

# TradePlus

## S&P New China Tracker

Annual Report  
31 December 2019

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
TMF Trustees Malaysia Berhad (610812-W)

# TRADEPLUS S&P NEW CHINA TRACKER

## Annual Report and Audited Financial Statements For the Financial Period From 15 January 2019 (Date of Launch) To 31 December 2019

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## GENERAL INFORMATION

### MANAGER

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)  
*Registered Office:*  
27<sup>th</sup> Floor, Menara Boustead,  
69 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel. No.: 03 – 2142 3700  
Fax No.: 03 – 2142 3799

#### *Business Office:*

Ground Floor, Menara Boustead,  
69 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel. No.: 03 – 2116 6000  
Fax No.: 03 – 2116 6100  
Toll Free No.: 1-800-88-7080  
E-mail: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)  
Website: [www.affinhwangam.com](http://www.affinhwangam.com)

### MANAGER'S DELEGATE

(fund valuation & accounting function)  
TMF Trustees Malaysia Berhad (610812-W)  
*Registered & Business Address:*  
10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3, Jalan P. Ramlee,  
50250 Kuala Lumpur  
Tel. No.: 03 – 2382 4288  
Fax No.: 03 – 2026 1451

### TRUSTEE

TMF Trustees Malaysia Berhad (610812-W)  
*Registered & Business Address:*  
10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3, Jalan P. Ramlee,  
50250 Kuala Lumpur  
Tel. No.: 03 – 2382 4288  
Fax No.: 03 – 2026 1451  
E-mail: [fundserviceskl@tmf-group.com](mailto:fundserviceskl@tmf-group.com)  
Website: [www.tmf-group.com](http://www.tmf-group.com)

### TRUSTEE'S DELEGATE

(Custodian)  
*Registered & Business Address:*  
Standard Chartered Bank Malaysia Berhad  
Level 16, Menara Standard Chartered  
30 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel. No: (603) 2117 7777  
Website: [www.sc.com/my](http://www.sc.com/my)

### COMPANY SECRETARY

Azizah Shukor (LS0008845)  
27<sup>th</sup> Floor Menara Boustead,  
69 Jalan Raja Chulan  
50200 Kuala Lumpur

### REGISTRAR

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)  
27<sup>th</sup> Floor, Menara Boustead,  
69 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel. No.: 03 – 2142 3700  
Fax No.: 03 – 2142 3799

## FUND INFORMATION

Fund Name	TradePlus S&P New China Tracker
Fund Type	Index tracking fund
Fund Category	Equity exchange-traded fund
Investment Objective	The Fund aims to provide investment results that closely correspond to the performance of the Benchmark
Benchmark	S&P New China Sectors Ex A-Shares Index
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis after the end of its first financial year

### BREAKDOWN OF UNITHOLDERS BY MYR CLASS (0829EA) SIZE AS AT 31 DECEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	41	16,200	0.98
1,001 - 10,000	22	77,800	4.73
10,001 - 100,000	7	249,300	15.16
100,001 - < 5% *	4	1,301,700	79.13
>= 5% *	0	0	0
<b>Total</b>	<b>74</b>	<b>1,645,000</b>	<b>100.00</b>

5% \* - 5% Issued Shares or Paidup Capital of the stock

### BREAKDOWN OF UNITHOLDERS BY USD CLASS (0829EB) SIZE AS AT 31 DECEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	0	0	0
1,001 - 10,000	1	10,000	1.53
10,001 - 100,000	0	0	0
100,001 - < 5% *	3	645,000	98.47
>= 5% *	0	0	0
<b>Total</b>	<b>4</b>	<b>655,000</b>	<b>100.00</b>

5% \* - 5% Issued Shares or Paidup Capital of the stock

## FUND PERFORMANCE DATA

Category	As at 31 Dec 2019
<b>Portfolio composition (%)</b>	
<b>Quoted equities – foreign</b>	
- Health Care	5.11
- Consumer Goods	10.50
- Consumer Services	32.93
- Financials	22.20
- Industrials	1.10
- Technology	20.48
- Telecommunications	6.88
- Utilities	0.21
<b>Total quoted equities – foreign (%)</b>	<b>99.40</b>
<b>Cash &amp; cash equivalent (%)</b>	<b>0.60</b>
<b>Total (%)</b>	<b>100.00</b>
<b>Country Allocation (%)</b>	
China	0.47
Hong Kong	66.25
United States	32.69
Cash	0.60
<b>Total (%)</b>	<b>100.00</b>
Total NAV (HKD 'million)	26.535
NAV per Unit (in HKD)	11.5370
Unit in Circulation (million)	2.300
Highest NAV per unit	11.6444
Lowest NAV per unit	9.8777
Return of the Fund (%) <sup>iii</sup>	15.37
- Capital Growth (%) <sup>i</sup>	15.37
- Income Distribution (%) <sup>ii</sup>	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expense Ratio (%)	1.39
Portfolio Turnover Ratio (times)	0.84
Tracking Error	1.30

### **Basis of calculation and assumption made in calculating the returns:-**

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

Table 1: Performance of the Fund

	<b>Since Commencement</b> <b>(24/1/19 - 31/12/19)</b>
<b>Fund</b>	<b>15.37%</b>
<b>Benchmark</b>	<b>17.37%</b>
<b>Outperformance / (Underperformance)</b>	<b>(2.00%)</b>

Source of Benchmark: S&P New China Sectors Ex A-Shares Index

Table 2: Average Total Return

	<b>Since Commencement</b> <b>(24/1/19 - 31/12/19)</b>
<b>Fund</b>	<b>16.48%</b>
<b>Benchmark</b>	<b>18.64%</b>
<b>Outperformance / (Underperformance)</b>	<b>(2.16%)</b>

Source of Benchmark: S&P New China Sectors Ex A-Shares Index

Table 3: Annual Total Return

	<b>FYE 2019</b> <b>(24/1/19 - 31/12/19)</b>
<b>Fund</b>	<b>15.37%</b>
<b>Benchmark</b>	<b>17.37%</b>
<b>Outperformance / (Underperformance)</b>	<b>(2.00%)</b>

Source of Benchmark: S&P New China Sectors Ex A-Shares Index

***Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.***

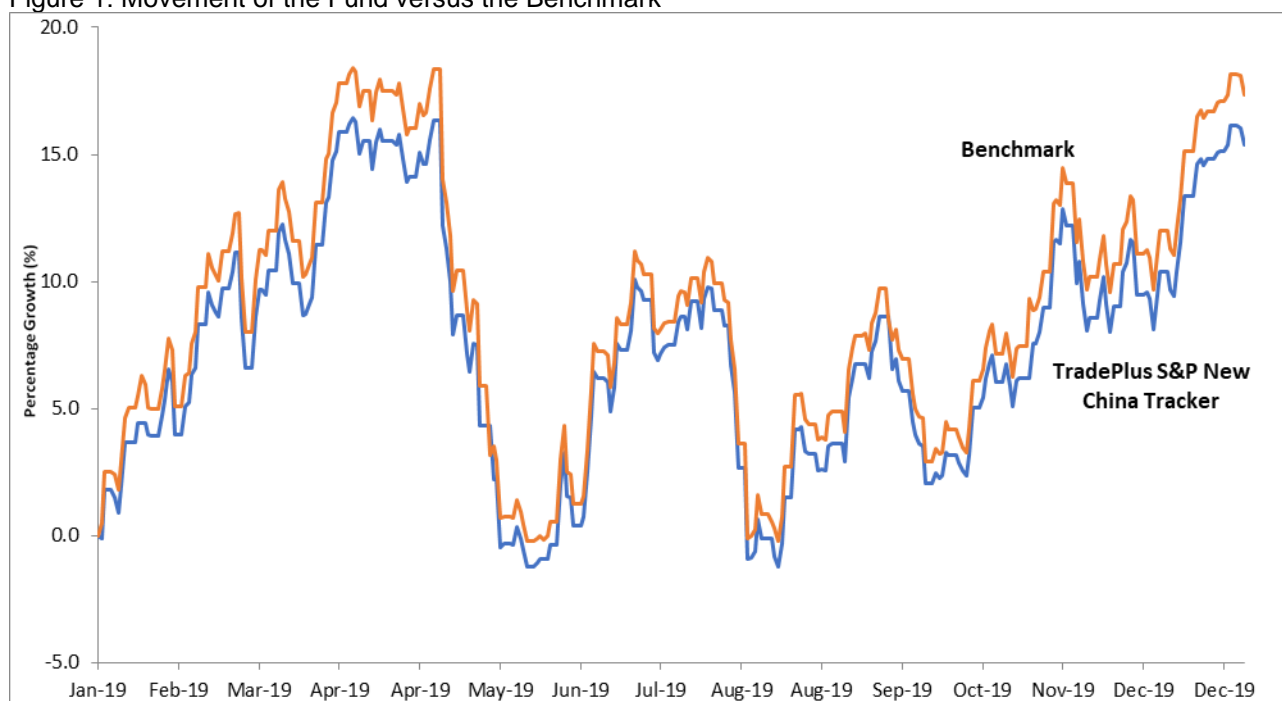
## MANAGER'S REPORT

### Performance Review

For the period under review from 24 January 2019 to 31 December 2019, the Fund registered a 15.37% return compared to the Benchmark which yielded a return of 17.37%. The Fund thus underperformed the Benchmark by 2.00%. The Net Asset Value ("NAV") per unit of the Fund as at 31 December 2019 was HKD11.5370 compared to its NAV per unit as at 23 January 2019 of HKD10.000.

During the period under review, the Fund had met its objective by providing investors with investment results that closely track the performance of the benchmark.

Figure 1: Movement of the Fund versus the Benchmark



*"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up."*  
Benchmark: S&P New China Sectors Ex A-Shares Index

### Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 31 December 2019.

### Asset Allocation

As at 31 December 2019, the ETF's asset allocation stood at 99.40% in equities while the remaining was held in cash and cash equivalent.

### Strategies Employed

The Manager continues to adopt the full replication strategy. The Manager remained highly invested into 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. As at 31 December 2019, the Fund's AUM stood at HKD26.535 million, with 99.40% of the Fund's NAV invested into equities.

## **Market Review**

In 2019, we saw a continuation of volatility in markets whether stemming from US-China trade tensions, geopolitical risks or recessionary fears. From violent clashes in Hong Kong, Brexit's political drama and tensions in the Middle East including the bombing of a Saudi oil facility – there were no shortage of events which kept markets on edge in 2019.

Asian benchmark gauges were whipsawed throughout the year as a result, but vaulted towards the end as global recessionary fears eased and news that the US and China had reached a phase one trade deal.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

Although the global economy has slowed down in 2019, there was no global recession and consequently subsequently it drove a rebound in stock markets. Besides that, global central banks have stepped in to provide monetary stimulus through interest rate cuts to prop-up growth and support the economy.

For the first time in more than a decade, the US Federal Reserve ("Fed") reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. However, the Fed delivered another widely expected 25bps rate cut at its policy meeting in September and October before Fed Chair Jerome Powell stopped short from guiding expectations of further easing indicating that 'monetary policy was in a good place'. The FOMC also dropped the use of the phrase 'act as appropriate' which markets took as a signal that the Fed would likely stay on hold for now.

The Brexit political gridlock loosened slightly after UK Prime Minister Boris Johnson and his Conservative party came out victorious at the polls in December by securing 365 seats out of the 650 available; marking the biggest majority achieved by a single party at Westminster since 1987. With the backing of a clear majority this time around, the UK Prime Minister now has the ability to garner parliamentary approval for a potentially softer Brexit deal and meet the deadline of 31 January 2020.

## **Investment Outlook**

Further confirmation in real hard data pointing to a recovery in the economy and liquidity indicators turning upwards would lead to stronger global growth. Emerging markets tend to benefit the most from a global economic upswing as earnings improvement drive equity markets higher.

Though, key risks stemming from US-China trade ties may continue to weigh down on markets. Whilst, the temporary phase one deal has lifted sentiment, we recognise that it's not a done deal as the two economic powerhouses continue to vie for alpha position in the global arena whether it's in trade or technology. We could also see trade noise return and an escalation of tensions again after the US 2020 presidential election.

The election race may be another wildcard for markets in 2020. A Democrat sweep in elections may put pressure on stock markets as candidates like Elizabeth Warren and Bernie Sanders propose the break-up of large tech companies, increase the minimum wage and restore higher corporate taxes.

On outlook for Asia, we maintain our positive stance of the market underpinned by a stabilisation in economic data, looser monetary conditions as well as favourable technical indicators including positioning and sentiment.

On the domestic front, the local market tracked regional gains with the benchmark KLCI closing 1.7% higher in December. Unlike its regional counterpart, Malaysia has been left behind throughout 2019 with the KLCI at its 4-year low compared to other Asian peers which are in positive territory. The local benchmark index ended the year in the red at -6%, amidst a depreciation in the Ringgit, weakening oil price, and decline in earnings.

Starting from a low-base, we could see the return of large caps in 2020 with the bulk of earnings growth coming in from banking, plantation and glove counters. This is anchored by forecast earnings growth of 4.0% - 5.0% in 2020.



Technical indicators are also favourable with positioning low as cumulative foreign outflows spike to new highs in 2019. There is also ample liquidity on the side with many funds are sitting with some cash buffer. Muddled politics including an impending power transition in 2020 are key risks for the local market, as we need to see confidence return. Key indicators including FDI flows, exports and consumption data will be important to gauge.

### **State of Affairs of the Fund**

There is neither any significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

### **Soft Commissions received from Brokers**

During the financial period under review, the management company had received on behalf of the Fund, soft commissions in the form of research materials, data and quotation services, investment-related publications, market data feed and industry benchmarking agencies which are of demonstrable benefit to Unitholders of the Fund.

## THE MANAGER

### Board of Directors

Name	Teng Chee Wai
Designation	Managing Director / Chief Executive Director
Age	54
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>Bachelor of Science, National University of Singapore</li> <li>Post-Graduate Diploma in Actuarial Studies, City University in London.</li> </ul>
Working Experience and Occupation	<ul style="list-style-type: none"> <li>Founder of AHAM</li> <li>Assistant General Manager (Investment), Overseas Assurance Corporation</li> <li>Investment Manager, NTUC Income, Singapore</li> </ul>
Date appointed to the Board	23 December 2004
Details of membership of any Board Committee in AHAM	None
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> <li>Director of Affin Hwang Trustee Berhad</li> <li>Director of Bintang Capital Partners Berhad (formerly known as Affin Capital Services Berhad)</li> </ul>
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	All the 8 Board Meetings

Name	Yip Kit Weng
Designation	Non-Independent Non-Executive Director
Age	49
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>Australian Society of Certified Practising Accountants (CPAs) - Fellow Of Certified Practising Accountant, Australia (FCPA)</li> <li>Financial Planning Association of Malaysia (FPAM) - Certified Financial Planner (CFP)</li> <li>Malaysian Institute of Accountants (MIA) - Chartered Accountant</li> <li>Malaysian Institute of Taxation (TIM) - Associate of the Institute (ATII)</li> <li>Malaysian Institute of Accountants (MIA) - Registered Accountant</li> <li>Australian Society of Certified Practising Accountants (CPAs) - Certified Practising Accountant</li> </ul>

	<ul style="list-style-type: none"> <li>Australian Society of Certified Practising Accountants (CPAs) - Associate of Certified Practising Accountant, Australia (FCPA)</li> <li>University of Western, Australia - Bachelor of Commerce (Accounting &amp; Finance)</li> </ul>
Working Experience and Occupation	<p><b>Present:</b> Deputy Group Managing Director of Affin Hwang Investment Bank Berhad</p> <p><b>Past:</b></p> <ul style="list-style-type: none"> <li>Executive Director, Head of Investment Banking, Nomura Securities Malaysia Berhad</li> <li>Director/Team Head /Corporate and Investment Banking Services, RHB Investment Bank Berhad</li> <li>Director, Equity Capital Markets, Investment Banking, CIMB Investment Bank Berhad</li> <li>Chief Executive Officer – Asia, Kajo Investments Pty Ltd</li> <li>Executive Director, AFG Advisory Sdn Bhd</li> <li>Senior Manager, Corporate Finance, Utama Merchant Bank Berhad</li> <li>Associate Consultant, Financial Services Group, Price Waterhouse Taxation Services Sdn Bhd</li> </ul>
Date appointed to the Board	2 November 2019
Details of membership of any Board Committee in AHAM	Member of Board Compliance, Risk and Management Committee
Details of other Directorship in public companies and listed issuers	Director of Affin Hwang Trustee Berhad
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	0/0

Name	Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Designation	Chairman, Non - Independent Non - Executive Director
Age	75
Gender	Male
Nationality	Malaysian
Qualification	Raja Tan Sri Dato' Seri Aman graduated from Universiti Malaya. He is a Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants as well as a Fellow of the Institute of Bankers Malaysia.
Working Experience and Occupation	Raja Tan Sri Dato' Seri Aman held various positions in the Maybank Group from 1974 to 1985 prior to joining Affin Bank Berhad as an Executive Director. In 1992, he joined Perbadanan Usahawan Nasional

	<p>Berhad as its CEO before he was re-appointed as the CEO of Affin Bank Berhad in 1995.</p> <p>Raja Tan Sri Dato' Seri Aman had served as a member of the National Pension Fund's ("KWAP") Investment Panel and he is currently the Chairman of Lembaga Tabung Angkatan Tentera's (LTAT) Investment Committee. He had also served as a member of the Malaysian Government's Working Group Policy of the Special Task Force to Facilitate Business (PEMUDAH) for a period of ten (10) years from 2007 to 2017.</p>
Date appointed to the Board	19 February 2019
Details of membership of any Board Committee in AHAM	None
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> <li>• Chairman of Ahmad Zaki Resources Berhad</li> <li>• Director of Affin Hwang Investment Bank Berhad</li> <li>• Director of Tomei Consolidated Berhad</li> </ul>
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	6/6

Name	Major General Dato' Zulkiflee bin Mazlan (R)
Designation	Independent Non-Executive Director
Age	66
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>• Graduated from the Royal Military Academy at Sandhurst</li> <li>• Bachelor of Law (Hons) from Institute Technology of Mara</li> <li>• Master Degree in National Security Strategy from National Defense University, Fort McNair, Washington DC</li> </ul>
Working Experience and Occupation	<p><b>Present:</b> Major. Gen Dato' Zulkiflee is the Chairman of Koperasi Angkatan Tentera Malaysia and he also sits on the Board of Great Eastern Takaful Berhad, Affin Hwang Investment Berhad and Affin Hwang Trustee Berhad.</p> <p><b>Past:</b> Major General Dato' Zulkiflee had a distinguished career in the Malaysian Armed Forces. He also held numerous commands and staff appointments at the Ministry of Defence. He had served as Director General of Jabatan Hal Ehwal Veteran. He was the Chief Executive Officer of Yayasan Veteran Angkatan Tentera Malaysia and also served on the Board of Perbadanan Hal Ehwal Bekas Tentera.</p>
Date appointed to the Board	1 September 2019

Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>Chairman of Board Compliance and Risk Management Committee</li> <li>Member of Board Audit Committee</li> </ul>
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> <li>Director of Affin Hwang Investment Bank Berhad</li> <li>Director of Affin Hwang Trustee Berhad</li> <li>Director of Great Eastern Takaful Berhad</li> </ul>
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	2/2

Name	Eleanor Seet Oon Hui (Xue Enhui Eleanor)
Designation	Non-Independent Non-Executive Director
Age	45
Gender	Female
Nationality	Singaporean
Qualification	Bachelor of Economics, University of New South Wales, Sydney
Working Experience and Occupation	<p><b>Present:</b></p> <ul style="list-style-type: none"> <li>Representative director</li> <li>President and Director of Nikko Asset Management Asia Limited</li> <li>Head of Asia ex-Japan of Nikko Asset Management (Nikko AM)</li> </ul> <p><b>Past:</b></p> <ul style="list-style-type: none"> <li>Director of South East Asia, AllianceBernstein</li> </ul> <p><b>Other Appointments:</b></p> <ul style="list-style-type: none"> <li>Serves as Vice-Chairman on the Executive Committee of the Investment Management Association of Singapore (IMAS)</li> </ul>
Date appointed to the Board	30 March 2018
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>Member of Board Audit Committee</li> <li>Member of Board Compliance and Risk Management Committee</li> </ul>
Details of other Directorship in public companies and listed issuers	None
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	8/8

Name	Faizal Sham Bin Abu Mansor
Designation	Independent Non-Executive Director
Age	50
Gender	Male

Nationality	Malaysian
Qualification	Encik Faizal graduated with a Bachelor of Science in Accounting from Rutgers University, New Jersey, USA. He later went on to obtain his Master in Business Administration from Ohio University, Athens, USA. Faizal also has a Diploma in Aviation Studies from the International Air Transport Association. He is a Fellow of the Chartered Accountants Australia & New Zealand and a former Member of the Malaysian Institute of Accountants.
Working Experience and Occupation	Encik Faizal Sham started his career with the Securities Commission before gaining experience within the financial services industry through his tenure at Bank of Tokyo-Mitsubishi (M) Berhad, and Arab-Malaysian Merchant Bank Berhad which is now known as AmlInvestment Bank Berhad. He left Malaysia in 1998 to work in Australia for Polyaire Holdings Pty Ltd, a manufacturer and distributor of air-conditioning components before returning to rejoin AmlInvestment Bank Berhad in 2003 where he provided financial advisory services to some of the largest corporates in the country. He then moved on to become the Chief Financial Officer of WWE Holdings Berhad and later established his career at Malaysia Airports Holdings Berhad where he had helped restructure the company, drive it's financial performance and raise its profile with the investor community and international business expansion. Prior to his appointment as Director of the Company, Encik Faizal Sham was the Chief Executive Officer of Astro Productions, and Head of Astro Awani within Astro Malaysia Holdings Berhad
Date appointed to the Board	5 July 2019
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>• Chairman of Board Audit Committee</li> <li>• Member of Board Compliance and Risk Management Committee</li> </ul>
Details of other Directorship in public companies and listed issuers	None
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	4/4

Name	Abdul Malik Bin A Rahman
Designation	Independent Non-Executive Director
Age	72
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>• Chartered Accountant Member of the Malaysian Institute of Accountants</li> <li>• Fellow of the Association of Chartered Certified Accountants (UK)</li> <li>• Member of Malaysian Institute of Certified Public Accountants</li> <li>• Member of Certified Financial Planners (USA)</li> </ul>

	<ul style="list-style-type: none"> <li>Member of Chartered Management Institute (UK)</li> <li>Member of Malaysian Institute of Management</li> </ul>
Working Experience and Occupation	<ul style="list-style-type: none"> <li>Various senior management positions in Peat Marwick Mitchell (currently known as KPMG), Esso Group of Companies, Colgate-Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad</li> <li>General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia Sdn Bhd)</li> </ul>
Date appointed to the Board	7 April 2014 (Resigned 1 September 2019)
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>Chairman of Board Audit Committee</li> <li>Chairman of Board Compliance and Risk Management Committee</li> </ul>
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> <li>Chairman of Affin Hwang Investment Bank Berhad</li> <li>Director of Affin Bank Berhad</li> <li>Director of Affin Holdings Berhad</li> <li>Director of Mah Sing Group Berhad</li> <li>Director of Amway (Malaysia) Holdings Berhad</li> </ul>
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	5/6

Name	Datuk Maimoonah Binti Mohamed Hussain
Designation	Non-Independent Non-Executive Director
Age	62
Gender	Female
Nationality	Singaporean
Qualification	Bachelor of Accountancy, University of Singapore
Working Experience and Occupation	<p>Past:</p> <ul style="list-style-type: none"> <li>Group Managing Director of Affin Hwang Investment Bank Berhad</li> <li>Managing Director of Affin Hwang Investment Bank Berhad</li> <li>Director of Debt &amp; Capital Markets, Affin Bank Berhad</li> <li>Head of Syndication-South East Asia, Standard Chartered Bank Singapore</li> <li>Director, Syndications, Standard Chartered Bank Malaysia</li> <li>Director, Structured Finance, Morgan Grenfell (Asia) Limited.</li> </ul>
Date appointed to the Board	7 April 2014 (Resigned 2 November 2019)
Details of membership of any Board Committee in AHAM	None
Details of other Directorship in public companies and listed issuers	Director of AIIAMAN Asset Management Sdn Bhd & Affin Hwang Trustee Berhad (Resigned 2 November

	2019)
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	8/8

### Director's Training

The Board acknowledges the importance of continuing education for its Directors. During the Financial Year Ended 2019, the Board members had attended various training programmes, workshops, seminars, briefings and/or conferences on various subjects in accordance to the respective Director's own training needs. These trainings include:

#### TENG CHEE WAI

Organiser	Name of Programme
Affin Hwang Asset Management Berhad	Cash Management Solutions
	Cybersecurity Awareness
	Portfolio Management: Critical Concepts
	Fin Tech: Disruption and Innovation in Financial Services

#### YIP KIT WENG

Organiser	Name of Programme
Secrets to Success in the Financial Industry Financial Planning Symposium 2019	Financial Planning Association of Malaysia
Developing Successful Marketing Strategies	Securities Commission Malaysia
Change Management - Driving Effective Change	Securities Commission Malaysia
NIKKEI Forum: Focus on Malaysia	Nikkei Inc.
Daiwa Capital Markets Conference 2019	Diwa Securities Co. Ltd.
Nomura Investment Forum Asia Conference 2019	Nomura Holdings
Directors Training on Corporate Liability on Corruption pursuant to Section 17A of MACC Act	Affin Hwang Investment Bank Berhad

#### RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

Organiser	Name of Programme
Tomei Director's Training 2019	Business Transformation: Drive Impactful Performance Results
AHAM	AMLA Program 2019
AHIBB	Directors Training - Corporate Liability (S17A of MACC Act)
Affin Bank Berhad	Cyber Security Awareness Programme



**MAJOR GENERAL DATO' ZULKIFLEE BIN MAZLAN**

<b>Organiser</b>	<b>Name of Programme</b>
The Iclif Leadership & Governance Centre	Mandatory Accreditation Programme
FIDE Forum	Reading the Signs: The Next Financial Crisis and Potential Impact on Asia
FIDE Forum	Fintech
Affin Bank Berhad	AMLA Programme for Directors
Affin Hwang Investment Bank Berhad	Directors Training on Corporate Liability on Corruption pursuant to Section 17A of MACC Act
Affin Bank Berhad	Cyber Security Awareness Programme

**SEET OON HUI ELEANOR (XUE ENHUI ELEANOR)**

<b>Organiser</b>	<b>Name of Programme</b>
ICLIF Leadership & Governance Centre	Mandatory Accreditation Programme for Directors of Public Listed Companies
IMAS-Bloomberg	IMAS-Bloomberg Conference
Stashaway	Stashaway Women in Finance
NTUC	FSTC
SIAS	Master Series Investment Conference
SID / SMU	SID Risk and Crisis Mgmt
MAS	MAS Lecture 2019
SID	Cyber Security for Directors
MAS / IMAS	Asia Regional Fund Passport Industry Day
SID	Being a Board of Director in the Age of Social Media

**FAIZAL SHAM BIN ABU MANSOR**

<b>Organiser</b>	<b>Name of Programme</b>
Affin Bank	Cybersecurity Awareness
The Iclif Leadership & Governance Centre	Mandatory Accreditation Programme
Securities Industry Development Corporation	CMDP Program: Module 1, 2B, 3 & 4
Affin Bank Berhad	AMLA Programme for Directors
Affin Hwang Investment Bank Berhad	Directors Training on Corporate Liability on Corruption pursuant to Section 17A of MACC Act
Affin Bank Berhad	Cyber Security Awareness Programme

**ABD MALIK BIN A RAHMAN**

<b>Organiser</b>	<b>Name of Programme</b>
ISRA Consultancy/ Bank Negara Malaysia	Islamic Finance for Board of Directors Programme
EquitiesTracker/AFFIN Bank Group	The Impact of Crypto on Capital Markets

Dr. Andy Xie/FIDE Forum	Reading the Signs: The Next Financial Crisis and Potential Impact on Asia
Bank Negara Malaysia	Presentation by BNM Governor on 2018 Annual Report & Financial Stability and Payment Systems Report
Affin Hwang Asset Management	Investment Forum 2019 – Wealth & Beyond
Deloitte Risk Advisory/Amway	MACC (Amendment) Act 2018 – Section 17A Offence by Commercial Organisation
Affin Hwang Capital/Lee Min On	Corporate Liability (Section 17A of MACC Act)- Preparation For Corporate Liability on Corruption
Affin Bank Bhd/Cyber Intelligence/Firmus	Cyber Security Awareness for Board of Directors
Korn Ferry/FIDE Forum	Leadership in a Disruptive World
LTAT/Boustead Group	Group-wide training program: Corporate Governance; National Anti-Corruption Plan & The Role of Private Sector; MACC Act Section 17A & Its Implications; Budget 2020 & The Economy
AOB/Securities Commission	Audit Oversight Board Conversation with Audit Committees - Common findings arising from AOB inspections; Closing the Expectation Gap in Audit; Updates from MASB

#### **DATUK MAIMOONAH BINTI MOHAMED HUSSAIN**

<b>Organiser</b>	<b>Name of Programme</b>
SMC Coaching	Ninety Five Percent Sdn Bhd
Consequence Management Framework	Affin Hwang Investment Bank Berhad
Key Driver Coaching Workshop (SMC)	Ninety Five Percent Sdn Bhd

During the Financial Year Ended 2019, there were no public sanction or penalty that was imposed on the management company by the relevant regulatory bodies.

#### **The Custodian (Trustee's Delegate)**

The Trustee has appointed Standard Chartered Bank Malaysia Berhad (“SCBMB”) as the custodian of the quoted and unquoted investments of the Fund. SCBMB was incorporated in Malaysia under the same name on 29 February 1984 under the Companies Act 1965 as a public limited company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Financial Services Act 2013.

SCBMB is responsible for the Fund's assets settlement and custodising the Fund's asset. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. All investments are automatically registered into the name of the Fund. The custodian acts only in accordance with the instruction from the Trustee.

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS S&P NEW CHINA TRACKER**

We have acted as Trustee of TradePlus S&P New China Tracker for the financial period ended 31 December 2019. To the best of our knowledge, Affin Hwang Asset Management Berhad, the Manager, has operated and managed the ETF in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by Affin Hwang Asset Management Berhad to value and/or price the units of the Fund are adequate and that such valuation and pricing is carried out in accordance with the Deed of the Fund and other regulatory requirements; and
- (b) the creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For TMF Trustees Malaysia Berhad  
(Company No.: 610812-W)

**NORHAYATI BINTI AZIT  
DIRECTOR – FUND SERVICES**

Kuala Lumpur  
7 February 2020

## TRADEPLUS S&P NEW CHINA TRACKER

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019

	<u>Note</u>	Financial period from 15.1.2019 (date of launch) to <u>31.12.2019</u> HKD
<b>INVESTMENT INCOME</b>		
Dividend income		338,132
Net loss on foreign currency exchange		(970)
Net gain on financial asset at fair value through profit or loss	8	2,881,215
		<u>3,218,377</u>
<b>EXPENSES</b>		
Management fee	4	(106,835)
Trustee fee	5	(8,547)
Auditors' remuneration		(42,000)
Tax agent's fee		(7,000)
Transaction cost		(44,408)
Licence fee	6	(78,452)
Custodian fee		(56,783)
Other expenses		(25,130)
		<u>(369,155)</u>
<b>PROFIT BEFORE TAXATION</b>		2,849,222
<b>TAXATION</b>	7	-
		<u>2,849,222</u>
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u><u>2,849,222</u></u>

Net profit after taxation is made up of the following:

Realised amount	198,317
Unrealised amount	2,650,905
	<u>2,849,222</u>

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

**TRADEPLUS S&P NEW CHINA TRACKER**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> HKD
<b>ASSETS</b>		
Cash and cash equivalents		224,222
Financial assets at fair value through profit or loss	8	26,375,799
<b>TOTAL ASSETS</b>		<u>26,600,021</u>
<b>LIABILITIES</b>		
Amount due to Manager		
- management fee		11,029
Amount due to Trustee		882
Auditors' remuneration		42,000
Tax agent's fee		7,000
Other payables and accruals		3,933
<b>TOTAL LIABILITIES</b>		<u>64,844</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u><u>26,535,177</u></u>
<b>EQUITY</b>		
Unitholders' capital		23,685,955
Retained earnings		2,849,222
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u><u>26,535,177</u></u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u><u>2,300,000</u></u>
<b>NET ASSET VALUE PER UNIT (HKD)</b>		<u><u>11.5370</u></u>

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

## TRADEPLUS S&P NEW CHINA TRACKER

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019

	<u>Unitholders' capital</u> HKD	<u>Retained earnings</u> HKD	<u>Total</u> HKD
Balance as at 15 January 2019 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	2,849,222	2,849,222
Movement in unitholders' capital:			
Creation of units arising from applications	27,477,835	-	27,477,835
Cancellation of units	(3,791,880)	-	(3,791,880)
Balance as at 31 December 2019	<u>23,685,955</u>	<u>2,849,222</u>	<u>26,535,177</u>

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

## TRADEPLUS S&P NEW CHINA TRACKER

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019

	Financial period from 15.1.2019 (date of launch) to <u>31.12.2019</u> HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from sale of investments	6,961,633
Purchase of investments	(30,498,791)
Dividends received	338,089
Management fee paid	(95,806)
Trustee fee paid	(7,665)
License fee paid	(78,452)
Custodian fee paid	(56,783)
Payment for other fees and expenses	(21,197)
	<hr/>
Net cash used in operating activities	(23,458,972)
	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from creation of units	27,477,835
Payments for cancellation of units	(3,791,880)
	<hr/>
Net cash generated from financing activities	23,685,955
	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	226,983
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	(2,761)
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>	<hr/> -
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<hr/> <u>224,222</u> <hr/>

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

## TRADEPLUS S&P NEW CHINA TRACKER

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

The preparation of financial statements in conformity with MFRS 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) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual financial periods beginning after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

##### Dividend income

Dividend income is recognised on the ex-dividend date, when the right 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.



## **TRADEPLUS S&P NEW CHINA TRACKER**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)**

#### **C TRANSACTION COSTS**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

#### **D 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.

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

#### **E 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 Hong Kong Dollar ("HKD"), which is the Fund's functional and presentation currency.

#### **F FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

## TRADEPLUS S&P NEW CHINA TRACKER

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### (i) Classification (continued)

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

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

##### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. 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 investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

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

## TRADEPLUS S&P NEW CHINA TRACKER

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (ii) Recognition and measurement (continued)

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 when the Fund's right to receive payments is established.

Investments principally consist of quoted investments which are initially recognised at fair value and subsequently re-measured at fair value based on the market price quoted on the relevant stock exchanges at the close of the business on the valuation day, where the close price falls within the bid-ask spread. In circumstances where the close 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. Purchases and sales of investments are accounted for on the trade date.

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 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

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

## TRADEPLUS S&P NEW CHINA TRACKER

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

(iii) Impairment (continued)

##### 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 impairment gains. 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 bank balances which is subject to an insignificant risk of changes in value.

#### **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 assets 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 right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit 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.

#### **J SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic asset allocation committee of the Manager that makes strategic decisions.

## TRADEPLUS S&P NEW CHINA TRACKER

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019

#### **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.

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.

#### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in HKD primarily due to the following factors:

- i) A significant portion of the Fund's investments are in quoted equities whose primary economic environment is in Hong Kong;
- ii) Significant portion of the Fund's expenses are denominated in HKD;
- iii) Cash creation and cash redemption of units are transacted in HKD.

#### **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 Guidelines on ETFs.

## **TRADEPLUS S&P NEW CHINA TRACKER**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019**

#### **1 INFORMATION ON THE FUND**

The Exchange-Traded Fund was constituted under the name TradePlus S&P New China Tracker (the “Fund”) pursuant to the execution of a Deed dated 26 October 2018 entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 24 January 2019 and will continue its operations until terminated by the Trustee as provided under Section 26.1 of the Deed.

The Fund may invest in the following permitted investments:

- (i) Authorised Securities;
- (ii) Derivatives;
- (iii) Units or shares in collective investment schemes;
- (iv) Money market instruments;
- (v) Deposits; and
- (vi) Any other investments permitted by the SC 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 objective is to provide investment results that closely correspond to the performance of the S&P New China Sectors Ex A-Shares Index Benchmark – a modified float-adjusted market capitalisation weighted index which is designed to measure the performance of China and Hong Kong domiciled companies in consumption and service-oriented industries.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 7 February 2020.

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost HKD	Financial asset at fair value through profit or loss HKD	Total HKD
<u>2019</u>				
Cash and cash equivalents		224,222	-	224,222
Quoted equities	8	-	26,375,799	26,375,799
Total		<u>224,222</u>	<u>26,375,799</u>	<u>26,600,021</u>

All current liabilities are financial liabilities which are carried at amortised cost.

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Exchange-Traded Funds.

#### 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, the S&P New China Sectors Ex A Share Index, which comprises of a diversified list of 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>2019</u> HKD
<b>Quoted investments</b>	
Quoted equities	<u>26,375,799</u>

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

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

### Market risk (continued)

#### (a) Price risk (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 19.36%, which is the 3-year annualised standard deviation as at 31 December 2019. 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> HKD	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> HKD
<u>2019</u>		
-19.36%	21,269,444	(5,106,355)
0%	26,375,799	-
+19.36%	31,482,154	5,106,355
	<u>                    </u>	<u>                    </u>

#### (b) Currency risk

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

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

	<u>Quoted</u> <u>equities</u> HKD	<u>Cash</u> <u>and cash</u> <u>equivalents</u> HKD	<u>Total</u> HKD
<u>2019</u>			
United States Dollar	<u>8,676,354</u>	<u>42,877</u>	<u>8,719,231</u>



**TRADEPLUS S&P NEW CHINA TRACKER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019  
(DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)**

**2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

Market risk (continued)

(b) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding increase/(decrease) in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in rate</u> %	<u>Impact on profit after tax/NAV</u> HKD
<u>2019</u>		
United States Dollar	+/- 5	<u>+/- 435,962</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 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:

	<u>Cash and cash equivalents</u> HKD	<u>Total</u> HKD
<u>2019</u>		
Financials - AAA	<u>224,222</u>	<u>224,222</u>

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (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 either in-kind or in cash. For in-kind redemptions, an in-kind redemption basket comprising the authorised securities of the Fund, determined by the Manager on each dealing day will be delivered to the investor. For cash redemptions, a redemption basket of securities is liquidated and a cash sum equivalent to the redemption price multiplied by the number of units redeemed 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.

	Within <u>one month</u> HKD	Between one month to <u>one year</u> HKD	<u>Total</u> HKD
<u>2019</u>			
Amount due to Manager			
- management fee	11,029	-	11,029
Amount due to Trustee	882	-	882
Auditor's remuneration	-	42,000	42,000
Tax agent's fee	-	7,000	7,000
Other payables and accruals	-	3,933	3,933
	<u>11,911</u>	<u>52,933</u>	<u>64,844</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 investment activities of the Fund.

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (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 current bid price for financial assets which falls within the bid-ask spread.

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

The fair value of financial assets 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.

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> HKD	<u>Level 2</u> HKD	<u>Level 3</u> HKD	<u>Total</u> HKD
<u>2019</u>				
Financial asset at fair value through profit or loss				
- quoted equities	26,375,799	-	-	26,375,799

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 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 3.00% per annum of the NAV of the Fund calculated on a daily basis.

For the financial period from 15 January 2019 (date of launch) to 31 December 2019, management fee is recognised at a rate of 0.50% per annum on the NAV of the Fund, calculated on a daily basis.

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

#### 5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate 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 15 January 2019 (date of launch) to 31 December 2019, the Trustee fee is recognised at a rate of 0.04% per annum on the NAV of the Fund calculated on a daily basis.

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

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 6 LICENCE FEE

License fee is payable to S&P Dow Jones Indices, the Benchmark Index provider.

For the financial period from 15 January 2019 (date of launch) to 31 December 2019, the license fee is recognised at minimum of USD10,000 per annum or 0.05% of the average daily asset under management, whichever is higher.

#### 7 TAXATION

	Financial period from 15.1.2019 (date of launch) to <u>31.12.2019</u> HKD
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 15.1.2019 (date of launch) to <u>31.12.2019</u> HKD
Net profit before taxation	<u>2,849,222</u>
Tax at Malaysian statutory rate of 24%	683,813
Tax effects of:	
Investment income not subject to tax	(772,410)
Expenses not deductible for tax purposes	84,929
Restriction on tax deductible expenses for Exchange-Traded Funds	<u>3,668</u>
Tax expense	<u>-</u>

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> HKD
Financial assets at fair value through profit or loss:	
- quoted equities – foreign	26,375,799
	<u>26,375,799</u>
Net gain on financial assets at fair value through profit or loss:	
- realised gain on sale of investments	227,549
- unrealised gain on changes in fair value	2,653,666
	<u>2,881,215</u>

(a) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 December 2019 is as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost HKD</u>	<u>Fair value HKD</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Health Care</u>				
Sinopharm Group Co Ltd	4,400	145,149	125,180	0.47
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
ANTA Sports Products Ltd	3,000	121,750	209,250	0.79
Brilliance China Automotive Holdings Ltd	12,000	93,220	96,960	0.37
Byd Co Ltd - H	2,500	119,200	97,125	0.37
China Mengniu Dairy Co Ltd	10,000	257,818	315,000	1.19
China Resources Beer Holdings Co Ltd	4,000	115,300	172,200	0.65
Geely Automobile Holdings	19,000	258,305	289,560	1.09
Great Wall Motor Company	12,000	68,449	69,120	0.26
Guangzhou Automobile Group Co Ltd	10,000	86,500	96,900	0.37
Haier Electronics	5,000	110,250	121,750	0.46
HengAn International Group Co Ltd	3,000	179,950	166,500	0.63
Li Ning Co Ltd	6,500	103,578	151,450	0.57
Shenzhen International Group Holdings Ltd	2,700	259,908	307,260	1.16

**TRADEPLUS S&P NEW CHINA TRACKER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019  
(DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)**

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 December 2019 is as follows (continued):

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost HKD</u>	<u>Fair value HKD</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u> (continued)				
<u>Consumer Goods</u> (continued)				
Ting Yi (Cayman Islands) Holding Corporation	6,000	80,400	79,800	0.30
Vitasoy International	4,000	146,000	112,800	0.43
Want Want China Holdings Ltd	23,000	144,721	167,440	0.63
WH Group Ltd	35,000	253,261	281,400	1.06
Yihai International Holding Ltd	1,000	46,850	45,700	0.17
	<u>158,700</u>	<u>2,445,460</u>	<u>2,780,215</u>	<u>10.50</u>
<u>Consumer Services</u>				
Air China Ltd	6,000	46,360	47,400	0.18
Galaxy Entertainment Group Ltd	9,000	469,145	516,150	1.95
Haidilao International Holding Ltd	3,000	89,750	93,900	0.35
Meituan Dianping	13,300	885,712	1,355,270	5.11
MTR Corp Ltd	5,500	242,613	253,000	0.95
Sands China Ltd	9,200	344,356	382,720	1.44
Wynn Macau Ltd	5,600	102,697	107,520	0.41
	<u>51,600</u>	<u>2,180,633</u>	<u>2,755,960</u>	<u>10.39</u>
<u>Financials</u>				
AIA Group Ltd	32,400	2,394,777	2,650,320	9.99
China Life Insurance Co Ltd	27,000	528,634	583,200	2.20
China Pacific Insurance GR-H	9,200	259,258	282,440	1.06
China Taiping Insurance Holdings Co Ltd	5,200	109,708	100,360	0.38
Country Garden Services Holdings Co Ltd	4,000	104,400	104,800	0.39
New China Life Insurance Co Ltd	2,800	91,197	93,800	0.35
Peoples Insurance CO Group of China Ltd	26,000	83,846	84,240	0.32

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 December 2019 is as follows (continued):

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost HKD</u>	<u>Fair value HKD</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u> (continued)				
<u>Financials</u> (continued)				
PICC Property & Casualty Co Ltd - H	26,000	217,768	244,140	0.92
Ping An Insurance Group Co of China Ltd - H	19,000	1,497,069	1,749,900	6.59
	<u>151,600</u>	<u>5,286,657</u>	<u>5,893,200</u>	<u>22.20</u>
<u>Health Care</u>				
CSPC Pharmaceutica NPV	18,000	231,760	334,440	1.26
Hansoh Pharmaceutical Group Co Ltd	2,000	47,600	51,600	0.19
Innovent Biologics Inc	3,000	81,450	79,650	0.30
Shandong Weigao Group Medical Polymer Co Ltd	8,000	70,720	74,640	0.28
Shanghai Fosun Pharmaceutical Group	1,500	36,325	35,250	0.13
Sino Biopharmaceutical Ltd	24,000	167,889	261,600	0.99
WuXi AppTec Co Ltd - H Shares	500	48,825	48,325	0.18
Wuxi Biologics Cayman Inc	1,500	101,825	147,900	0.56
	<u>58,500</u>	<u>786,394</u>	<u>1,033,405</u>	<u>3.89</u>
<u>Technology</u>				
Alibaba Health Information Technology	12,000	88,269	107,760	0.41
China Tower Corp Ltd	162,000	336,302	278,640	1.05
Tencent Holdings Ltd	7,400	2,526,607	2,779,440	10.47
ZTE Corporation	2,800	50,329	66,780	0.25
	<u>184,200</u>	<u>3,001,507</u>	<u>3,232,620</u>	<u>12.18</u>



**TRADEPLUS S&P NEW CHINA TRACKER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019  
(DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)**

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 December 2019 is as follows (continued):

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost HKD</u>	<u>Fair value HKD</u>	<u>Percentage of NAV %</u>
<u>Hong Kong (continued)</u>				
<u>Telecommunications</u>				
China Mobile Ltd	20,500	1,614,320	1,341,725	5.06
China Telecom Corp Ltd	52,000	216,454	166,920	0.63
China Unicom (Hong Kong) Ltd	22,000	196,112	161,480	0.61
HKT Trust & HKT Ltd	14,000	167,272	153,720	0.58
	<u>108,500</u>	<u>2,194,158</u>	<u>1,823,845</u>	<u>6.88</u>
<u>Utilities</u>				
Huaneng Power International Inc	14,000	69,020	55,020	0.21
<u>United States</u>				
<u>Consumer Services</u>				
58.com Inc	349	173,478	176,026	0.66
Alibaba Group Holding Ltd	1,591	2,065,681	2,629,654	9.91
Huazhu Group Ltd	416	110,810	129,853	0.49
IQIYI INC	952	157,931	156,519	0.59
JD.Com Inc	3,174	650,639	871,297	3.28
Melco Resorts & Entertainment Ltd	779	132,820	146,771	0.55
New Oriental Education & Technology Group	437	293,082	412,867	1.56
Pinduoduo Inc ADS	1,285	379,030	378,679	1.43
TAL Education Group	1,392	378,448	522,797	1.97
Trip.com Group Ltd	1,573	411,119	411,092	1.55
Vipshop Holdings Limited ADS	1,313	86,191	144,971	0.55
	<u>13,261</u>	<u>4,839,229</u>	<u>5,980,526</u>	<u>22.54</u>
<u>Healthcare</u>				
BeiGene Ltd	155	168,819	200,197	0.75

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019  
(DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 December 2019 is as follows (continued):

<u>Name of counters</u>	<u>Quantity</u>	Aggregate cost HKD	Fair value HKD	Percentage of NAV %
<u>United States</u> (continued)				
<u>Industrials</u>				
ZTO Express Cayman Inc	1,612	243,913	293,165	1.10
<u>Technology</u>				
Autohome Inc	198	121,388	123,147	0.46
Baidu Inc	1,034	1,247,524	1,018,310	3.84
GDS Holdings Ltd. ADR A	263	104,561	105,702	0.40
Joyy Inc Depositary Receipt	238	123,476	97,880	0.37
Momo Inc	606	152,084	158,137	0.60
NetEase Inc	257	508,773	614,057	2.31
Weibo Corporation	236	103,388	85,233	0.32
	2,832	2,361,194	2,202,466	8.30
Total quoted equities – foreign	749,360	23,722,133	26,375,799	99.40
Accumulated unrealised gain on quoted equities – foreign		2,653,666		
Total quoted equities – foreign		26,375,799		

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 9 NUMBER OF UNITS IN CIRCULATION

	<u>2019</u>
	No. of units
At the date of launch	-
Creation of units arising from applications	2,650,000
Cancellation of units during the financial period	<u>(350,000)</u>
At the end of the financial period	<u><u>2,300,000</u></u>

#### 10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top brokers for the financial period from 15 January 2019 (date of launch) to 31 December 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> HKD	<u>Percentage</u> of total trade %	<u>Brokerage</u> fees HKD	<u>Percentage</u> of total brokerage %
Macquarie Capital Securities Ltd	23,592,206	63.03	9,009	50.59
CLSA Ltd	10,392,773	27.77	5,196	29.18
Intisnet Pacific Ltd	2,385,527	6.37	954	5.36
China International Capital Corp HK Security	1,058,699	2.83	2,647	14.87
	<u>37,429,205</u>	<u>100.00</u>	<u>17,806</u>	<u>100.00</u>

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager

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

	<u>No. of units</u>	<u>2019 HKD</u>
<u>The Manager:</u>		
Affin Hwang Asset Management Berhad (The units are held beneficially)	500,000	5,768,500
<u>Holding company of the Manager:</u>		
Affin Hwang Investment Bank Berhad (The units are held beneficially)	97,300	1,122,550

## TRADEPLUS S&P NEW CHINA TRACKER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)

#### 12 MANAGEMENT EXPENSE RATIO (“MER”)

	Financial period from 15.1.2019 (date of launch) to 31.12.2019 %
MER	1.39

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Licence 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 the financial period from 15 January 2019 to 31 December 2019 calculated on a daily basis was HKD22,176,131.

#### 13 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 15.1.2019 (date of launch) to 31.12.2019
PTR (times)	0.84

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = HKD 30,499,638  
total disposal for the financial period = HKD 6,733,097

## **TRADEPLUS S&P NEW CHINA TRACKER**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 15 JANUARY 2019 (DATE OF LAUNCH) TO 31 DECEMBER 2019 (CONTINUED)**

#### **14 SEGMENT INFORMATION**

The strategic asset allocation committee of the Investment Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Manager that are used to make strategic decisions.

The committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of dividends and gains on the appreciation in the value of investments and are derived from quoted equities in China, Hong Kong and United States.

The Fund has a diversified unitholder population. However, as at 31 December 2019, there were 4 unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 19.43%, 16.00%, 15.97% and 11.63%.

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

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

#### **15 COMPARATIVES**

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

## **TRADEPLUS S&P NEW CHINA TRACKER**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 19 to 45 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 2019 and of its financial performance, changes in equity and cash flows for the financial period from 15 January 2019 (date of launch) to 31 December 2019 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
7 February 2020

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS S&P NEW CHINA TRACKER

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of TradePlus S&P New China Tracker ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the financial period from 15 January 2019 (date of launch) to 31 December 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 15 January 2019 (date of launch) to 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 45.

Basis for opinion

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

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

Independence and other ethical responsibilities

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



INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS S&P NEW CHINA TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 judgments; 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 of 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 judgment, were of most significance in our audit of the financial statements of the Fund for the current year. 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.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Valuation and existence of financial assets at fair value through profit or loss</b></p> <p>Refer to Note G, Note 3 and Note 8 to the financial statements.</p> <p>The investment portfolio at the period-end comprised quoted equities valued at HKD26,375,799.</p> <p>We focused on the valuation and existence of investments because investments represent the most significant element of the net asset recognised in the financial statements.</p>	<p>We have tested the valuation of the quoted equities as at year-end by independently agreeing the price used in the valuation to the quoted price published by the relevant stock exchanges.</p> <p>We have tested the existence of the investment portfolio by agreeing the investment holding to an independent custodian confirmation.</p>

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS S&P NEW CHINA TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the 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 controls as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS S&P NEW CHINA TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS S&P NEW CHINA TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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 communication.

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

JAYARAJAN A/L U. RATHINASAMY  
02059/06/2020 J  
Chartered Accountant

Kuala Lumpur  
7 February 2020

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