 Sarawak Fax: 082 – 233 663

AHAM Asset Management Berhad

(FKA Affin Hwang Asset Management Berhad)

1st Floor, Lot 1291

Jalan Melayu, MCLD

98000 Miri Tel: 085 – 418 403 Sarawak Fax: 085 – 418 372

AHAM Asset Management Berhad (Formerly known as Affin Hwang Asset Management Berhad) Registration No: 199701014290 (429786-T)

Ground Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. Toll Free Number: 1800 88 7080 T: +603 2116 6000 F: +603 2116 6100 www.aham.com.my