VP-DJ SHARIAH CHINA A-SHARES 100 ETF

Stock code: 0838EA (MYR)

2021 SEMI-ANNUAL REPORT

For the period ended 31 December 2021

Value Partners Asset Management Malaysia Sdn. Bhd.
Level 28.03, Integra Tower, The Intermark
No. 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.
Tel: (6) 03-2775 7688 Fax: (6) 03-2775 7687
Email: vpmy-enquiry@valuepartners-group.com
Website: www.valuepartners-group.com.my

CONTENTS

GENERAL INFORMATION

Manager and Registrar
Value Partners Asset Management Malaysia Sdn. Bhd.

Registered Office:
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. No.: 03-2382 4343
Fax No.: 03-2382 4170/ 71

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) 2775 7687
Email: vpmy-enquiry@valuepartners-group.com
Website: www.valuepartners-group.com.my

Directors of the Manager
Datuk Mohd Nasir bin Ali
Durraini binti Baharuddin
Ho Man Kei, Norman
Lee Siang Korn @ Lee Siang Chin
Tsang Tak Ming, Wallace

Trustee
CIMB Islamic Trustee Berhad

Registered office:
Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

Business office:
Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

Shariah Adviser
Amanie Advisors Sdn Bhd

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

Auditor
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

MANAGER'S REPORT

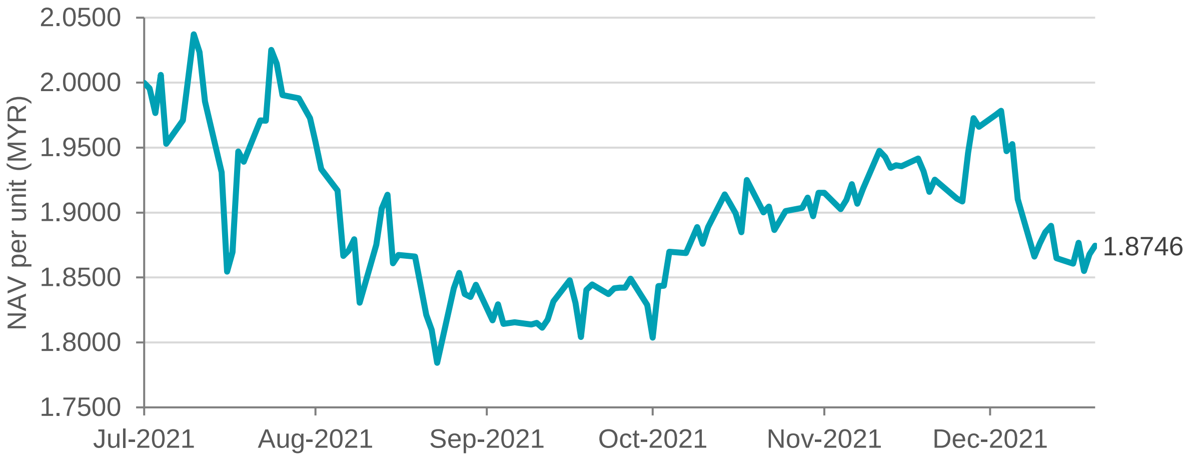
VP-DJ Shariah China A-Shares 100 ETF (the "**Fund**") is an index-tracking Islamic exchange-traded fund whose units are listed and traded on the Bursa Malaysia Stock Exchange ("**Bursa Malaysia**"). The Fund aims to closely correspond to the performance of the Dow Jones Islamic Market China A-Shares 100 Index ("**Benchmark**") by primarily using a full replication strategy through investing in Shariah-compliant 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 of 31 December 2021, the Net Asset Value ("**NAV**") per unit of the Fund was MYR1.8746, and 16,000,000 million units in circulation. The total size of the Fund was MYR29.99 million. A summary of the Fund and Benchmark's performance is shown below.

VP-DJ Shariah China A-Shares 100 ETF
NAV as at 31 December 2021

Trading counter	NAV per unit
MYR	MYR1.8746

Fund NAV Performance since launch
From 12 July 2021 to 31 December 2021



Performance	Since launch*
VP-DJ Shariah China A-Shares 100 ETF	-6.3%
Dow Jones Islamic Market China A-Shares 100 Index	-5.6%

**The Fund was launched on 12 July 2021.*
Source: Value Partners Asset Management Malaysia Sdn. Bhd., as at 31 December 2021. 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 31 December 2021. Performance data is net of all fees. All indices are for reference only.

The difference in performance between the Fund and Benchmark is mainly attributed to fees and expenses, and security mis-weightings. The tracking error for the Fund's NAV against the Benchmark was at 72 basis points since its launch on 12 July 2021 until 31 December 2021.

MANAGER'S REPORT (continued)

Portfolio strategy review

Year 2021 continued to be a year of uncertainties packed with challenges, as China's economy faced major disruptions due to the ongoing China-U.S. trade war, COVID-19 restrictions, economic slowdown and regulatory crackdown. While China was among the few countries that avoided a contraction in 2020 as its economy quickly rebounded, the recovery has been losing steam since the first quarter GDP which grew by 18.3% YoY. The challenges and disruption affecting the global supply chain was made worse by waves of outbreaks from new COVID variants - delta and omicron, which is followed subsequently by tighter restrictions and lockdowns, as China continues with its zero-COVID approach.

At the start of 2H 2021, swift regulatory crackdown sent the market tumbling and ensnared sectors from technology to education, as well as property in its course. As the Chinese government pushed for "*Common Prosperity*" with the long-term objectives of delivering more inclusive, equitable and sustainable growth, the introduction of a series of legislation on issues ranging from anti-monopoly to data security added to uncertainties which resulted in the market turmoil.

The rollercoaster ride continued as the Evergrande crisis unfolded, with worries about the property developer's ability to repay its debt and a total of USD300 billion in liabilities. This put global investors on the edge about a potential spillover effect onto the rest of China's real estate industry and economy. As global supply bottlenecks persist, surging demand for Chinese goods translated into rising electricity demand as it heads into the peak winter period. This, coupled with coal shortages and the tightening of emissions standard, compelled authorities to opt to restrict demand for electricity through rationing, thus triggering factory shutdowns which further threatened the economy. The issue proved to be short-lived following quick government intervention to rectify the problem and rebalance the coal market.

During the 6-month period ended 31 December 2021[1], China's broad market gauge, the MSCI China, fell by 23.0%, reflecting the sentiments and concerns surrounding slowing economic growth, regulatory crackdown, the Evergrande saga as well as energy shortage. China Offshore indices as represented by MSCI Overseas China (-33.4%) recorded the worst performance, followed by Hang Seng China Enterprises Index (-21.9%). Meanwhile, China Onshore indices performed relatively better, as Shanghai Shenzhen CSI 300 recorded a 2.8% decline while DJIM China A-shares 100 fell by 3.6% during the same period.

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 31 December 2021[2], the Fund's AUM stood at MYR29.99 million, with 98.9% of the Fund's NAV invested in equities.

Source:
1. Bloomberg, data as at 31 December 2021.
2. Value Partners Asset Management Malaysia Sdn. Bhd., as at 31 December 2021.

Investment Outlook

According to the International Monetary Fund's January 2022 World Economic Outlook, following China's 2021 GDP growth of 8.1%, the economy is expected to grow at a slower pace in 2022 with a growth forecast of 4.8%, citing headwinds on both the domestic and global fronts. Similarly, in the most recent Global Economic Prospects - January 2022 publication, World Bank is expecting the moderation in growth forecast of 5.1% for China in 2022. Since China's GDP growth in 2H 2021 came at a much lower level (3Q 2021 and 4Q 2021 GDP growth of 4.9% and 4.0% YoY respectively), the growth momentum is expected to pick up, aided by more supportive policy stance to provide a further boost to the economy.

MANAGER'S REPORT (continued)

Investment Outlook (continued)

This echoes the tone during China's Central Economic Work Conference in December 2021, of which Chinese leaders emphasized that economic focus in 2022 should prioritise stability while continuing to pursue growth. While cautioning that China's economic development is facing pressure from demand contraction, supply shocks and weakening expectations, the meeting also highlighted the country's strong economic resilience and unchanged fundamentals underpinning long-term growth. As such, stability will be a top priority for China's economy in 2022, a major shift from regulatory tightening that we have seen previously.

Notwithstanding that, we believe that China is set to yield a better market performance in 2022. The country has been ahead of the economic cycle since the onset of COVID and will continue to play counter cycle compared to the west. As both the power outage and high commodity prices have started to ease, stagflation worries have diminished. Also, targeted easing has begun to roll out, with credit supply gradually picking up.

We expect the economy to bottom in the second quarter and more pro-growth policies to be released. Corporate earnings are also expected to bottom in the first quarter with a high base effect, and earnings upgrades will begin after the first quarter earnings season.

Although we expect that regulatory headwinds will remain, we view that it will be less surprising compared to 2021. We are also seeing a gradual improvement in the U.S.-China relationship, but China will likely continue to make investments that are in line with its goals of achieving energy and technology independence. We view that China A-shares will directly benefit from the country's economic recovery, as they have higher exposure to sectors that should benefit from targeted measures. In addition, domestic sentiment usually improves ahead of foreign investor sentiment.

Income Distribution/ Unit Split

No income distribution or unit splits were declared for the financial year ended 31 December 2021.

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

Value Partners Asset Management Malaysia Sdn. Bhd.
21 February 2022

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.

TRUSTEE'S REPORT

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

We, **CIMB Islamic Trustee Berhad** being the trustee for **VP-DJ Shariah China A-Shares 100 ETF** ("the Fund"), are of the opinion that **Value Partners Asset Management Malaysia Sdn. Bhd.** ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial period from 12 July 2021 (date of launch) to 31 December 2021.

(a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Exchange-traded Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;

(b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and relevant regulatory requirements; and

(c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of
CIMB Islamic Trustee Berhad

Ezreen Eliza Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
21 February 2022

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021

	Note	Financial period from 12.7.2021 (date of launch) to 31.12.2021 MYR
INVESTMENT LOSS		
Gross dividend income		21,682
Net loss on financial assets designated at fair value through profit or loss	9	(900,340)
Net gain on foreign currency exchange		114,678
Other Income		2,450
		(761,530)
EXPENSES		
Management fee	4	(71,872)
Trustee fee	5	(4,791)
Foreign sub-custodian fee		(1,476)
Auditors' remuneration	7	(7,330)
Tax agent's fee	7	(2,443)
Transaction cost		(34,896)
Other expenses		(74,809)
		(197,617)
LOSS BEFORE TAXATION		(959,147)
Taxation	8	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		**(959,147)**
Net loss after taxation is made up of the following:		
Realised amount		(772,477)
Unrealised amount		(186,670)
		(959,147)

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31.12.2021 MYR
ASSETS		
Cash and cash equivalents		364,460
Financial assets designated at fair value through profit or loss	9	29,664,057
TOTAL ASSETS		**30,028,517**
LIABILITIES		
Amount due to Manager		
– management fee		15,561
Amount due to Trustee		1,037
Auditors' remuneration payable		7,330
Tax agent's fee payable		2,443
Other payables and accruals		8,351
TOTAL LIABILITIES		**34,722**
NET ASSET VALUE OF THE FUND		**29,993,795**
EQUITY		
Unitholders' capital		30,952,942
Retained earnings		(959,147)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		**29,993,795**
NUMBER OF UNITS IN CIRCULATION	10	**16,000,000**
NET ASSET VALUE PER UNIT (MYR)		**1.8746**

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021

	Unitholders' capital MYR	Accumulated losses MYR	Total MYR
Balance as at 12 July 2021 (date of launch)	-	-	-
Total comprehensive loss for the financial period		(959,147)	(959,147)
Movement in unitholders' capital:			
Creation of units arising from applications	30,952,942	-	30,952,942
Balance as at 31 December 2021	30,952,942	(959,147)	29,993,795

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021

	Note	Financial period from 12.7.2021 (date of launch) to 31.12.2021 MYR
CASH FLOWS USED IN OPERATING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments		4,727,833
Purchase of Shariah-compliant investments		(34,918,587)
Dividends received		21,682
Management fee paid		(56,311)
Trustee fee paid		(3,754)
Foreign sub-custodian fee paid		(1,102)
Payment for other fees and expenses		(101,727)
Net realised foreign exchange loss		(256,516)
Net cash used in operating activities		(30,588,482)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units		30,952,942
Payments for cancellation of units		-
Net cash generated from financing activities		30,952,942
NET INCREASE IN CASH AND CASH EQUIVALENTS		**364,460**
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH		**-**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		**364,460**

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (unaudited)

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

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform - Phase 2' (effective 1 January 2021) provide practical expedient allowing entities to update the effective interest rate (insert as applicable: for instruments measured at amortized cost, lessees and insurers applying the temporary exemption from MFRS 9) to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognized in profit or loss.
- The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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

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

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 - 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 'onerous contracts - cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (unaudited) (continued)

B. INCOME RECOGNITION FROM SHARIAH-COMPLIANT INVESTMENTS

Dividend income
Dividend income from financial assets designated at fair value through profit or loss is recognized 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 quoted investments, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C. 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 creation, issue, transfer, cancellation or redemption of Units 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 recognized 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 period.

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 recognized and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (unaudited) (continued)

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.

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) Significant portion of the Fund's expenses are denominated in MYR; and
(ii) Units of the Fund are denominated in MYR.

<u>Transactions and balances</u>
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 remeasured. 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 recognized in the statement of comprehensive income, except when deferred in OCI as qualifying cash flow hedges.

G. 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 amortized cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund has not taken the option to irrevocably designate any Shariah-compliant equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest ("**SPPI**"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager and amount due to Trustee as financial liabilities measured at amortised cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (unaudited) (continued)

G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (unaudited) (continued)

G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(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.

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

<u>Definition of default and credit-impaired financial assets</u>
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 re-organization
- the debtor is insolvent

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

<u>Write-off</u>
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 period.

H. CASH AND CASH EQUIVALENTS

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (unaudited) (continued)

I. 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 obligations 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 request at Creation and Redemption Price as stated in the Fund's Prospectus at the time of creation or cancellation.

J. 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 Prospectus and the Operating Memorandum between the Manager and the Trustee. The 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.

K. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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.

L. 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021

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:

- Authorized 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 BNM 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 correspond 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 February 2022.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

31 December 2021	Note	At amortized cost MYR	At fair value through profit or loss MYR	Total MYR
Financial assets				
Cash and cash equivalents		364,460	-	364,460
Shariah-compliant quoted equities	9	-	29,664,057	29,664,057
Total		364,460	29,664,057	30,028,517
Financial liabilities				
Amount due to Manager - management fee		15,561	-	15,561
Amount due to Trustee		1,037	-	1,037
Other payables and accruals		18,124	-	18,124
Total		34,722	-	34,722

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.

Market risk

(d) 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:

	2021 MYR
Shariah-compliant quoted investments	
Shariah-compliant quoted equities	29,664,057

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

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:

% Change in benchmark index	Market value	Estimate change in NAV
	MYR	MYR
2021		
+20%	35,589,072	5,925,015
-20%	23,739,042	(5,925,015)

(e) Currency risk

For Shariah-compliant investments denominated in foreign currencies, the currency risk may have a significant impact on the returns of the Fund. The Manager will evaluate the likely direction of a foreign currency vs. Ringgit Malaysia based on consideration of economic fundamentals such as interest rate differentials, balance of payment position, debt level and technical consideration.

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

2021 Financial assets	Cash and cash equivalents	Financial assets designated at fair value through profit or loss	Total
	MYR	MYR	MYR
CNH	2,296	29,664,057	29,666,353
USD	11,008	-	11,008

2021 Financial liabilities	Other payables and accruals*	Total
	MYR	MYR
USD	5,908	5,908

**Other payables and accruals consist of foreign sub-custodian fees payable.*

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

The table below summarises the sensitivity of the Fund's loss after tax 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/NAV 2021 MYR
CNH	
+5%	1,483,318
-5%	(1,483,318)
USD	
+5%	255
-5%	(255)

Credit risk

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

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.

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

2021	Cash and cash equivalents MYR	Total MYR
Financial Services		
• AAA	364,460	364,460

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of 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 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.

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

2021	Within one month MYR	Between one month to one year MYR	Total MYR
Amount due to Manager			
- management fee	15,561	-	15,561
Amount due to Trustee	1,037	-	1,037
Other payables and accruals	-	18,124	18,124
	16,598	18,124	34,722

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 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. If this occurs, the Manager will take the necessary steps to dispose of 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

3. FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the period end date. The Fund utilises the 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 judgment, considering factors specific to the asset or liability.

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

The following table analyses the Fund’s financial assets that are measured at fair value at the end of the reporting period by level of fair value hierarchy:

2021	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR
Financial assets designated at fair value through profit or loss				
• Shariah-compliant quoted equities	29,664,057	-	-	29,664,057

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

3. FAIR VALUE ESTIMATION (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, dividends receivable 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.

For the financial period from 12 July 2021 (date of launch) to 31 December 2021, 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.

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).

For the financial period from 12 July 2021 (date of launch) to 31 December 2021, 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 custodian fees and charges) calculated on a daily basis as stated in the Fund's Prospectus.

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 USD10,000 per annum for the first twelve months and USD15,000 per annum thereafter.

For the financial period from 12 July 2021 (date of launch) to 31 December 2021, the index license fee of USD10,000 is borne by the Manager.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

7. AUDITORS' REMUNERATION AND TAX AGENT'S FEE

Auditors' remuneration and tax agent's fee of MYR15,000 and MYR5,000 have been accrued for the financial period from 12 July 2021 (date of launch) to 31 December 2021.

8. TAXATION

	Financial period from 12.7.2021 (date of launch) to 31.12.2021 MYR
Current taxation	-

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

	Financial period from 12.7.2021 (date of launch) to 31.12.2021 MYR
Net loss before taxation	(959,147)
Tax at Malaysian statutory rate of 24%	(230,195)
Tax effects of:	
• Shariah-compliant investment loss not deductible for tax purposes	183,355
• Expenses not deductible for tax purposes	28,420
• Restriction on tax deductible expenses for Exchange-Traded Fund	18,420
Tax expense	-

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

	2021 MYR
Financial assets designated at fair value through profit or loss:	
• Shariah-compliant quoted equities - foreign	29,664,057
Net loss on financial assets designated at fair value through profit or loss:	
• realised loss on sale of Shariah-compliant investments	(359,363)
• unrealised loss on changes in fair value	(540,977)
	(900,340)

Shariah-compliant quoted equities – China A-shares as at 31 December 2021 are as follows:

Name of counters **2021**	Quantity	Aggregate cost MYR	Fair value MYR	Percentage of NAV %
Automobiles & Components				
BYD Co Ltd A	5,200	919,378	912,659	3.04
Changzhou Xingyu Automotive Lighting Systems Co Ltd A	800	107,853	106,962	0.36
Fuyao Glass Industry Group Co Ltd A	5,800	188,327	178,976	0.60
Great Wall Motor Co Ltd A	9,400	323,322	298,678	0.99
Huizhou Desay Sv Automotive Co Ltd	1,600	145,298	148,212	0.49
Ningbo Tuopu Group Co Ltd A	3,200	99,383	111,020	0.37
	26,000	1,783,561	1,756,507	5.85
Capital Goods				
AECC Aviation Power Co Ltd A	7,700	287,263	319,865	1.07
Contemporary Amperex Technology Co Ltd A	6,704	2,296,818	2,580,402	8.60
Eve Energy Co Ltd A	5,500	398,105	425,483	1.42
Gongniu Group Co Ltd A	700	85,359	76,660	0.25
Jiangsu Hengli Hydraulic Co Ltd A	3,700	228,227	198,121	0.66
NARI Technology Co Ltd A	15,900	314,139	416,638	1.39
Sany Heavy Industry Co Ltd A	24,400	429,644	364,167	1.21
Shenzhen Inovance Technology Co Ltd A	7,500	370,946	336,792	1.12
Sungrow Power Supply Co Ltd A	4,300	379,379	410,395	1.37
Suzhou Maxwell Technologies Co Ltd A	300	118,909	126,135	0.42
Wuxi Shangji Automation Co Ltd A	800	138,692	87,444	0.29
Zhejiang Sanhua Intelligent Controls Co Ltd A	10,300	163,656	170,582	0.57
	87,804	5,211,137	5,512,684	18.37
Commercial Services & Supplies				
Shanghai M&G Stationery Inc A	2,700	130,181	114,016	0.38

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

Shariah-compliant quoted equities - China A-shares as at 31 December 2021 are as follows (continued):

Name of counters	Quantity	Aggregate cost	Fair value	Percentage of NAV
2021		MYR	MYR	%
Consumer Durables & Apparel				
Ecovacs Robotics Co Ltd A	1,600	191,837	158,099	0.53
Gree Electric Appliances Inc of Zhuhai A	17,000	398,706	412,077	1.37
Haier Smart Home Co Ltd. A	18,100	299,877	354,144	1.18
Oppein Home Group Inc A	1,500	139,639	144,830	0.48
	38,200	1,030,059	1,069,150	3.56
Consumer Services				
Offcn Education Technology Co Ltd A	12,500	103,703	64,314	0.21
Food, Beverage & Tobacco				
Foshan Haitian Flavouring & Food Co Ltd A	11,700	801,876	805,019	2.68
Guangdong Haid Group Co Ltd A	4,800	208,471	230,314	0.77
Inner Mongolia Yili Industrial Group Co Ltd. A	17,500	396,406	474,945	1.58
Tongwei Co. Ltd. A	12,900	416,590	379,658	1.27
Yihai Kerry Arawana Holdings Co Ltd A	3,600	158,925	148,298	0.49
	50,500	1,982,268	2,038,234	6.79
Health Care Equipment & Services				
Aier Eye Hospital Group Co Ltd A	15,500	540,482	428,986	1.43
Guangzhou Kingmed Diagnostics Group Co Ltd A	1,300	100,525	94,774	0.32
Huadong Medicine Co Ltd A	5,000	115,517	131,575	0.44
Shenzhen Mindray Bio-Medical Electronics Co Ltd A	3,500	868,829	872,451	2.91
Topchoice Medical Corporation A	900	176,261	117,239	0.39
	26,200	1,801,614	1,645,025	5.49
Materials				
China Jushi Co Ltd A	11,500	133,153	137,008	0.46
China Northern Rare Earth Group High-Tech Co Ltd A	10,400	303,610	311,799	1.04
Citic Pacific Special Steel Group Co Ltd A	12,100	187,074	162,215	0.54
Ganfeng Lithium Co Ltd A	3,300	388,755	308,582	1.03
Guangzhou Tinci Materials Technology Co Ltd. A	2,700	215,803	202,635	0.67
Hoshine Silicon Industry Co Ltd A	1,500	218,477	129,581	0.43
LB Group Co Ltd A	6,800	148,304	127,262	0.42
Ningxia Baofeng Energy Group Co Ltd A	19,000	215,028	215,913	0.72
Shandong Gold Mining Co Ltd A	10,400	124,515	128,124	0.43
Shandong Hualu Hengsheng Chemical Co Ltd A	6,100	144,422	124,983	0.42
Shanghai Putailai New Energy Technology Co Ltd A	2,000	202,741	210,271	0.70

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

Shariah-compliant quoted equities - China A-shares as at 31 December 2021 are as follows (continued):

Name of counters	Quantity	Aggregate cost	Fair value	Percentage of NAV
2021		MYR	MYR	%
Materials (continued)				
Yunnan Energy New Material Co Ltd A	2,600	453,445	426,171	1.42
Zhejiang Huayou Cobalt Co Ltd A	3,500	306,252	252,731	0.84
	91,900	3,041,579	2,737,275	9.12
Pharmaceuticals, Biotechnology & Life Sciences				
Asymchem Laboratories (Tianjin) Co Ltd A	700	166,064	199,326	0.66
Beijing Wantai Biological Pharmacy Enterprise Co Ltd A	1,500	198,808	217,491	0.73
Changchun High & New Technology Industry (Group) Inc A	1,200	235,964	213,190	0.71
Chongqing Zhifei Biological Products Co Ltd A	4,600	505,300	375,191	1.25
Hangzhou Tigermed Consulting Co Ltd A	2,200	214,506	184,047	0.61
Hualan Biological Engineering Inc A	5,200	114,994	99,190	0.33
Imeik Technology Development Co Ltd A	500	174,207	175,469	0.59
Jiangsu Hengrui Medicine Co Ltd A	18,400	639,724	610,784	2.04
Pharmaron Beijing Co Ltd A	1,900	249,121	175,703	0.59
Shanghai Fosun Pharmaceutical (Group) Co Ltd A	5,800	251,911	185,810	0.62
Shenzhen Kangtai Biological Products Co Ltd A	2,000	168,731	129,009	0.43
Walvax Biotechnology Co Ltd A	4,600	222,149	169,227	0.56
WuXi AppTec Co Ltd A	7,400	697,035	574,406	1.92
Yunnan Baiyao Group Co Ltd A	3,700	231,078	253,464	0.85
Zhangzhou Pientzehuang Pharmaceutical Co Ltd A	1,700	418,823	486,469	1.62
Zhejiang NHU Co Ltd A	7,400	137,378	150,747	0.50
	68,800	4,625,793	4,199,523	14.01
Retailing				
China Tourism Group Duty Free Corp Ltd A	5,600	924,654	804,304	2.68
Semiconductors & Semiconductor Equipment				
Flat Glass Group Co Ltd A	4,900	148,097	185,845	0.62
GigaDevice Semiconductor (Beijing) Inc A	1,900	217,930	218,712	0.73
Hangzhou First Applied Material Co Ltd A	2,700	230,947	230,737	0.77
Hangzhou Silan Microelectronics Co Ltd A	4,100	143,641	145,465	0.48
LONGi Green Energy Technology Co Ltd A	15,500	887,550	874,611	2.92
NAURA Technology Group Co Ltd A	1,500	339,525	340,739	1.14
SG Micro Corp A	700	140,552	141,590	0.47
StarPower Semiconductor Ltd A	500	133,776	124,701	0.42
Unigroup Guoxin Microelectronics Co Ltd A	1,700	216,195	250,385	0.83

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

Shariah-compliant quoted equities - China A-shares as at 31 December 2021 are as follows (continued):

Name of counters	Quantity	Aggregate cost	Fair value	Percentage of NAV
2021		MYR	MYR	%
Semiconductors & Semiconductor Equipment (continued)				
Will Semiconductor Co Ltd Shanghai A	2,500	433,262	508,575	1.70
Zhejiang Jingsheng Mechanical & Electrical Co Ltd A	3,700	166,257	168,330	0.56
	39,700	3,057,732	3,189,690	10.64
Software & Services				
360 Security Technology Inc A	20,500	167,645	170,693	0.57
Hundsun Technologies Inc A	4,180	151,565	170,057	0.57
Iflytek Co Ltd A	6,600	241,021	226,862	0.76
Sangfor Technologies Inc A	1,200	210,903	150,034	0.50
Shanghai Baosight Software Co Ltd A	3,230	141,704	128,616	0.43
Yonyou Network Technology Co Ltd A	9,400	206,864	220,778	0.74
	45,110	1,119,702	1,067,040	3.57
Technology Hardware & Equipment				
Avary Holding (Shenzhen) Co Ltd A	4,900	106,333	136,096	0.45
Chaozhou Three-Circle Group Co Ltd A	5,200	139,261	151,815	0.51
Foxconn Industrial Internet Co Ltd A	28,500	217,825	222,381	0.74
GoerTek Inc A	9,800	278,971	347,056	1.16
Lens Technology Co Ltd A	14,300	239,173	215,111	0.72
Luxshare Precision Industry Co Ltd A	20,200	515,002	650,568	2.17
Maxscend Microelectronics Co Ltd A	1,000	269,104	213,923	0.71
Shengyi Technology Co Ltd A	6,600	105,263	101,744	0.34
Unisplendour Co Ltd A	8,200	133,727	122,652	0.41
Wingtech Technology Co Ltd A	3,600	251,404	304,703	1.02
Wuhan Guide Infrared Co Ltd A	6,700	118,087	106,181	0.35
Wuxi Lead Intelligent Equipment Co Ltd A	4,500	208,163	219,072	0.73
Yealink Network Technology Corporation Ltd A	2,600	144,832	138,625	0.46
Zhejiang Dahua Technology Co Ltd A	8,600	120,657	132,182	0.44
	124,700	2,847,802	3,062,109	10.21
Telecommunications Services				
China United Network Communications Ltd A	89,000	241,118	228,959	0.76
Transportation				
Beijing-Shanghai High Speed Railway Co Ltd A	141,000	440,462	445,802	1.49
S.F. Holding Co Ltd A	13,100	515,031	591,007	1.97
Shanghai International Airport Co Ltd A	5,500	155,564	168,098	0.56
	159,600	1,111,057	1,204,907	4.02

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

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

Shariah-compliant quoted equities - China A-shares as at 31 December 2021 are as follows (continued):

Name of counters	Quantity	Aggregate cost	Fair value	Percentage of NAV
2021		MYR	MYR	%
Utilities				
China Yangtze Power Co Ltd A	65,300	835,859	970,320	3.24
Total Shariah-compliant quoted equities - China A-shares	933,614	29,847,819	29,664,057	98.90
Accumulated unrealised loss on Shariah-compliant quoted equities - China A-shares		(183,762)		
Total Shariah-compliant quoted equities - China A-shares		29,664,057		

10. NUMBER OF UNITS IN CIRCULATION

	2021 No. of units
At the date of launch	-
Creation of units arising from applications	16,000,000
Cancellation of units during the financial period	-
At the end of the financial period	16,000,000

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

11. TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top brokers for the financial period from 12 July 2021 (date of launch) to 31 December 2021 are as follows:

Name of brokers	Value of trade	Percentage of total trades	Brokerage fees	Percentage of total brokerage
	MYR	%	MYR	%
CICC HK Securities Ltd	11,776,421	29.70	8,244	31.89
Instinet Pacific Ltd	7,573,848	19.10	4,743	18.35
Daiwa Capital Markets HK Ltd	5,278,254	13.31	2,111	8.17
CLSA Ltd	5,158,857	13.01	3,611	13.97
Citigroup Global Markets Asia Ltd	3,651,536	9.21	2,556	9.89
Merrill Lynch Far East Ltd	3,623,095	9.13	2,536	9.81
HSBC Securities Brokers (Asia) Ltd	2,292,938	5.78	1,834	7.10
BNP Paribas Securities (Asia) Ltd	301,989	0.76	211	0.82
	39,656,938	100.00	25,846	100.00

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

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

Related parties	Relationship
Value Partners Group Limited	Immediate and ultimate holding of the Manager
Value Partners Asset Management Malaysia Sdn. Bhd.	The Manager of the Fund
Value Partners Asset Management Singapore Pte Ltd	Fellow subsidiary of ultimate holding of the Manager
Value Partners Hong Kong Limited	Fellow subsidiary of ultimate holding of the Manager
Value Partners Limited	Fellow subsidiary of ultimate holding of the Manager
Value Partners Private Equity Limited	Fellow subsidiary of ultimate holding of the Manager
Prosperous Decade Sdn. Bhd.	Subsidiary of the Manager

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

	No. of units	31.12.2021 MYR
The Manager of the Fund:		
Value Partners Asset Management Malaysia Sdn. Bhd. (The units are held beneficially)	6,000,000	11,280,000

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

13. MANAGEMENT EXPENSE RATIO ("MER")

	Financial period from 12.7.2021 (date of launch) to 31.12.2021
	%
MER	0.64

MER is derived from the following calculation:

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

A = Management fee
B = Trustee fee
C = Foreign sub-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 period from 12 July 2021 (date of launch) to 31 December 2021 calculated on a daily basis was MYR25,169,494.

14. PORTFOLIO TURNOVER RATIO ("PTR")

	Financial period from 12.7.2021 (date of launch) to 31.12.2021
PTR (times)	0.79

PTR is derived from the following calculation:

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

where:	total acquisition for the financial period	= MYR 34,918,587
	total disposal (aggregate cost) for the financial period	= MYR 4,738,350

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 12 JULY 2021 (DATE OF LAUNCH) TO 31 DECEMBER 2021 (continued)

15. 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 Prospectus and the Operating Memorandum between the Manager and the Trustee. The 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 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 31 December 2021, there were three unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 91.20%. The unitholders' holdings were 43.70%, 37.50% and 10.00% respectively.

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

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.

16. COMPARATIVES

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

17. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of COVID-19, both domestically and globally, may result in the deterioration of the Fund's NAV per unit in future periods.

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

STATEMENT BY THE MANAGER

I, Durraini Binti Baharuddin, 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 pages 7 to 32 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 31 December 2021 and of its financial performance, changes in equity and cash flows for the financial period ended 31 December 2021 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.

Durraini Binti Baharuddin
Managing Director

Kuala Lumpur, Malaysia
21 February 2022