



**VP-DJ SHARIAH
CHINA A-SHARES 100 ETF**

Stock code: 0838EA (MYR)

2023 ANNUAL
REPORT

For the financial year ended 30 June 2023

Value Partners Asset Management Malaysia Sdn. Bhd.

Level 28.03, Integra Tower, The Intermark

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Website: www.valuepartners-group.com.my

This report shall not constitute an offer to sell or a solicitation of an offer to buy units in any of the funds. Subscriptions are to be made only on the basis of the information contained in the prospectus.

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1. CORPORATE DIRECTORY

MANAGER AND REGISTRAR

Value Partners Asset Management Malaysia Sdn. Bhd. (“Value Partners Malaysia”)
(Registration no. 201801020486 (1282505-P))

Registered office:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. no.: (6) 03-2382 4288
Fax no.: (6) 03-2382 4170

Business office:

Level 28.03, Integra Tower, The Intermark
No. 348, Jalan Tun Razak
50400 Kuala Lumpur
General line: (6) 03-2775 7688
Fax no.: (6) 03-2775 7687
Email: vpmy-enquiry@valuepartners-group.com
Website: www.valuepartners-group.com.my

TRUSTEE AND MANAGER’S DELEGATE (for fund accounting and valuation)

CIMB Islamic Trustee Berhad (Registration no.: 198801000556 (167913-M))

Registered office:

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. no.: (6) 03-2261 8888
Fax no.: (6) 03-2261 0099

Business office:

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. no.: (6) 03-2261 8888
Fax no.: (6) 03-2261 9889
Website: www.cimb.com
Email: ss.corptrust@cimb.com

TRUSTEE’S DELEGATE (CUSTODIAN)

CIMB Islamic Bank Berhad (Registration no.: 200401032872 (671380-H))

Registered office:

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. no.: (6) 03-2261 8888
Fax no.: (6) 03-2261 8889

Business office:

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. no.: (6) 03-2261 8888
Fax no.: (6) 03-2261 9892
Website: www.cimb.com

SHARIAH ADVISER

Amanie Advisors Sdn Bhd (Registration no.: 200501007003 (684050-H))

Registered Office:

Unit 11-3A,
3rd Mile Square, No. 151,
Jalan Klang Lama Batu 3 ½,
58100 Kuala Lumpur

Business Office:

Level 13A-2,
Menara Tokio Marine Life
189 Jalan Tun Razak
50400 Kuala Lumpur
Tel. no.: (6) 03-2161 0260
Fax no.: (6) 03-2161 0262
Website: www.amanieadvisors.com
Email: contact@amanieadvisors.com

1. CORPORATE DIRECTORY (continued)

COMPANY SECRETARY

TMF Administrative Services Malaysia Sdn. Bhd. (Registration no. 199501012166 (341368-X))

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. no.: (6) 03-2382 4288
Fax no.: (6) 03-2382 4170
Email: TMFKL-CoSec@tmf-group.com

Ng Sally
(MAICSA 7060343 & SSM PC NO.
202008002702)

Goh Xin Yee
(LS0010359 & SSM PC NO. 202008000375)

EXTERNAL INVESTMENT MANAGER **Value Partners Hong Kong Limited**

43rd Floor, The Center
99 Queen's Road Central
Hong Kong
Tel. no.: (852) 2880 9263
Fax no.: (852) 2564 8487

SOLICITOR **Messrs Wei Chien & Partners**

D-20-02, Menara Suezcap 1
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur

AUDITOR OF THE FUND AND THE **MANAGER** **PricewaterhouseCoopers PLT**

Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur

TAX ADVISER **PricewaterhouseCoopers Taxation Services** **Sdn Bhd**

Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur

PARTICIPATING DEALERS

Kenanga Investment Bank Berhad
(Registration no.: 197201002193 (15678-H))

Level 12, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

Malacca Securities Sdn Bhd
(Registration no.: 197301002760 (16121-H))

No. 1, 3 & 5, Jalan PPM9
Plaza Pandan Malim Business Park
Balai Panjang
75250 Melaka

MARKET MAKER

Information in relation to the market maker may be obtained from the Fund's website.

INDEX LICENSOR **S&P Opco, LLC**

55 Water Street, New York
New York 10041
United States of America

2. MANAGER'S REPORT

2.1. Fund review

VP-DJ Shariah China A-Shares 100 ETF (the “**Fund**”) is an index-tracking Islamic exchange-traded fund launched on 12 July 2021 (“**Launch Date**”). The Fund was listed on the Bursa Malaysia Stock Exchange (“**Bursa Malaysia**”) on 28 July 2021 where units of the Fund may be traded.

The Fund aims to closely correspond to the performance of the Dow Jones Islamic Market China A-Shares 100 Index (“**Benchmark**”) by primarily using a full replication strategy through investing in Shariah-compliant China A-shares which are included in the Benchmark in substantially the same weightings in which they are included in the Benchmark to track the performance of the Benchmark. The Fund may distribute income on an incidental basis.

2.2. Fund performance



During the financial year ended 30 June 2023, the Fund delivered a return of -22.53% underperforming the Benchmark return of -20.34% by 2.19%.

Average Total Return	1.7.2022 - 30.6.2023	12.7.2021* - 30.6.2022
Fund	(22.53%)	(16.57%)
Benchmark	(20.34%)	(17.63%)
Over/(underperformance)	(2.19%)	1.06%

Annual Total Return	1.7.2022 - 30.6.2023	12.7.2021* - 30.6.2022
Fund	(22.53%)	(16.57%)
Benchmark	(20.34%)	(17.63%)
Over/(underperformance)	(2.19%)	1.06%

*The Fund was launched on 12 July 2021.

Source: Value Partners Asset Management Malaysia Sdn. Bhd., as at 30 June 2023. Past performance is not indicative of future performance. Fund performance mentioned refers to VP-DJ Shariah China A-Shares 100 ETF. All performance figures are sourced from Value Partners and Bloomberg (data computed in US\$ terms on NAV-to-NAV basis with dividends reinvested) as at 30 June 2023. Performance data is net of all fees. All indices are for reference only.

2. MANAGER'S REPORT (continued)

2.2. Fund performance (continued)

Financial year ended	30.6.2023	30.6.2022
Total net asset value ("NAV") in MYR millions	28.44	30.03
Units in circulation, in millions	22	18
<u>NAV per unit</u>		
MYR Counter, in MYR	1.2926	1.6685
• Highest	1.6841	2.0372
• Lowest	1.2484	1.3194
<u>Closing price per unit</u>		
MYR Counter, in MYR	1.305	1.665
• Highest	1.700	2.045
• Lowest	1.260	1.400
<u>Total return ^(a), in %</u>	-22.53	-16.57
• Capital return ^(b)	-22.53	-16.57
• Income return ^(c)	Nil	Nil
Total expense ratio ("TER"), in %	1.03	1.11
Portfolio turnover ratio ("PTR")	0.31	0.94
Tracking error, in %	0.28	0.49

The historical tracking error for the Fund's NAV against the Benchmark was at 43 basis points since its launch on 12 July 2021 until 30 June 2023. The difference in performance between the Fund and Benchmark is mainly attributed to fees and expenses, and security mis-weightings.

Please see page 47 in Notes to the Financial Statements for more information on the Fund's TER and PTR.

The Fund achieved its investment objective using a full replication strategy during the financial year ended 30 June 2023.

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 are as below:-

^(a) Total return	=	(1 + Capital return) x (1 + Income return) – 1
	=	[(1 + (-22.53%)) x (1 + 0.00%) – 1] x 100
	=	<u>-22.53%</u>
^(b) Capital return	=	NAV per Unit as at current financial year end ÷ NAV per Unit as at previous financial year end – 1
	=	(NAV per Unit @30.6.2023 ÷ NAV per Unit @30.6.2022 – 1) x 100
	=	(1.2926 ÷ 1.6685 – 1) x 100
	=	<u>-22.53%</u>
^(c) Income return	=	Income distribution per Unit ÷ NAV per Unit ex-date
	=	<u>Nil</u>

2. MANAGER'S REPORT (continued)

2.3. Income distribution/ unit split

No income distribution or unit splits were declared for the financial year ended 30 June 2023.

Financial year ended	30.6.2023	30.6.2022
Distribution/ unit, in MYR		
• Gross	Nil	Nil
• Net	Nil	Nil
Distribution yield, in %	Nil	Nil

2.4. Fund composition

Financial year ended	30.6.2023 in %	30.6.2022 in %
<u>Breakdown by asset class:</u>		
• Shariah-compliant quoted equities - China A-shares	99.08	98.86
• Cash and cash equivalents	0.92	1.14
Total:	100.00	100.00
<u>Breakdown by GICS industry:</u>		
• Automobiles and components	7.23	6.98
• Capital goods	20.60	17.77
• Consumer durables and apparel	1.99	2.46
• Food products and beverages	4.18	8.02
• Health care equipment and services	5.51	5.48
• Household and personal products	-	0.29
• Materials	8.09	8.85
• Media and entertainment	1.14	-
• Pharmaceuticals, biotechnology and life sciences	13.98	13.96
• Semiconductors and semiconductor equipment	15.07	14.98
• Software and services	6.81	3.22
• Technology hardware and equipment	10.41	8.02
• Transportation	3.47	5.04
• Utilities	0.60	3.79
• Cash and cash equivalents	0.92	1.14
Total:	100.00	100.00

2.5. Portfolio strategy review

The first half of 2023 saw the Chinese economy struggling to recover, leading to disappointment among investors. The market was characterised by volatility, with the MSCI China down by 6.05%¹. The US-China conflict, coupled with the US technology ban, had a deteriorating impact on the tech and hardware sectors, causing instability in these industries.

The ongoing US-China tensions had a negative effect on the capital flows, with investors cautious in their approach to the Chinese market. Investors were concerned about the long-term visibility of China's market on its recovery. Overall, the market conditions in China in the first half of 2023 were challenging.

¹ Source: Bloomberg, data as at 30 June 2023.

2. MANAGER'S REPORT (continued)

2.5. Portfolio strategy review (continued)

In terms of portfolio strategy, we continue to adopt the full replication method. The portfolio remained highly invested in the Index securities in the same approximate weightings or proportions as they appear in the Benchmark, to provide investment results that closely correspond to the performance of the Benchmark, with minimal cash kept for liquidity purposes. As of 30 June 2023, the Fund's asset under management stood at MYR28.44 million², with 99.1% of the Fund's NAV invested in equities.

² Source: Value Partners Asset Management Malaysia Sdn. Bhd., as at 30 June 2023.

2.6. Investment outlook

China's economy has been gradually recovering from the COVID-19 pandemic since late 2022. Growth rebounded in the first quarter of 2023 but remained uneven. Various indicators like manufacturing, services, retail sales, and industrial output have increased steadily. However, consumption and imports are still weak, showing restrained domestic demand.

Uneven growth and weak consumption have prompted policymakers to roll out targeted measures to support businesses and boost growth. The government extended tax breaks for small companies and key industries. Local governments released plans to attract foreign investment and aid private firms. The central government is also considering stimulus policies like increased infrastructure spending to accelerate growth to its 5% target.

While enacting supportive policies, China has maintained a prudent fiscal and monetary stance to avoid inflation and currency fluctuations. The government planned to moderately increase spending in 2023, focusing on consumption, food security, and technology. The central bank also cut interest rates in June to add liquidity and lower borrowing costs.

China's cautious approach and targeted support measures have enabled a steady rebound and progress toward political and economic milestones. Services and tourism recovered domestically and internationally. Foreign trade and investment picked up, allowing China to sign new deals and advance strategic goals. Overall, China continues to move steadily forward with a challenging path to a full and balanced recovery.

2.7. Breakdown of unitholders by size

Size of holdings (in units)	No. of unitholders	No. of units held	% of units held
Less than 100	3	100	0.00
100 – 1,000	168	93,800	0.43
1,001 – 10,000	207	811,200	3.69
10,001 – 100,000	63	1,859,900	8.45
100,001 to less than 5%*	6	1,906,100	8.66
5%* and above	5	17,328,900	78.77
Total:	452	22,000,000	100.00

*Means 5% of the total number of units issued.

2. MANAGER'S REPORT (continued)

2.8. Soft dollars commission and rebate

The Manager will not retain any rebate from, or otherwise share in any commission with, any broker/dealer in consideration for direct dealings (if any) in the investments of the Fund. Accordingly, any rebate or shared commission should be directed to the account of the Fund.

During the financial year under review, the Manager did not receive or retain any rebates or soft commission from brokers or dealers.

2.9. Cross-trade

During the financial year under review, no cross-trade transactions were undertaken by the Manager for the Fund.

2.10. Securities financing transaction

During the financial year under review, no securities financing transactions were undertaken by the Manager for the Fund.

2.11. Board of Directors of the Manager

Value Partners Malaysia's Board of Directors comprise of five (5) members including two (2) independent directors after the following resignation:

- Durraini binti Baharuddin (Resigned with effect from 8 February 2023)

The Board of Directors oversee the management and operations of the Manager. For the financial year ended 30 June 2023, there were 4 (four) board meetings held, and there has been no public sanction or penalty imposed on Value Partners Malaysia by the relevant regulatory bodies.

Name	Ong Hwee Yeow, James
Age	52
Gender	Male
Nationality	Singaporean
Position	Non-Independent Non-Executive Director and Acting Chief Executive Officer
Date of appointment to the Board	30 May 2022
Number of board meetings attended during the financial year	4 of 4 meetings (100%) from 1 July 2022 to 30 June 2023.
Qualification	Bachelor's in Applied Science from Nanyang Technological University, Singapore.

2. MANAGER'S REPORT (continued)

2.11. Board of Directors of the Manager (continued)

Name	Ong Hwee Yeow, James
Working experience and occupation	- James Ong is the Managing Director, Head of Southeast Asia and Chief Executive Officer of Value Partners Asset Management Singapore Pte Ltd. Based in Singapore, he is responsible for overseeing Value Partners Group's business in Southeast Asia, and leads the Group's institutional business for Southeast Asia. - He has more than 25 years of leadership and sales management experience from leading financial institutions. Prior to this, he was Managing Director of State Street Global Advisors ("SSGA") and Head of South East Asia region, responsible for both institutional and intermediary business in the region. Before SSGA, he was Client Director at HSBC Asset Management and Director at UOB Asset Management. Prior to that, he worked at a boutique investment advisory firm and insurance companies.
Member of other board committee(s)	Nil
Directorship(s) in other public companies and listed issuers	Nil
Other conflict of interest/ potential conflict of interest with the Fund including interest in any competing business	Nil
Family relationship(s) with any director of Value Partners Malaysia and/or major shareholder of the Fund	Nil
Convictions for offences within the past 5 years	Nil
Public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil

Name	Lam Mei Kuen Winnie
Age	55
Gender	Female
Nationality	Chinese, Hong Kong SAR
Position	Non-Independent Non-Executive Director
Date of appointment to the Board	30 May 2022
Number of board meetings attended during the financial year	4 of 4 meetings (100%) from 1 July 2022 to 30 June 2023.

2. MANAGER'S REPORT (continued)

2.11. Board of Directors of the Manager (continued)

Name	Lam Mei Kuen Winnie
Qualification	- Bachelor in Business Studies (Honours) from City University of Hong Kong. - Associate Member of Hong Kong Society of Accountants. - Fellow Member of The Association of Chartered Certified Accountants (ACCA). - Master of Business Administration from the University of South Australia.
Working experience and occupation	- Currently the Chief Operating Officer and Managing Director of Value Partners, Ms. Lam oversees the Company's overall operations and back office functions, covering information technology, fund operations, product development, as well as administration across the Company's Hong Kong headquarter and overseas offices. - Has 33 years of experience in the asset management and capital markets industry, in which she held various leadership roles such as the Head of Operations - Asia in First State Investment (Hong Kong) Limited; Head of Settlement and Fund Administration in Lloyd George Management, Hong Kong; and Vice President of Core Operations in J. P. Morgan Securities (Asia Pacific) Limited, Hong Kong. Prior to that, she was also with Kerry Investment Management Limited, Kerry Securities Limited and American Express Bank Limited.
Member of other board committee(s)	Member of Value Partners Risk Management Committee, Product Steering Committee, Valuation Committee, and Information Technology Steering Committee.
Directorship(s) in other public companies and listed issuers	Nil
Other conflict of interest/ potential conflict of interest with the Fund including interest in any competing business	Nil
Family relationship(s) with any director of Value Partners Malaysia and/or major shareholder of the Fund	Nil
Convictions for offences within the past 5 years	Nil
Public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil

2. MANAGER'S REPORT (continued)

2.11. Board of Directors of the Manager (continued)

Name	Ho Man Kei, Norman
Age	56
Gender	Male
Nationality	Chinese, Hong Kong SAR
Position	Non-Independent Non-Executive Director
Date of appointment to the Board	1 April 2021
Number of board meetings attended during the financial year	4 of 4 meetings (100%) from 1 July 2022 to 30 June 2023.
Qualification	- Bachelor's degree in Social Sciences (majoring in Management Studies) from The University of Hong Kong. - Chartered Financial Analyst (CFA) charterholder since October 1996.
Working experience and occupation	- Currently a Senior Investment Director of Value Partners, he is a leader in the Company's investment process, with a high degree of responsibility over portfolio management. He has over 32 years of asset management and financial industry experience, with a solid track record in research and portfolio management. He was promoted to the roles of Investment Director and Senior Investment Director in 2010 and 2014, respectively. - Prior to joining Value Partners in November 1995, he was an Executive with Dao Heng Securities Limited and had started his career with Ernst & Young.
Member of other board committee(s)	Member of Value Partners Nomination Committee.
Directorship(s) in other public companies and listed issuers	Listed company: Value Partners Group Limited (listed in Hong Kong, HKEX stock code: 00806)
Other conflict of interest/ potential conflict of interest with the Fund including interest in any competing business	Nil
Family relationship(s) with any director of Value Partners Malaysia and/or major shareholder of the Fund	Nil
Convictions for offences within the past 5 years	Nil
Public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil

2. MANAGER'S REPORT (continued)

2.11. Board of Directors of the Manager (continued)

Name	Lee Siang Korn @ Lee Siang Chin
Age	74
Gender	Male
Nationality	Malaysian
Position	Independent Non-Executive Director
Date of appointment to the Board	29 March 2019
Number of board meetings attended during the financial year	4 of 4 meetings (100%) from 1 July 2022 to 30 June 2023.
Qualification	• A member of the Malaysian Institute of Certified Public Accountants in 1975. • A fellow of the Institute of Chartered Accountants in England and Wales in 1979.
Working experience and occupation	Previously served as an independent non-executive director of: • Value Partners Group Limited, • Maybank Investment Bank Berhad, • Maybank Kim Eng Securities (Thailand) Public Limited Company, • Star Media Group Bhd, • Tune Insurance Malaysia Bhd, • Hilong Holding Ltd, and • Social Securities Organization of Malaysia (“SOCSO”). Previously also served as: • A member of SOC
Member of other board committee(s)	Nil
Directorship(s) in other public companies and listed issuers	Nil
Other conflict of interest/ potential conflict of interest with the Fund including interest in any competing business	Nil
Family relationship(s) with any director of Value Partners Malaysia and/or major shareholder of the Fund	Nil
Convictions for offences within the past 5 years	Nil
Public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil

2. MANAGER'S REPORT (continued)

2.11. Board of Directors of the Manager (continued)

Name	Datuk Mohd Nasir bin Ali
Age	65
Gender	Male
Nationality	Malaysian
Position	Independent Non-Executive Director
Date of appointment to the Board	24 July 2019
Number of board meetings attended during the financial year	3 of 4 meetings (75%) from 1 July 2022 to 30 June 2023.
Qualification	- Bachelor of Economics (Honours) from University of Malaysia. - Master of Science (Financial Studies) from the University of Strathclyde, United Kingdom.
Working experience and occupation	Has extensive experience in the unit trust, investment management and stockbroking industry. Formerly served as: - Chairman of Amanah Raya Berhad from October 2018 to May 2020, - Group Executive Director of Utusan Melayu (M) Berhad from October 2000 until his retirement from that position in June 2014, - Executive Director/ Chief Executive Officer of Kuala Lumpur City Securities Sdn. Bhd., - General Manager, Dealing & Research with Mayban Securities Sdn. Bhd., - Investment Manager with BBMB Unit Trust Management Berhad, - Senior Financial & Marketing Executive, Amanah Saham Nasional Berhad, and - Investment Executive with Permodalan Nasional Berhad.
Member of other board committee(s)	Nil
Directorship(s) in other public companies and listed issuers	<u>Listed companies:</u> - Director of Damansara Holdings Berhad, - Director of E.A Technique (M) Berhad, and - Director of icapital.biz Berhad. <u>Non-listed companies:</u> - Director of Damansara Assets Sdn Bhd, - Director of Goodyear Malaysia Berhad, - Director of MIDF Amanah Investment Bank Berhad, and - Director of MSWG Berhad.
Other conflict of interest/ potential conflict of interest with the Fund including interest in any competing business	Nil
Family relationship(s) with any director of Value Partners Malaysia and/or major shareholder of the Fund	Nil

2. MANAGER'S REPORT (continued)

2.11. Board of Directors of the Manager (continued)

Name	Datuk Mohd Nasir bin Ali
Convictions for offences within the past 5 years	Nil
Public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil

2.12. Directors' training

The Board of Directors acknowledges the importance of continuing education for its Directors. During the financial year ended 30 June 2023, the Board members had attended various training programs, workshops, seminars, briefings and/or conferences on various subjects in accordance with the respective Director's own training needs.

Director	Trainings Attended for the financial year ended 30 June 2023
Ong Hwee Yeow, James	- G20 Indonesia 2022 seminars – Advancing Digital Economy and Finance, High-level Discussion on Financial Inclusion, Scaling up Green Finance in Indonesia, High-level Seminar on Macroeconomic Policy Mix for Stability and Economic Recovery, and Digital Finance to Support Financial Inclusion. - Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 and 4). - Institute of Corporate Directors Malaysia (ICDM) - Mandatory Accreditation Programme (MAP).
Lam Mei Kuen Winnie	- Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 and 4). - Institute of Corporate Directors Malaysia (ICDM) - Mandatory Accreditation Programme (MAP). - Value Partners Group Compliance Refresher Training 2022.
Ho Man Kei	- CGS-CIMB Invest Shariah Conference 2022. - MIDF Conversations with Dato' Amirul Feisal Wan Zahir. - MIDF Conversations with Nik Amlizan Mohamed.
Lee Siang Korn @ Lee Siang Chin	- BNP Global Insights. - Maybank Economics and Stock Market outlook for 2023 - A Tale of 2 Halves. - BNP Commodities Outlook for 2023.
Datuk Mohd Nasir bin Ali	- MIDF: ESG, Stakeholder Capitalism & Sustainable and Responsible Investment (SRI), and Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management. - MIDF Green Conference 2023.

Value Partners Asset Management Malaysia Sdn. Bhd.
21 August 2023

The views expressed are the views of Value Partners Asset Management Malaysia Sdn. Bhd. only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Investors should note that investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results.

3. STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		2023	Financial period from 12.7.2021 (date of launch) to 30.6.2022
	Note	MYR	MYR
INVESTMENT LOSS			
Dividend income		325,869	169,114
Profit income from financial assets at amortised cost		2,326	2,163
Net loss on financial assets at fair value through profit or loss	8	(7,351,148)	(3,162,213)
Net loss on foreign currency exchange		<u>(59,514)</u>	<u>(299,776)</u>
		<u>(7,082,467)</u>	<u>(3,290,712)</u>
EXPENSES			
Management fee	4	(168,663)	(150,547)
Trustee fee	5	(11,244)	(10,036)
Custodian fee		(49,609)	(90,827)
Auditors' remuneration		(24,000)	(15,000)
Tax agent's fee		(6,400)	(9,200)
Transaction cost		(17,828)	(43,239)
Other expenses		<u>(56,580)</u>	<u>(27,926)</u>
		<u>(334,324)</u>	<u>(346,775)</u>
LOSS BEFORE TAXATION		(7,416,791)	(3,637,487)
Taxation	7	<u>(6,399)</u>	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(7,423,190)</u>	<u>(3,637,487)</u>
Net loss after taxation is made up of the following:			
Realised amount		(1,357,545)	(1,726,034)
Unrealised amount		<u>(6,065,645)</u>	<u>(1,911,453)</u>
		<u>(7,423,190)</u>	<u>(3,637,487)</u>

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

4. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30.6.2023 MYR	30.6.2022 MYR
ASSETS			
Cash and cash equivalents	9	312,101	382,893
Financial assets designated at fair value through profit or loss	8	28,175,655	29,691,423
Dividend receivables		12,192	456
Other receivables		1,000	1,000
TOTAL ASSETS		28,500,948	30,075,772
LIABILITIES			
Amount due to Manager - management fee		13,660	14,048
Amount due to Trustee		911	936
Auditors' remuneration payable		24,000	15,000
Tax agent's fee payable		5,000	5,000
Other payables and accruals		20,495	7,752
TOTAL LIABILITIES		64,066	42,736
NET ASSET VALUE OF THE FUND		28,436,882	30,033,036
EQUITY			
Unitholders' capital		39,497,559	33,670,523
Retained earnings		(11,060,677)	(3,637,487)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		28,436,882	30,033,036
NUMBER OF UNITS IN CIRCULATION	10	22,000,000	18,000,000
NET ASSET VALUE PER UNIT (MYR)		1.2926	1.6685

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

5. STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Unitholders' <u>capital</u> MYR	Accumulated <u>losses</u> MYR	<u>Total</u> MYR
Balance as at 1 July 2022	33,670,523	(3,637,487)	30,033,036
Total comprehensive loss for the financial period	-	(7,423,190)	(7,423,190)
Movement in unitholders' capital:			
Creation of units arising from applications	5,827,036	-	5,827,036
Cancellation of units	-	-	-
Balance as at 30 June 2023	<u>39,497,559</u>	<u>(11,060,677)</u>	<u>28,436,882</u>
Balance as at 12 July 2021 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(3,637,487)	(3,637,487)
Movement in unitholders' capital:			
Creation of units arising from applications	33,670,523	-	33,670,523
Cancellation of units	-	-	-
Balance as at 30 June 2022	<u>33,670,523</u>	<u>(3,637,487)</u>	<u>30,033,036</u>

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

6. STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Financial period from 12.7.2021 (date of launch) to 30.6.2022 MYR
	Note	<u>2023</u> MYR
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments		7,804,956
Purchase of Shariah-compliant investments		(41,003,439)
Dividends received		168,658
Profits income from Shariah-compliant deposits		2,163
Management fee paid		(136,499)
Trustee fee paid		(9,100)
Custodian fee paid		(81,713)
Payment for other fees and expenses		(33,126)
Net realised foreign exchange (loss)/gain		3,260
Tax paid		-
Net cash used in operating activities		(33,284,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units		33,670,523
Net cash generated from financing activities		33,670,523
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		385,683
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(2,790)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD / DATE OF LAUNCH		-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	382,893

Cash and cash equivalents as at 30 June 2023 and 30 June 2022 comprise of bank balances and Shariah-compliant deposits.

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

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("MFRS").

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

The areas involving a higher degree of judgement 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:

- Annual Improvements to MFRS 9 "Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. When entities restructure their loans with the existing lenders, MFRS 9 requires management to quantitatively assess the significance of the difference between cash flows of the existing and new loans (commonly known as the '10% test'). This amendment to MFRS 9 clarifies that only fees paid or received between the borrower and the lender are included in the 10% test. Any fees paid to third parties should be excluded. This amendment will impact the result of the 10% test and accordingly affect the amount of gain or loss recognised in profit or loss. An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract. The amendments clarify that direct cost 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 amendments also clarify that before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendments shall be applied to contracts for which the entity has yet to fulfil all its obligations at the beginning of annual reporting period in which the amendments are first applied. Comparative information is not restated.

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) The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

i. Financial period beginning on/ after 1 July 2023

- Amendments to MFRS 101 - Classification of liabilities as current or non-current. The narrow-scope amendments to MFRS 101 Presentation of Financial Statements 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 expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what MFRS 101 means when it refers to the 'settlement' of a liability.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(b) The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows: (continued)

i. Financial period beginning on/after 1 July 2023 (continued)

- The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

ii. Financial period beginning on/after 1 July 2024

- 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.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 – Non-current liabilities with covenants (effective 1 January 2024) specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of 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 liability as current or non-current, even if the covenant is only assessed after the reporting date.

The amendments shall be applied retrospectively.

The Fund will apply these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

B. INCOME RECOGNITION

Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the rights to receive the dividend has been established.

Realised gains and losses on sale of investments

For Shariah-compliant quoted investments, realised gains and losses on sale of Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on a weighted average cost basis.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

B. INCOME RECOGNITION (continued)

Profit income

Profit income from Shariah-compliant deposits with licensed financial institutions are recognised based on effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

C. SHARIAH NON-COMPLIANT INCOME

Any income from Shariah non-compliant investments such as interest income, or dividend distribution received by the Fund from its investment portfolio which relates to fortuitous activities are considered impure income.

This impure income is subject to an income purification process as determined by the Shariah Adviser from time to time without limitation. The impure income has to be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser and approved by the Trustee.

D. TRANSACTION COSTS

Transaction costs are costs in relation to any particular transaction or dealing, all stamp duty and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies, and other duties and charges whether in connection with the Fund Assets or the acquisition or disposal of Fund Assets or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

E. 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 are based on the tax regime of the respective countries that the Fund invests in.

Withholding taxes on investment income from foreign Shariah-compliant investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes which are not "income tax" in nature are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

F. 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 Ringgit Malaysia ("**MYR**"), which is the Fund's functional and presentation currency.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

G. 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 financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

H. 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 Shariah-compliant 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 classifies cash and cash equivalents and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent solely payments of principal and interest*.

The Fund classifies 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.

**For the purpose of this Fund, interest refers to profits earned from Shariah-compliant investments.*

(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. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the statement of comprehensive income within 'net gain/(loss) on financial assets designated at fair value through profit or loss' in the period which they arise.

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

H. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(ii) Recognition and measurement (continued)

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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.

Qualitative criteria:

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

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

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

Write-off

The Fund 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.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

I. CASH AND CASH EQUIVALENTS

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

J. UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the rights to put the unit back to the Fund.

Units are created and cancelled at the Participating Dealer's option at Creation Price and Redemption Price as stated in the Fund's Prospectus at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

K. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the Fund Manager, in reference to the Investment Strategy stated in the Fund's Prospectus and the Operating Memorandum between the Manager and the Trustee. The External Fund Manager, who is responsible for the Fund's portfolio allocation and the assessment of its performance, reports the status of the Fund to the Chief Executive Officer and Board of Directors of the Manager.

L. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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 impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Exchange-Traded Funds.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

L. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

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 MYR primarily due to the following factors:

- (i) A significant portion of the Fund's investors are based in Malaysia;
- (ii) The Fund is regulated by SC, a regulatory body in Malaysia;
- (iii) A significant portion of the Fund's expenses are denominated in MYR;
- (iv) All subscription and redemptions of units are transacted in MYR.

M. REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Exchange-Traded Funds.

8. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. INFORMATION ON THE FUND

The Exchange-Traded Fund was constituted under the name VP-DJ Shariah China A-Shares 100 (the **"Fund"**) pursuant to the execution of a Deed dated 8 October 2020 entered into between Value Partners Asset Management Malaysia Sdn. Bhd. (the **"Manager"**) and CIMB Islamic Trustee Berhad (the **"Trustee"**).

The Fund commenced operations on 12 July 2021 and will continue its operations until terminated by the Trustee as provided under Section 26 of the Deed.

The Fund may invest in the following permitted investments:

- Authorised Securities;
- Islamic collective investment schemes;
- Islamic money market instruments;
- Islamic deposits; and
- Any other Shariah-compliant investments permitted by the Shariah Advisory Council of the SC, the Shariah Advisory Council of Bank Negara Malaysia or the Shariah Adviser from time to time.

All investments will be subjected to the SC's Guidelines on Exchange-Traded Funds, the Deed and the objective of the Fund.

The Fund is listed on the main market of Bursa Malaysia, and its aim is to provide investment results that closely corresponds to the performance of the Benchmark.

The Manager is a company incorporated in Malaysia. It holds a capital markets services licence for fund management under the CMSA and focuses on managing assets across diversified investment strategies covering equities, fixed income, quantitative investment solutions, multi-asset and alternatives for investors, both institutional and wholesale. It is licensed to manage investment portfolios, including but not limited to ETFs, for insurance companies, financial institutions, pension funds, unit trust companies, corporations and government institutions in Malaysia. It specialises in greater China equity strategy, all China equity strategy, Asia ex Japan equity strategy, China high yield strategy and innovative exchange-traded funds.

The financial statements were authorised for issue by the Manager on 21 August 2023.

1.1. EXTERNAL FUND MANAGER

As disclosed in the Fund's interim report for financial period ending 31 December 2022, the Manager has appointed Value Partners Hong Kong Limited as the external fund manager of the Fund with effect from 8 February 2023.

Value Partners Hong Kong Limited (the **"External Fund Manager"**) was incorporated in Hong Kong on 10 May 1999 and commenced its current operations in January 2008. It is dedicated to the philosophy of investing in "value" securities and concentrates its investment expertise in Asian markets, particularly the Greater China region. Using a disciplined, bottom-up approach, the External Fund Manager applies fundamental analysis to seek under-valued positions.

Value Partners Hong Kong Limited is licensed by the Securities and Futures Commission in Hong Kong to conduct the following regulated activities in Hong Kong under the Securities and Futures Ordinance: Type 1 - Dealing in Securities, Type 2 - Dealing in Futures Contracts, Type 4 - Advising on Securities, Type 5 - Advising on Futures Contracts, and Type 9 - Asset Management.

The role and responsibilities of the External Fund Manager include managing the Fund's investments in accordance with the Deed, the Prospectus and the relevant laws.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Note	At amortised cost MYR	At fair value through profit or loss MYR	Total MYR
2023				
<u>Financial assets</u>				
Cash and cash equivalents	9	312,101	-	312,101
Shariah-compliant quoted equities	8	-	28,175,655	28,175,655
Dividend receivables		12,192	-	12,192
Total		324,293	28,175,655	28,499,948
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee	4	13,660	-	13,660
Amount due to Trustee	5	911	-	911
Auditors' remuneration payable		24,000	-	24,000
Tax agent's fee payable		5,000	-	5,000
Other payables and accruals		20,495	-	20,495
Total		64,066	-	64,066
2022				
<u>Financial assets</u>				
Cash and cash equivalents	9	382,893	-	382,893
Shariah-compliant quoted equities	8	-	29,691,423	29,691,423
Dividend receivable		456	-	456
Total		383,349	29,691,423	30,074,772
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee	4	14,048	-	14,048
Amount due to Trustee	5	936	-	936
Auditors' remuneration payable		15,000	-	15,000
Tax agent's fee payable		5,000	-	5,000
Other payables and accruals		7,752	-	7,752
Total		42,736	-	42,736

The Fund is exposed to a variety of risks which include market risk (including price risk and currency risk), credit risk, liquidity risk, capital risk and Shariah reclassification 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 Exchange-Traded Funds.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 Fund is structured as an index tracking fund that tracks its benchmark index, Dow Jones Islamic Market China A-Shares 100 Index, which comprises of a diversified list of Shariah-compliant equity securities in its constituents. As such, the Manager believes that the Fund is able to minimise its price risk through the diversification that it has in its portfolio of underlying securities that replicates its Benchmark Index.

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

<u>2023</u>	<u>2022</u>
MYR	MYR

Shariah-compliant quoted investments

Shariah-compliant quoted equities	<u>28,175,655</u>	<u>29,691,423</u>
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The table below summarises the sensitivity of the Fund's profit or loss, and NAV to movements in prices of its benchmark Index. The analysis is based on the assumption that the benchmark index fluctuates by +/-20%. If all other variables are held constant, and that the fair value of the investments move in the same quantum with the fluctuation of the benchmark index, this would represent the management's best estimates of a reasonable possible shift in the quoted securities.

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

<u>% Change in Benchmark Index</u>	<u>Market value</u> MYR	<u>Impact on loss after taxation</u> MYR	<u>Impact on NAV</u> MYR
<u>2023</u>			
+20%	33,811,249	(5,635,594)	5,635,594
0%	28,175,655	-	-
-20%	<u>22,540,061</u>	<u>5,635,594</u>	<u>(5,635,594)</u>
<u>2022</u>			
+20%	35,644,325	(5,952,902)	5,952,902
0%	29,691,423	-	-
-20%	<u>23,738,521</u>	<u>5,952,902</u>	<u>(5,952,902)</u>

(b) Currency risk

Currency risk is associated with Shariah-compliant investments denominated in foreign currencies. When the foreign currencies fluctuates in an unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gains/losses. The Manager will evaluate the likely direction of a foreign currency versus Ringgit Malaysia based on consideration of economic fundamentals such as interest rate differentials, balance of payment position, debt level and technical consideration.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(b) Currency risk (continued)

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

<u>2023</u>	Cash and cash <u>equivalents</u> MYR	Quoted <u>equities</u> MYR	Dividend <u>receivables</u> MYR	<u>Total</u> MYR
<u>Financial assets</u>				
Chinese Yuan	256,555	28,175,655	12,192	28,444,402
United States Dollar	11,697	-	-	11,697
	<u>268,252</u>	<u>28,175,655</u>	<u>12,192</u>	<u>28,456,099</u>

<u>2023</u>		Other payables <u>and accruals*</u> MYR	<u>Total</u> MYR
<u>Financial liabilities</u>			
United States Dollar		<u>18,495</u>	<u>18,495</u>

<u>2022</u>	Cash and cash <u>equivalents</u> MYR	Quoted <u>equities</u> MYR	Dividend <u>receivable</u> MYR	<u>Total</u> MYR
<u>Financial assets</u>				
Chinese Yuan	14,843	29,691,423	456	29,706,722
United States Dollar	11,977	-	-	11,977
	<u>26,820</u>	<u>29,691,423</u>	<u>456</u>	<u>29,718,699</u>

<u>2022</u>		Other payables <u>and accruals*</u> MYR	<u>Total</u> MYR
<u>Financial liabilities</u>			
United States Dollar		<u>7,752</u>	<u>7,752</u>

*Other payables and accruals consist of transaction cost payable charged by custodians and Shariah adviser fees.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(b) Currency risk (continued)

The table below summarises the sensitivity of the Fund's loss after taxation and net asset value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by +/-5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Impact on loss after taxation MYR	Impact on NAV MYR
2023		
<u>Chinese Yuan</u>		
+5%	(1,422,220)	1,422,220
-5%	<u>1,422,220</u>	<u>(1,422,220)</u>
<u>United States Dollar</u>		
+5%	340	(340)
-5%	<u>(340)</u>	<u>340</u>
2022		
<u>Chinese Yuan</u>		
+5%	(1,485,336)	1,485,336
-5%	<u>1,485,336</u>	<u>(1,485,336)</u>
<u>United States Dollar</u>		
+5%	(211)	211
-5%	<u>211</u>	<u>(211)</u>

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 Shariah-compliant investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

The settlement terms of amount due from brokers 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 Exchange-Traded Funds.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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

	Cash and cash equivalents MYR	Dividend receivables MYR	Total MYR
<u>2023</u>			
Capital goods			
- NR	-	215	215
Financial services			
- AAA	312,101	-	312,101
Food products & beverages			
- NR	-	116	116
Materials			
- NR	-	11,615	11,615
Semiconductors & semiconductor equipment			
- NR	-	231	231
Software & services			
- NR	-	15	15
	<u>312,101</u>	<u>12,192</u>	<u>324,293</u>
<u>2022</u>			
Financial services			
- AAA	382,893	-	382,893
Technology hardware & equipment			
- NR	-	456	456
	<u>382,893</u>	<u>456</u>	<u>383,349</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 cash to meet anticipated payments for operating expenses and cancellation of units by unitholders.

The Fund's units can be redeemed in cash. For cash redemptions, a redemption basket of securities is liquidated and Actual Redemption Amount (as defined in the Fund's Prospectus) will be delivered to the investors. The Fund maintains a sufficient amount of cash and liquid securities to meet the ongoing operating expenses and liquidity requirements of the Fund.

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.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

	Within one month MYR	Between one month to one year MYR	Total MYR
<u>2023</u>			
Amount due to Manager- management fee	13,660	-	13,660
Amount due to Trustee	911	-	911
Auditors' remuneration payable	-	24,000	24,000
Tax agent's fee payable	-	5,000	5,000
Other payables and accruals	20,495	-	20,495
	<u>35,066</u>	<u>29,000</u>	<u>64,066</u>
<u>2022</u>			
Amount due to Manager- management fee	14,048	-	14,048
Amount due to Trustee	936	-	936
Auditors' remuneration payable	-	15,000	15,000
Tax agent's fee payable	-	5,000	5,000
Other payables and accruals	7,752	-	7,752
	<u>22,736</u>	<u>20,000</u>	<u>42,736</u>

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity 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 Shariah-compliant investment activities of the Fund.

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant investments in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Adviser or the Shariah boards of the relevant Islamic indices performed quarterly. If this occurs, the Manager will take the necessary steps to dispose such securities.

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the dividend received and excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost.

As at 30 June 2023, all investments held are Shariah-compliant counters as approved by the Shariah boards of the Benchmark and Shariah Adviser.

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. FAIR VALUE ESTIMATION

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

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

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

The fair value of financial assets 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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement 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 measured at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>	<u>MYR</u>	<u>MYR</u>	<u>MYR</u>	<u>MYR</u>
Financial assets designated at fair value through profit or loss				
• Shariah-compliant quoted equities	<u>28,175,655</u>	<u>-</u>	<u>-</u>	<u>28,175,655</u>
<u>2022</u>	<u>MYR</u>	<u>MYR</u>	<u>MYR</u>	<u>MYR</u>
Financial assets designated at fair value through profit or loss				
• Shariah-compliant quoted equities	<u>29,691,423</u>	<u>-</u>	<u>-</u>	<u>29,691,423</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. FAIR VALUE ESTIMATION (continued)

(i) Fair value hierarchy (continued)

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

- (ii) The carrying values of cash and cash equivalents, profit receivables, dividend receivables and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

4. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate up to 1.00% per annum of the NAV of the Fund calculated on a daily basis.

During the financial year, management fee is recognised at a rate of 0.60% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus (2022: 0.60% per annum).

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

5. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate up to 0.10% per annum of the NAV of the Fund calculated on a daily basis (excluding foreign sub-custodian fees and charges).

During the financial year, the trustee fee is recognised at a rate of 0.04% per annum on the NAV of the Fund subject to a minimum of MYR12,000 per annum (excluding foreign sub-custodian fees and charges) calculated on a daily basis as stated in the Fund's Prospectus (2022: 0.04% per annum).

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

6. INDEX LICENCE FEE

The index licence fee is recognised at up to 0.04% per annum of the NAV of the Fund, subject to a minimum of USD15,000 per annum.

During the financial year, the index licence fee of USD15,000 is borne by the Manager (2022: USD10,000 per annum borne by the Manager).

7. TAXATION

	2023 MYR	Financial period from 12.7.2021 (date of launch) to 30.6.2022 MYR
Current taxation	6,399	-

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7. TAXATION (continued)

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

	<u>2023</u> MYR	Financial period from 12.7.2021 (date of launch) to 30.6.2022 MYR
Net loss before taxation	<u>(7,416,791)</u>	<u>(3,637,487)</u>
Tax at Malaysian statutory rate of 24%	(1,780,030)	(872,997)
Tax effects of:		
• Investment loss disallowed from tax	1,699,792	789,771
• Expenses not deductible for tax purposes	75,614	79,253
• Restriction on tax deductible expenses for Exchange-Traded Fund	4,624	3,973
• Under provision of taxation in prior year	1,902	-
• Foreign income subject to foreign tax rate	4,497	-
Tax expense	<u>6,399</u>	<u>-</u>

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> MYR	<u>2022</u> MYR
Financial assets designated at fair value through profit or loss:		
• Shariah-compliant quoted equities - foreign	<u>28,175,655</u>	<u>29,691,423</u>
Net loss on financial assets at fair value through profit or loss:		
• realised loss on sale of Shariah-compliant investments	(1,292,903)	(1,253,551)
• unrealised loss on changes in fair value	<u>(6,058,245)</u>	<u>(1,908,662)</u>
	<u>(7,351,148)</u>	<u>(3,162,213)</u>

(a) Shariah-compliant quoted equities – foreign as at as at 30 June 2023 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost</u> MYR	<u>Fair value</u> MYR	<u>Percentage of NAV</u> %
<u>Automobiles & components</u>				
BYD Co Ltd A	7,200	1,281,654	1,195,687	4.20
Fuyao Glass Industry Group Co Ltd A	8,000	237,710	184,412	0.65
Great Wall Motor Co Ltd A	14,000	403,736	226,580	0.80
Huizhou Desay Sv Automotive Co Ltd A	2,200	197,777	220,409	0.78
Ningbo Tuopu Group Co Ltd A	4,400	152,384	228,317	0.80
	<u>35,800</u>	<u>2,273,261</u>	<u>2,055,405</u>	<u>7.23</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Shariah-compliant quoted equities – foreign as at as at 30 June 2023 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Capital goods</u>				
AECC Aviation Power Co Ltd A	10,700	363,025	290,753	1.02
Contemporary Amperex Technology Co Ltd A	17,587	3,169,169	2,587,258	9.10
Eve Energy Co Ltd A	8,200	518,094	318,992	1.12
Jiangsu Hengli Hydraulic Co Ltd A	5,400	283,574	223,367	0.79
NARI Technology Co Ltd A	32,136	447,028	477,326	1.68
Ningbo Deye Technology Co Ltd A	1,740	227,179	167,319	0.59
Sany Heavy Industry Co Ltd A	33,900	524,503	362,496	1.27
Shenzhen Inovance Technology Co Ltd A	10,600	484,388	437,643	1.54
Sungrow Power Supply Co Ltd A	5,900	476,593	442,459	1.56
Suzhou Maxwell Technologies Co Ltd A	1,128	163,678	122,852	0.43
Wuxi Lead Intelligent Equipment Co Ltd A	6,300	163,228	146,521	0.51
Zhejiang Sanhua Intelligent Controls Co Ltd A	14,400	245,592	280,183	0.99
	<u>147,991</u>	<u>7,066,051</u>	<u>5,857,169</u>	<u>20.60</u>
<u>Consumer durables & apparel</u>				
Haier Smart Home Co Ltd A	25,200	411,105	380,460	1.34
Huali Industrial Group Co Ltd A	2,000	78,898	62,680	0.22
Oppein Home Group Inc A	2,000	174,741	123,199	0.43
	<u>29,200</u>	<u>664,744</u>	<u>566,339</u>	<u>1.99</u>
<u>Food products & beverages</u>				
Eastroc Beverage Group Co Ltd A	500	48,849	55,587	0.19
Foshan Haitian Flavouring & Food Co Ltd A	22,164	1,069,265	667,681	2.35
Inner Mongolia Yili Industrial Group Co Ltd A	25,600	578,810	466,170	1.64
	<u>48,264</u>	<u>1,696,924</u>	<u>1,189,438</u>	<u>4.18</u>
<u>Health care equipment & services</u>				
Aier Eye Hospital Group Co Ltd A	37,349	693,597	445,486	1.57
Huadong Medicine Co Ltd A	7,000	167,846	195,208	0.69
Shenzhen Mindray Bio-Medical Electronics Co Ltd A	4,800	1,118,103	925,303	3.25
	<u>49,149</u>	<u>1,979,546</u>	<u>1,565,997</u>	<u>5.51</u>
<u>Materials</u>				
China Jushi Co Ltd A	16,000	175,314	145,678	0.51
China Northern Rare Earth Group High- Tech Co Ltd A	14,400	374,027	222,036	0.78
Ganfeng Lithium Group Co Ltd A	6,420	474,790	251,646	0.89
Guangzhou Tinci Materials Technology Co Ltd A	7,700	282,932	203,936	0.72
Hoshine Silicon Industry Co Ltd A	2,800	296,565	126,064	0.44
Ningxia Baofeng Energy Group Co Ltd A	28,300	294,560	229,463	0.81

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Shariah-compliant quoted equities – foreign as at as at 30 June 2023 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Materials (continued)</u>				
Qinghai Salt Lake Industry Co Ltd	21,700	318,977	267,481	0.94
Shandong Hualu Hengsheng Chemical Co Ltd A	8,500	189,078	167,408	0.59
Shanghai Putailai New Energy Technology Co Ltd A	8,105	263,003	199,184	0.70
Tianqi Lithium Corp A	5,874	382,529	264,049	0.93
Yunnan Energy New Material Co Ltd A	3,600	546,014	223,031	0.78
	<u>123,399</u>	<u>3,597,789</u>	<u>2,299,976</u>	<u>8.09</u>
<u>Media & entertainment</u>				
37 Interactive Entertainment Network Technology Group Co Ltd	8,900	199,847	199,608	0.70
Kunlun Tech Co Ltd	4,800	193,961	124,320	0.44
	<u>13,700</u>	<u>393,808</u>	<u>323,928</u>	<u>1.14</u>
<u>Pharmaceuticals, biotechnology & life sciences</u>				
Asymchem Laboratories Tianjin Co Ltd A	1,360	203,354	103,066	0.36
Beijing Tongrentang Co Ltd A	5,500	163,141	203,561	0.72
Beijing Wantai Biological Pharmacy Enterprise Co Ltd A	3,522	224,893	151,210	0.53
Bloomage Biotechnology Corp Ltd A	1,300	117,898	74,529	0.26
Changchun High & New Technology Industry Group Inc A	1,600	267,851	140,225	0.49
China Resources Sanjiu Medical & Pharmaceutical Co Ltd A	4,000	157,194	156,017	0.55
Chongqing Zhifei Biological Products Co Ltd A	9,600	594,621	272,838	0.96
Hangzhou Tigermed Consulting Co Ltd A	3,000	251,557	124,498	0.44
Imeik Technology Development Co Ltd A	900	307,016	257,493	0.91
Jiangsu Hengrui Medicine Co Ltd A	25,500	810,018	785,392	2.76
Pharmaron Beijing Co Ltd A	4,050	294,150	99,687	0.35
Shanghai Fosun Pharmaceutical (Group) Co Ltd A	8,500	317,783	168,884	0.59
Shijiazhuang Yiling Pharmaceutical Co Ltd A	6,700	183,469	110,675	0.39
Walvax Biotechnology Co Ltd A	6,400	263,512	108,847	0.38
WuXi AppTec Co Ltd A	10,283	849,369	411,992	1.45
Yunnan Baiyao Group Co Ltd A	7,180	298,651	242,287	0.85
Zhangzhou Pientzhuang Pharmaceutical Co Ltd A	2,400	552,821	441,911	1.56
Zhejiang NHU Co Ltd A	12,360	180,737	122,391	0.43
	<u>114,155</u>	<u>6,038,035</u>	<u>3,975,503</u>	<u>13.98</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Shariah-compliant quoted equities – foreign as at as at 30 June 2023 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Semiconductors & semiconductor equipment</u>				
Advanced Micro-Fabrication Equipment Inc China A	2,400	191,450	241,434	0.85
China Resources Microelectronics Ltd A	5,300	190,121	178,608	0.63
Flat Glass Group Co Ltd A	6,800	189,358	168,381	0.59
GigaDevice Semiconductor (Beijing) Inc A	2,700	275,892	184,461	0.65
Hangzhou First Applied Material Co Ltd A	7,480	285,831	178,871	0.63
Hangzhou Silan Microelectronics Co Ltd A	5,700	182,063	110,943	0.39
JA Solar Technology Co Ltd A	13,192	372,598	353,718	1.24
JCET Group Co Ltd A	7,100	149,148	142,300	0.50
LONGi Green Energy Technology Co Ltd A	30,260	1,113,345	557,837	1.96
Montage Technology Co Ltd A	4,400	200,609	162,453	0.57
NAURA Technology Group Co Ltd A	2,100	444,319	428,923	1.51
TCL Zhonghuan Renewable Energy Technology Co Ltd A	16,200	374,438	345,831	1.22
Tongwei Co Ltd A	18,000	552,926	397,104	1.40
Unigroup Guoxin Microelectronics Co Ltd A	3,379	290,569	202,604	0.71
Will Semiconductor Co Ltd Shanghai A	4,720	514,605	297,547	1.05
Xinjiang Daqo New Energy Co Ltd	3,700	115,593	96,235	0.34
Zhejiang Jingsheng Mechanical & Electrical Co Ltd A	5,200	224,303	237,061	0.83
	<u>138,631</u>	<u>5,667,168</u>	<u>4,284,311</u>	<u>15.07</u>
<u>Software & services</u>				
360 Security Technology Inc A	28,600	221,858	230,608	0.81
Beijing Kingsoft Office Software Inc A	1,795	260,184	545,029	1.92
Hundsun Technologies Inc A	7,564	198,305	215,411	0.76
Iflytek Co Ltd A	9,300	327,974	406,394	1.43
Sangfor Technologies Inc A	1,700	139,568	123,794	0.43
Shanghai Baosight Software Co Ltd A	7,198	195,844	235,165	0.83
Yonyou Network Technology Co Ltd A	13,700	260,750	180,586	0.63
	<u>69,857</u>	<u>1,604,483</u>	<u>1,936,987</u>	<u>6.81</u>
<u>Technology hardware & equipment</u>				
Avary Holding Shenzhen Co Ltd A	8,700	173,253	135,881	0.48
Chaozhou Three-Circle Group Co Ltd A	7,700	182,425	145,315	0.51
China Zhenhua Group Science & Technology Co Ltd A	2,100	172,627	129,426	0.46
GoerTek Inc A	13,700	338,281	156,362	0.55
Lens Technology Co Ltd A	19,900	271,382	150,477	0.53
Luxshare Precision Industry Co Ltd A	28,500	668,835	594,662	2.09
Maxscend Microelectronics Co Ltd A	2,060	293,277	127,994	0.45
Ninestar Corp A	5,700	169,473	125,530	0.44
Shenzhen Transsion Holdings Co Ltd A	3,090	208,322	292,070	1.03
Unisplendour Corp Ltd A	11,400	183,752	233,467	0.82
Wingtech Technology Co Ltd A	5,000	301,516	157,214	0.55

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Shariah-compliant quoted equities – foreign as at as at 30 June 2023 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Technology hardware & equipment</u> (continued)				
Yealink Network Technology Corp Ltd A	4,980	185,918	112,299	0.39
Zhejiang Dahua Technology Co Ltd A	13,300	186,685	168,900	0.59
Zhejiang Supcon Technology Co Ltd	3,190	131,875	128,772	0.45
Zhongji Innolight Co Ltd A	3,200	316,286	303,393	1.07
	<u>132,520</u>	<u>3,783,907</u>	<u>2,961,762</u>	<u>10.41</u>
<u>Transportation</u>				
SF Holding Co Ltd A	19,600	722,504	568,260	2.00
Shanghai International Airport Co Ltd A	9,900	305,117	289,130	1.02
YTO Express Group Co Ltd A	13,800	182,198	129,197	0.45
	<u>43,300</u>	<u>1,209,819</u>	<u>986,587</u>	<u>3.47</u>
<u>Utilities</u>				
Sichuan Chuantou Energy Co Ltd	17,800	167,027	172,253	0.60
Total Shariah-compliant quoted equities – foreign	<u>963,766</u>	36,142,562	<u>28,175,655</u>	<u>99.08</u>
Accumulated unrealised loss on Shariah-compliant quoted equities – foreign		<u>(7,966,907)</u>		
Total Shariah-compliant quoted equities – foreign		<u>28,175,655</u>		

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Shariah-compliant quoted equities – foreign as at as at 30 June 2022 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost</u> MYR	<u>Fair value</u> MYR	<u>Percentage of NAV</u> %
<u>Automobiles & components</u>				
BYD Co Ltd A	6,000	1,047,264	1,315,618	4.38
Fuyao Glass Industry Group Co Ltd A	6,600	205,770	181,434	0.60
Great Wall Motor Co Ltd A	10,800	346,526	263,021	0.88
Huizhou Desay Sv Automotive Co Ltd A	1,800	159,291	175,158	0.58
Ningbo Tuopu Group Co Ltd A	3,600	111,713	161,974	0.54
	<u>28,800</u>	<u>1,870,564</u>	<u>2,097,205</u>	<u>6.98</u>
<u>Capital goods</u>				
AECC Aviation Power Co Ltd A	8,800	311,562	263,321	0.88
Contemporary Amperex Technology Co Ltd A	7,704	2,568,352	2,704,913	9.01
Eve Energy Co Ltd A	6,300	430,574	403,869	1.34
Ginlong Technologies Co Ltd A	1,200	119,090	168,057	0.56
Jiangsu Hengli Hydraulic Co Ltd A	4,300	246,063	174,498	0.58
NARI Technology Co Ltd A	22,080	359,500	391,975	1.31
Sany Heavy Industry Co Ltd A	28,000	466,779	350,894	1.17
Shenzhen Inovance Technology Co Ltd A	8,700	412,295	376,793	1.25
Sungrow Power Supply Co Ltd A	4,900	405,000	316,537	1.05
Suzhou Maxwell Technologies Co Ltd A	580	139,917	187,205	0.62
	<u>92,564</u>	<u>5,459,132</u>	<u>5,338,062</u>	<u>17.77</u>
<u>Consumer durables & apparel</u>				
Ecovacs Robotics Co Ltd A	1,900	212,612	152,271	0.51
Haier Smart Home Co Ltd A	20,800	342,991	375,543	1.25
Huali Industrial Group Co Ltd A	900	41,361	43,245	0.14
Oppein Home Group Inc A	1,700	155,431	168,423	0.56
	<u>25,300</u>	<u>752,395</u>	<u>739,482</u>	<u>2.46</u>
<u>Food products & beverages</u>				
Eastroc Beverage Group Co Ltd A	400	37,795	44,936	0.15
Foshan Haitian Flavouring & Food Co Ltd A	14,720	901,080	874,540	2.91
Guangdong Haid Group Co Ltd A	5,500	236,031	217,011	0.72
Inner Mongolia Yili Industrial Group Co Ltd A	21,100	485,822	540,363	1.80
Tongwei Co Ltd A	14,800	464,851	582,498	1.94
Yihai Kerry Arawana Holdings Co Ltd A	4,200	178,261	149,176	0.50
	<u>60,720</u>	<u>2,303,840</u>	<u>2,408,524</u>	<u>8.02</u>
<u>Health care equipment & services</u>				
Aier Eye Hospital Group Co Ltd A	17,869	595,528	525,997	1.75
Huadong Medicine Co Ltd A	5,800	133,019	172,217	0.57
Shenzhen Mindray Bio-Medical Electronics Co Ltd A	4,000	968,720	823,716	2.74
Topchoice Medical Corp A	1,100	195,444	126,164	0.42
Yunnan Botanee Bio-Technology Group Co Ltd A	600	64,707	85,816	0.29
	<u>28,769</u>	<u>1,892,711</u>	<u>1,648,094</u>	<u>5.48</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Shariah-compliant quoted equities – foreign as at as at 30 June 2022 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Materials</u>				
China Jushi Co Ltd A	13,200	149,746	151,101	0.50
China Northern Rare Earth Group High-Tech Co Ltd A	12,000	336,552	277,412	0.92
CNGR Advanced Material Co Ltd A	1,700	137,016	138,489	0.46
Ganfeng Lithium Co Ltd A	3,800	422,433	371,527	1.24
Guangzhou Tinci Materials Technology Co Ltd A	6,300	240,962	257,068	0.86
Hoshine Silicon Industry Co Ltd A	1,800	237,279	139,606	0.46
LB Group Co Ltd A	7,800	159,920	102,826	0.34
Ningxia Baofeng Energy Group Co Ltd A	21,700	238,763	209,023	0.70
Shandong Gold Mining Co Ltd A	11,900	143,160	145,218	0.48
Shandong Hualu Hengsheng Chemical Co Ltd A	7,000	161,756	134,393	0.45
Shanghai Putailai New Energy Technology Co Ltd A	4,600	224,687	255,268	0.85
Yunnan Energy New Material Co Ltd A	2,900	487,771	477,546	1.59
	<u>94,700</u>	<u>2,940,045</u>	<u>2,659,477</u>	<u>8.85</u>
<u>Pharmaceuticals, biotechnology & life sciences</u>				
Asymchem Laboratories Tianjin Co Ltd A	800	184,107	152,014	0.51
Beijing Wantai Biological Pharmacy Enterprise Co Ltd A	2,430	226,379	248,127	0.83
Bloomage Biotechnology Corp Ltd A	1,000	97,213	93,483	0.31
Changchun High & New Technology Industry Group Inc A	1,300	235,903	199,516	0.66
Chongqing Zhifei Biological Products Co Ltd A	5,300	549,294	386,842	1.29
Hangzhou Tigermed Consulting Co Ltd A	2,500	229,094	188,127	0.63
Imeik Technology Development Co Ltd A	500	171,162	197,253	0.66
Jiangsu Hengrui Medicine Co Ltd A	21,000	690,191	512,120	1.70
Pharmaron Beijing Co Ltd A	3,250	270,033	203,473	0.68
Shanghai Fosun Pharmaceutical (Group) Co Ltd A	6,600	273,480	191,329	0.64
Shanghai Junshi Biosciences Co Ltd A	2,300	130,348	113,933	0.38
Shenzhen Kangtai Biological Products Co Ltd A	3,580	176,340	106,347	0.35
Walvax Biotechnology Co Ltd A	5,300	245,320	168,627	0.56
WuXi AppTec Co Ltd A	8,400	758,967	574,337	1.91
Yunnan Baiyao Group Co Ltd A	5,880	254,677	233,474	0.78
Zhangzhou Pientzhuang Pharmaceutical Co Ltd A	2,000	479,524	469,100	1.56
Zhejiang NHU Co Ltd A	10,160	156,599	152,375	0.51
	<u>82,300</u>	<u>5,128,631</u>	<u>4,190,477</u>	<u>13.96</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Shariah-compliant quoted equities – foreign as at as at 30 June 2022 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Semiconductors & semiconductor equipment</u>				
Advanced Micro-Fabrication Equipment Inc China A	2,000	157,222	153,526	0.51
China Resources Microelectronics Ltd A	2,700	104,291	104,864	0.35
Flat Glass Group Co Ltd A	5,600	164,103	140,284	0.47
GigaDevice Semiconductor (Beijing) Inc A	2,200	242,881	205,707	0.68
Hangzhou First Applied Material Co Ltd A	4,400	257,646	189,549	0.63
Hangzhou Silan Microelectronics Co Ltd A	4,700	159,757	160,693	0.54
JA Solar Technology Co Ltd A	7,380	292,572	382,850	1.27
LONGi Green Energy Technology Co Ltd A	24,960	983,158	1,093,478	3.64
Montage Technology Co Ltd A	3,800	180,609	151,359	0.50
National Silicon Industry Group Co Ltd A	9,000	141,417	135,984	0.45
NAURA Technology Group Co Ltd A	1,700	369,976	309,751	1.03
SG Micro Corp A	1,200	158,673	143,614	0.48
StarPower Semiconductor Ltd A	600	153,604	152,238	0.51
TCL Zhonghuan Renewable Energy Technology Co Ltd A	10,600	306,898	410,434	1.37
Unigroup Guoxin Microelectronics Co Ltd A	2,000	250,422	249,482	0.83
Will Semiconductor Co Ltd Shanghai A	2,900	471,525	329,925	1.10
Zhejiang Jingsheng Mechanical & Electrical Co Ltd A	4,200	181,159	186,650	0.62
	<u>89,940</u>	<u>4,575,913</u>	<u>4,500,388</u>	<u>14.98</u>
<u>Software & services</u>				
360 Security Technology Inc A	23,500	183,726	131,645	0.44
Beijing Kingsoft Office Software Inc A	1,477	184,835	191,429	0.64
Hundsun Technologies Inc A	4,780	165,627	136,840	0.46
Iflytek Co Ltd A	7,700	268,083	208,687	0.69
Shanghai Baosight Software Co Ltd A	3,730	156,988	133,905	0.45
Yonyou Network Technology Co Ltd A	11,300	231,867	161,300	0.54
	<u>52,487</u>	<u>1,191,126</u>	<u>963,806</u>	<u>3.22</u>
<u>Technology hardware & equipment</u>				
Avary Holding Shenzhen Co Ltd A	5,600	119,262	111,233	0.37
Chaozhou Three-Circle Group Co Ltd A	6,300	158,690	124,682	0.42
China Zhenhua Group Science & Technology Co Ltd A	1,700	148,755	151,980	0.51
Foxconn Industrial Internet Co Ltd A	32,700	243,556	211,562	0.70
GoerTek Inc A	11,300	308,313	249,640	0.83
Lens Technology Co Ltd A	16,400	251,953	119,368	0.40
Luxshare Precision Industry Co Ltd A	23,300	572,805	517,654	1.72
Maxscend Microelectronics Co Ltd A	1,760	281,134	156,222	0.52
Shenzhen Transsion Holdings Co Ltd A	2,690	180,847	157,819	0.53
Unisplendour Corp Ltd A	9,400	146,434	119,902	0.40
Wingtech Technology Co Ltd A	4,100	271,358	229,435	0.76
Yealink Network Technology Corp Ltd A	3,000	165,047	150,206	0.50
Zhejiang Dahua Technology Co Ltd A	9,900	134,746	106,882	0.36
	<u>128,150</u>	<u>2,982,900</u>	<u>2,406,585</u>	<u>8.02</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Shariah-compliant quoted equities – foreign as at as at 30 June 2022 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost MYR</u>	<u>Fair value MYR</u>	<u>Percentage of NAV %</u>
<u>Transportation</u>				
Beijing-Shanghai High Speed Railway Co Ltd A	161,800	505,715	534,045	1.78
SF Holding Co Ltd A	16,100	608,937	590,791	1.97
Shanghai International Airport Co Ltd A	6,400	184,454	238,594	0.79
YTO Express Group Co Ltd A	11,300	155,870	151,492	0.50
	<u>195,600</u>	<u>1,454,976</u>	<u>1,514,922</u>	<u>5.04</u>
<u>Utilities</u>				
China Yangtze Power Co Ltd A	<u>74,900</u>	<u>983,145</u>	<u>1,138,585</u>	<u>3.79</u>
Total Shariah-compliant quoted equities – foreign	<u>954,830</u>	<u>31,600,085</u>	<u>29,691,423</u>	<u>98.86</u>
Accumulated unrealised loss on Shariah-compliant quoted equities – foreign		<u>(1,908,662)</u>		
Total Shariah-compliant quoted equities – foreign		<u>29,691,423</u>		

9. CASH AND CASH EQUIVALENTS

	<u>2023 MYR</u>	<u>2022 MYR</u>
Cash and bank balances	312,101	32,758
Shariah-based deposits with licensed financial institutions	<u>-</u>	<u>350,135</u>
	<u>312,101</u>	<u>382,893</u>

Weighted average profit rate per annum of Shariah-based deposits with licensed financial institutions are as follows:

	<u>2023 %</u>	<u>2022 %</u>
Shariah-based deposits with licensed financial institutions	<u>-</u>	<u>2.01</u>

There is no Shariah-based deposits with licensed financial institutions as at 30 June 2023 (average maturity in 2022: 16 days).

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

10. NUMBER OF UNITS IN CIRCULATION

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of the financial period / date of launch	18,000,000	-
Creation of units arising from applications	4,000,000	18,000,000
At the end of the financial period	<u>22,000,000</u>	<u>18,000,000</u>

11. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant as at 30 June 2023, which comprises:

- (i) China A-shares that pass rules-based screens for adherence to Shariah investment guidelines in accordance with the Dow Jones Islamic Market Indices Methodology; and
- (ii) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

12. TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top brokers for the financial year ended 30 June 2023 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u>	<u>Percentage of</u>	<u>Brokerage</u>	<u>Percentage of</u>
	MYR	total trades	fees	total brokerage
		%	MYR	%
China Merchants Securities (HK) Co., Limited	5,021,268	29.12	3,515	33.72
CLSA Ltd	3,376,075	19.58	2,363	22.67
Citigroup Global Markets Asia Ltd	3,204,580	18.58	2,243	21.52
HSBC Securities Brokers (Asia) Ltd	2,473,150	14.34	495	4.75
ICBC International Securities Limited	1,574,208	9.13	1,102	10.57
Daiwa Capital Markets HK Ltd	1,370,840	7.95	548	5.26
BNP Paribas Securities (Asia) Ltd	224,922	1.30	157	1.51
	<u>17,245,043</u>	<u>100.00</u>	<u>10,423</u>	<u>100.00</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

12. TRANSACTIONS WITH BROKERS (continued)

- (ii) Details of transactions with the top brokers for the financial period from 12 July 2021 (date of launch) to 30 June 2022 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> MYR	<u>Percentage of</u> <u>total trades</u> %	<u>Brokerage</u> <u>fees</u> MYR	<u>Percentage of</u> <u>total brokerage</u> %
CICC HK Securities Ltd	11,776,421	24.29	8,243	27.32
Daiwa Capital Markets HK Ltd	11,444,612	23.60	4,578	15.17
Instinet Pacific Ltd	7,573,848	15.62	4,742	15.71
CLSA Ltd	5,163,553	10.65	3,615	11.98
Citigroup Global Markets Asia Ltd	3,651,536	7.53	2,556	8.47
Merrill Lynch Far East Ltd	3,623,095	7.47	2,536	8.40
Jefferies Hong Kong Limited	2,660,960	5.49	1,863	6.17
HSBC Securities Brokers (Asia) Ltd	2,292,938	4.73	1,834	6.08
BNP Paribas Securities (Asia) Ltd	301,989	0.62	211	0.70
	<u>48,488,952</u>	<u>100.00</u>	<u>30,178</u>	<u>100.00</u>

13. 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>Relationship</u>	<u>Related Parties</u>
Ultimate holding company of the Manager	Value Partners Group Limited ("VPGL")
The Manager of the Fund	Value Partners Asset Management Malaysia Sdn. Bhd.
Subsidiary of the ultimate holding company of the Manager and External Fund Manager of the Fund	Value Partners Hong Kong Limited
Fellow subsidiaries and associated companies of the ultimate holding company of the Manager	Fellow subsidiaries and associated companies of VPGL as disclosed in their financial statements
Directors of the Manager of the Fund and the ultimate holding company of the Manager	Directors of Value Partners Asset Management Malaysia Sdn. Bhd. and VPGL

8. NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (continued)

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

	<u>No. of units</u>	<u>2023</u> MYR	<u>No. of units</u>	<u>2022</u> MYR
<u>The Manager of the Fund:</u>				
Value Partners Asset Management Malaysia Sdn. Bhd. (The units are held beneficially for seeding purpose)	<u>6,000,000</u>	<u>7,755,600</u>	<u>6,000,000</u>	<u>10,011,000</u>
<u>Director of the Manager of the Fund:</u>				
Datuk Mohd Nasir bin Ali (The units are held beneficially)	<u>10,000</u>	<u>12,926</u>	<u>10,000</u>	<u>16,685</u>
<u>Director of the ultimate holding company of the Manager:</u>				
Dato' Seri Cheah Cheng Hye (The units are held beneficially)	<u>1,600,000</u>	<u>2,068,160</u>	<u>1,600,000</u>	<u>2,669,600</u>

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

14. TOTAL EXPENSE RATIO ("TER")

	<u>2023</u> %	Financial period from 12.7.2021 (date of launch) to 30.6.2022 %
TER	<u>1.03</u>	<u>1.11</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for financial year ended 30 June 2023 calculated on a daily basis was MYR 28,141,521 (2022: MYR 25,851,314).

15. PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2023</u>	Financial period from 12.7.2021 (date of launch) to 30.6.2022
PTR (times)	<u>0.31</u>	<u>0.94</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = MYR 11,542,374 (2022: MYR 40,671,294)
total disposal for the financial year/period = MYR 5,702,669 (2022: MYR 7,817,658)

8. NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. SEGMENT INFORMATION

Operating segments of the Fund are reported in a manner consistent with the internal reporting used by the Fund Manager, in reference to the Investment Strategy stated in the Fund's Prospectus and the Operating Memorandum between the Manager and the Trustee. The External Fund Manager, who is responsible for the Fund's portfolio allocation and the assessment of its performance, reports the status of the Fund to the Chief Executive Officer and Board of Directors of the Manager.

The investment objective of the Fund is to provide investment results that closely correspond to the performance of the Benchmark by primarily using a full replication strategy through investing in Shariah-compliant China A-Shares which are included in the Benchmark in substantially the same weightings in which they are included in the Benchmark to track the performance of the Benchmark.

As at 30 June 2023, two unitholders (2022: two unitholders) held more than 10% of the Fund's NAV. The unitholders' total holdings were 70.34%, which were 43.07% and 27.27% respectively (2022: 83.45%, which were 50.12% and 33.33% respectively).

There were no changes in the reportable segment during the financial year.

The internal reporting provided to the Board for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS.

17. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The challenges of the China macro-economic has resulted in the deterioration of the Fund's NAV per unit. This is mainly due to the decrease in the fair value of the Fund's investments designated at fair value through profit or loss.

The Manager is monitoring the portfolio exposure and managing the portfolio to achieve the Fund's objective amid this period of volatility.

9. TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF VP-DJ SHARIAH CHINA A-SHARES 100 ETF ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Value Partners Asset Management Malaysia Sdn. Bhd.** 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 during the year under the deed, securities laws and the Guidelines on Exchange-traded Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Islamic Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
21 August 2023

10. SHARIAH ADVISER'S REPORT
TO THE UNITHOLDERS OF VP-DJ SHARIAH CHINA A-SHARES 100 ETF

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Value Partners Asset Management Malaysia Sdn. Bhd. has operated and managed the VP-DJ Shariah China A-Shares 100 ETF (the "**Fund**") during the period covered by these financial statements, in accordance with the Shariah principles, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia ("**SC**") pertaining to Shariah matters; and
2. The assets of the Fund comprise of instruments that have been classified as Shariah-compliant.

For Amanie Advisors Sdn Bhd

Tan Sri Dr. Mohd Daud Bakar
Executive Chairman

Kuala Lumpur, Malaysia
21 August 2023

11. STATEMENT BY THE MANAGER

I, Ong Hwee Yeow, for and on behalf of the Board of Directors of the Manager, Value Partners Asset Management Malaysia Sdn. Bhd., do hereby state that in the opinion of the Manager, the financial statements set out on page 15 to 48 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2023 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with Malaysia Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
VALUE PARTNERS ASSET MANAGEMENT MALAYSIA SDN. BHD.

Ong Hwee Yeow
Director

Kuala Lumpur, Malaysia
21 August 2023

12. INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF VP-DJ SHARIAH CHINA A-SHARES 100 ETF

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements of VP-DJ Shariah China A-Shares 100 ETF (**"the Fund"**) give a true and fair view of the financial position of the Fund as at 30 June 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 30 June 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 25.

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 "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Fund. In particular, we considered where the Manager has made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

12. INDEPENDENT AUDITOR'S REPORT (continued)

TO THE UNITHOLDERS OF VP-DJ SHARIAH CHINA A-SHARES 100 ETF

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of financial assets at fair value through profit or loss Refer to Note H, Note 3 and Note 8 to the financial statements. The investment portfolio at the period-end comprised quoted equities valued at MYR28,175,655. We focused on the valuation and existence of investments because investments represent the most significant element of the net assets recognised in the financial statements.	We have tested the valuation of the quoted equities as at year-end by independently agreeing the prices used in the valuation to the quoted prices published by the relevant stock exchanges. We have tested the existence of the investment portfolio by obtaining independent confirmation from the custodian of the investment portfolio held as at 30 June 2023.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going 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 the financial statements

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

12. INDEPENDENT AUDITOR'S REPORT (continued)

TO THE UNITHOLDERS OF VP-DJ SHARIAH CHINA A-SHARES 100 ETF

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards of 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.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

12. INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF VP-DJ SHARIAH CHINA A-SHARES 100 ETF

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

WONG HUI CHERN
03252/05/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 August 2023