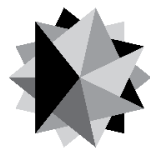


TradePlus

S&P New China Tracker

Interim Report
30 June 2020

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

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 June 2020

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GENERAL INFORMATION

MANAGER

Affin Hwang Asset Management Berhad
199701014290 (429786-T)
Registered Office:
27th 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
Website: www.affinhwangam.com

MANAGER'S DELEGATE

(fund valuation & accounting function)
TMF Trustees Malaysia Berhad (610812-W)
Registered & Business Address:
10th 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:
10th 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
Website: 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

COMPANY SECRETARY

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

REGISTRAR

Affin Hwang Asset Management Berhad
199701014290 (429786-T)
27th 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 30 JUNE 2020

| Size of holdings (units) | No. of unitholders | No. of units held | % of units held |
|--------------------------|--------------------|-------------------|-----------------|
| 1 - 99 | 0 | 0 | 0 |
| 100 - 1,000 | 50 | 21,200 | 1.39 |
| 1,001 - 10,000 | 16 | 70,600 | 4.62 |
| 10,001 - 100,000 | 7 | 243,200 | 15.91 |
| 100,001 - < 5% * | 4 | 1,194,000 | 78.09 |
| >= 5% * | 0 | 0 | 0 |
| Total | 77 | 1,529,000 | 100.00 |

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

BREAKDOWN OF UNITHOLDERS BY USD CLASS (0829EB) SIZE AS AT 30 JUNE 2020

| 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 | 3.27 |
| 10,001 - 100,000 | 1 | 16,000 | 5.23 |
| 100,001 - < 5% * | 2 | 280,000 | 91.05 |
| >= 5% * | 0 | 0 | 0 |
| Total | 4 | 306,000 | 100.00 |

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

FUND PERFORMANCE DATA

| Category | As at 30 Jun 2020 | As at 30 Jun 2019 |
|---|----------------------|----------------------|
| Portfolio composition (%) | | |
| Quoted equities – foreign | | |
| - Health Care | 6.17 | 3.81 |
| - Consumer Goods | 10.51 | 10.47 |
| - Consumer Services | 35.47 | 26.37 |
| - Financials | 17.86 | 24.50 |
| - Industrials | 1.41 | 4.24 |
| - Technology | 21.16 | 19.05 |
| - Telecommunications | 4.65 | 8.69 |
| - Utilities | 0.15 | 0.92 |
| Total quoted equities – foreign (%) | 97.38 | 98.05 |
| Cash & cash equivalent (%) | 2.62 | 1.95 |
| Total (%) | 100.00 | 100.00 |
| Country Allocation (%) | | |
| China | - | 0.53 |
| Hong Kong | 63.44 | 71.34 |
| United States | 33.94 | 26.18 |
| Cash | 2.62 | 1.95 |
| Total (%) | 100.00 | 100.00 |
| Total NAV (HKD 'million) | 22.881 | 24.676 |
| NAV per Unit (in HKD) | 12.4695 | 10.7288 |
| Unit in Circulation (million) | 1.835 | 2.300 |
| Highest NAV per unit | 12.7402 | 11.6444 |
| Lowest NAV per unit | 9.2570 | 9.8777 |
| Return of the Fund (%) ⁱⁱⁱ | 8.08 | 7.29 |
| - Capital Growth (%) ⁱ | 8.08 | 7.29 |
| - Income Distribution (%) ⁱⁱ | Nil | Nil |
| Gross Distribution per Unit (sen) | Nil | Nil |
| Net Distribution per Unit (sen) | Nil | Nil |
| Management Expense Ratio (%) ¹ | 0.49 | 0.66 |
| Portfolio Turnover Ratio (times) ² | 0.32 | 0.76 |
| Tracking Error | 0.58 | 1.17 |

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 |

¹ The Fund's MER was lower than previous year due to higher average net asset value of the Fund during the financial period.

² The Fund's PTR was lower than previous year due to higher average net asset value of the Fund during the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 30 June 2020.

Performance Review

For the period under review from 1 January 2020 to 30 June 2020, the Fund registered a 8.08% return compared to the benchmark return of 8.33%. The Fund thus underperformed the Benchmark by 0.25%. The Net Asset Value ("NAV") per unit of the Fund as at 30 June 2020 was HKD12.4695 compared to its NAV per unit as at 31 December 2019 was HKD 11.537.

Since commencement until 30 June 2020, the Fund registered a return of 24.69%. Compared to the Benchmark return of 27.14% for the same period, the Fund underperformed the Benchmark by 2.45 percentage points.

Table 1: Performance of the Fund

| | 6 Months <i>(1/1/20 - 30/6/20)</i> | 1 Year <i>(1/7/19 - 30/6/20)</i> | Since Commencement <i>(24/1/19 - 30/6/20)</i> |
|--|--|--|---|
| Fund | 8.08% | 16.22% | 24.69% |
| Benchmark | 8.33% | 17.41% | 27.14% |
| Outperformance / (Underperformance) | (0.25%) | (1.19%) | (2.45%) |

Source of Benchmark: Bloomberg

Table 2: Average Total Return

| | 1 Year <i>(1/7/19 - 30/6/20)</i> | Since Commencement <i>(24/1/19 - 30/6/20)</i> |
|--|--|---|
| Fund | 16.22% | 16.62% |
| Benchmark | 17.41% | 18.21% |
| Outperformance / (Underperformance) | (1.19%) | (1.59%) |

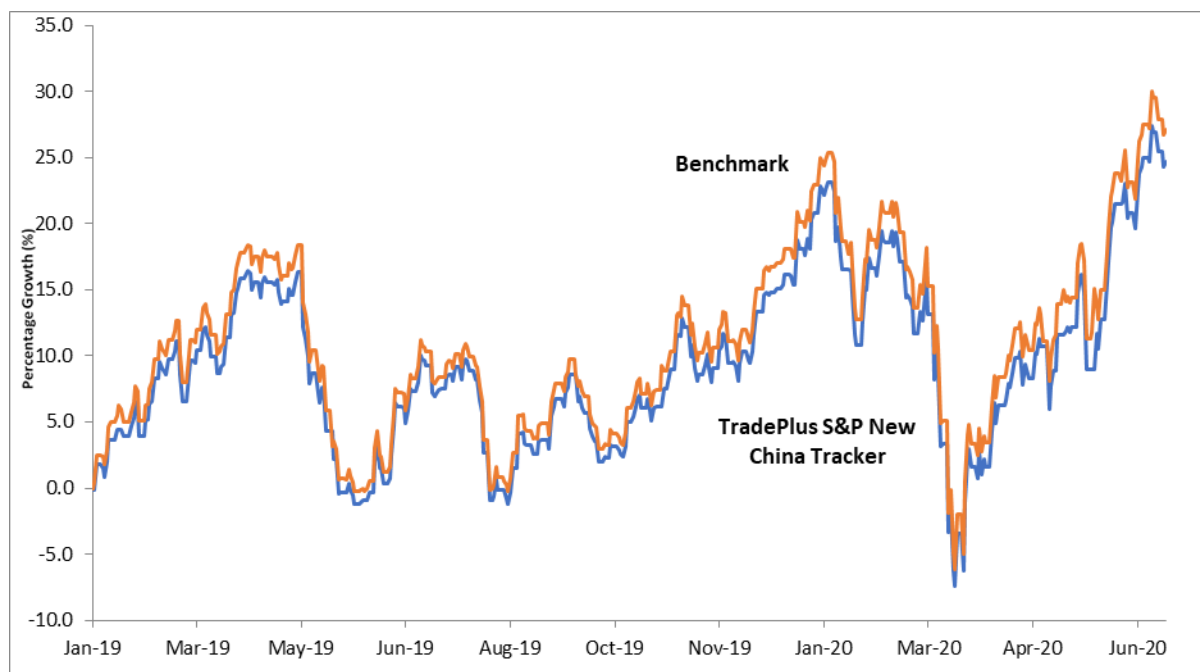
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

| | FYE 2019 <i>(24/1/19 - 31/12/19)</i> |
|--|--|
| Fund | 15.37% |
| Benchmark | 27.14% |
| Outperformance / (Underperformance) | (11.77%) |

Source of Benchmark: Bloomberg

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



"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."

Benchmark: 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.

Asset Allocation

As at 30 June 2020, the ETF's asset allocation stood at 97.38% 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 30 June 2020, the Fund's AUM stood at HKD22.881 million, with 97.38% of the Fund's NAV invested into equities.

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCI Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

On commodities, crude oil prices slid by about 35% YTD as at end of June, after oil prices rebounded by 9.7% in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut for an additional month.

Investment Outlook

Economic lockdowns have triggered a rapid and sharp decline in growth. It may take time for the global economy and corporates to recover back to pre-COVID-19 levels. Though, massive stimulus from central banks and governments will help alleviate economic pain.

Although the number of daily new cases may rise again as economies re-open, we are seeing a number of positive developments that may help prevent infection and mortality rates from rising back to its peak in March/April for many countries. The general public is much more careful now by wearing masks in public areas and maintaining hygiene as they adapt to a new normal. Thus, behavioural changes within society can help to stem the spread of infection.

The supply of masks and PPEs are also much higher today than a few months ago as manufacturers increase production to meet demand. Hospitals and medical facilities are also much more prepared after increasing ICU beds and ventilators. Governments have also ramped-up contact tracing capabilities that will help in the process of reopening economies. The research and development process to find a cure is also gathering pace with a number of vaccines already in Phase 3 trials. With a better medical arsenal to combat against the pandemic, expectations are that the second wave will not result in higher mortality rates unlike past pandemics.

Though we saw a rise in the number of new daily cases particularly in US, Hong Kong and Singapore, mortality rates remain under control with a better medical arsenal to combat against the pandemic. Medical front-liners and hospitals are more prepared now in treating patients diagnosed with the virus. There are also positive signs which show that re-purposed drugs such as Remdesivir and Dexamethasone are effective in treating COVID-19.

On currency movements, we’ve seen the US dollar weakening against a basket of Asian currencies. The greenback is seen losing its support as the US Federal Reserve continually expand its balance sheet and maintain its dovish tilt. A resurgence of COVID-19 cases in the US has also dampened prospects of a smooth economic recovery which has weighed down on currency gains.

Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

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 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 30 June 2020. 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
14 August 2020

TRADEPLUS S&P NEW CHINA TRACKER

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

TRADEPLUS S&P NEW CHINA TRACKER

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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TRADEPLUS S&P NEW CHINA TRACKER

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

| | <u>Note</u> | 6 months financial period ended <u>30.6.2020</u> HKD | Financial period from 15.1.2019 (date of launch) to <u>30.6.2019</u> HKD |
|--|-------------|--|--|
| INVESTMENT INCOME | | | |
| Dividend income | | 203,969 | 197,615 |
| Net (loss)/gain on foreign currency exchange | | (4,194) | 49 |
| Net gain on financial asset at fair value through profit or loss | 8 | 1,557,525 | 977,566 |
| | | <u>1,757,300</u> | <u>1,175,230</u> |
| EXPENSES | | | |
| Management fee | 4 | (61,418) | (44,354) |
| Trustee fee | 5 | (4,913) | (3,548) |
| Auditors' remuneration | | (20,885) | (19,338) |
| Tax agent's fee | | (3,482) | (3,223) |
| Transaction and custody fee | | 5,083 | (65,693) |
| Licence fee | 6 | (31,819) | (18,054) |
| Other expenses | | (32,614) | (14,405) |
| | | <u>(150,048)</u> | <u>(168,615)</u> |
| NET PROFIT BEFORE TAXATION | | 1,607,252 | 1,006,615 |
| Taxation | 7 | - | - |
| NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD | | <u><u>1,607,252</u></u> | <u><u>1,006,615</u></u> |
| Net profit after taxation is made up of the following: | | | |
| Realised amount | | 859,374 | 74,030 |
| Unrealised amount | | 747,878 | 932,585 |
| | | <u><u>1,607,252</u></u> | <u><u>1,006,615</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

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | <u>Note</u> | <u>2020</u> HKD | <u>2019</u> HKD |
|---|-------------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 358,279 | 382,250 |
| Dividend receivables | | 51,533 | 73,769 |
| Amount due to brokers | | 642,460 | - |
| Financial asset at fair value through profit or loss | 8 | 22,281,827 | 24,194,226 |
| Prepayment of license fee | | 46,421 | 60,428 |
| TOTAL ASSETS | | <u>23,380,520</u> | <u>24,710,673</u> |
| LIABILITIES | | | |
| Amount due to brokers | | 451,760 | - |
| Amount due to Manager - management fee | | 9,232 | 9,190 |
| Amount due to Trustee | | 739 | 735 |
| Auditors' remuneration | | 21,893 | 19,338 |
| Tax agent's fee | | 10,482 | 3,223 |
| Other payables and accruals | | 4,956 | 1,842 |
| TOTAL LIABILITIES | | <u>499,062</u> | <u>34,328</u> |
| NET ASSET VALUE OF THE FUND | | <u>22,881,458</u> | <u>24,676,345</u> |
| EQUITY | | | |
| Unitholders' capital | | 18,424,984 | 23,669,730 |
| Retained earnings | | 4,456,474 | 1,006,615 |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | <u>22,881,458</u> | <u>24,676,345</u> |
| NUMBER OF UNITS IN CIRCULATION | 9 | <u>1,835,000</u> | <u>2,300,000</u> |
| NET ASSET VALUE PER UNIT (HKD) | | <u>12.4695</u> | <u>10.7288</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

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

| | Unitholders' <u>capital</u> HKD | Retained <u>earnings</u> HKD | <u>Total</u> HKD |
|---|---------------------------------------|------------------------------------|---------------------|
| Balance as at 1 January 2020 | 23,685,955 | 2,849,222 | 26,535,177 |
| Total comprehensive income for the financial period | - | 1,607,252 | 1,607,252 |
| Movement in unitholders' capital: | | | |
| Creation of units arising from applications | 3,345,040 | - | 3,345,040 |
| Cancellation of units | (8,606,011) | - | (8,606,011) |
| Balance as at 30 June 2020 | <u>18,424,984</u> | <u>4,456,474</u> | <u>22,881,458</u> |
| Balance as at 15 January 2019 (date of launch) | - | - | - |
| Total comprehensive income for the financial period | - | 1,006,615 | 1,006,615 |
| Movement in unitholders' capital: | | | |
| Creation of units arising from applications | 24,730,060 | - | 24,730,060 |
| Cancellation of units | (1,060,330) | - | (1,060,330) |
| Balance as at 30 June 2019 | <u>23,669,730</u> | <u>1,006,615</u> | <u>24,676,345</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

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

| | 6 months financial period ended <u>30.6.2020</u> HKD | Financial period from 15.1.2019 (date of launch) to <u>30.6.2019</u> HKD |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Proceeds from sale of investments | 10,474,461 | 2,999,434 |
| Purchase of investments | (5,001,867) | (26,207,580) |
| Dividends received | 152,436 | 114,332 |
| Management fee paid | (63,215) | (35,164) |
| Trustee fee paid | (5,056) | (2,813) |
| License fee paid | (78,240) | (78,482) |
| Net realised loss on foreign currency exchange | (30,583) | (5,846) |
| Payment for other fees and expenses | (48,723) | (68,742) |
| | <hr/> | <hr/> |
| Net cash generated from/(used in) operating activities | 5,399,213 | (23,284,861) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from creation of units | 3,345,040 | 24,730,060 |
| Payments for cancellation of units | (8,606,011) | (1,060,330) |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from financing activities | (5,260,971) | 23,669,730 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | 138,242 | 384,869 |
| EFFECTS OF FOREIGN CURRENCY EXCHANGE | | |
| | (4,185) | (2,619) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | | |
| | 224,222 | - |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | | |
| | <u>358,279</u> | <u>382,250</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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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

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

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business.

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

B INCOME RECOGNITION

Dividend income

Dividend income for financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the 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 ENDED 30 JUNE 2020 (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 at fair value through profit or loss, and
- those to be measured at amortised cost.

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

TRADEPLUS S&P NEW CHINA TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

The Fund classifies cash and cash equivalents, dividend receivables, amount due from brokers and prepayment of license fee as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to brokers, 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.

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

TRADEPLUS S&P NEW CHINA TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

(iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

Qualitative criteria:

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

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

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

TRADEPLUS S&P NEW CHINA TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (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 cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of 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 ENDED 30 JUNE 2020 (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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's Guidelines on Exchange-traded Fund.

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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 its Benchmark, S&P New China Sectors Ex A-Shares Index– 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 14 August 2020.

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

| | <u>Note</u> | At amortised cost HKD | At fair value through profit or loss HKD | <u>Total</u> HKD |
|------------------------------|-------------|--------------------------------|---|---------------------|
| <u>2020</u> | | | | |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | | 358,279 | - | 358,279 |
| Amount due from brokers | | 642,460 | - | 642,460 |
| Dividend receivables | | 51,533 | - | 51,533 |
| Quoted equities | 8 | - | 22,281,827 | 22,281,827 |
| Prepayment of license fee | | 46,421 | - | 46,421 |
| Total | | <u>1,098,693</u> | <u>22,281,827</u> | <u>23,380,520</u> |
| <u>Financial liabilities</u> | | | | |
| Amount due to brokers | | 451,760 | - | 451,760 |
| Amount due to Manager | | | | |
| - management fee | | 9,232 | - | 9,232 |
| Amount due to Trustee | | 739 | - | 739 |
| Auditors' remuneration | | 21,893 | - | 21,893 |
| Tax agent's fee | | 10,482 | - | 10,482 |
| Other payables and accruals | | 4,956 | - | 4,956 |
| Total | | <u>499,062</u> | <u>-</u> | <u>499,062</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

Financial instruments of the Fund are as follows: (continued)

| | <u>Note</u> | At amortised <u>cost</u> HKD | At fair value through <u>profit or loss</u> HKD | <u>Total</u> HKD |
|------------------------------|-------------|---------------------------------------|--|---------------------|
| <u>2019</u> | | | | |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | | 382,250 | - | 382,250 |
| Dividend receivables | | 73,769 | - | 73,769 |
| Quoted equities | 8 | - | 24,194,226 | 24,194,226 |
| Prepayment of license fee | | 60,428 | - | 60,428 |
| Total | | <u>516,447</u> | <u>24,194,226</u> | <u>24,710,673</u> |
| <u>Financial liabilities</u> | | | | |
| Amount due to Manager | | | | |
| - management fee | | 9,190 | - | 9,190 |
| - cancellation of units | | | - | |
| Amount due to Trustee | | 735 | - | 735 |
| Auditors' remuneration | | 19,338 | - | 19,338 |
| Tax agent's fee | | 3,223 | - | 3,223 |
| Other payables and accruals | | 1,842 | - | 1,842 |
| Total | | <u>34,328</u> | <u>-</u> | <u>34,328</u> |

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

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

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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

| | <u>2020</u> HKD | <u>2019</u> HKD |
|---------------------------|--------------------|--------------------|
| Quoted investments | | |
| Quoted equities | 22,281,827 | 24,194,226 |

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2019: 5%) and decreased by 10% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

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>2020</u> | | |
| -10% | 20,053,644 | (2,228,183) |
| 0% | 22,281,827 | - |
| +10% | 24,510,010 | 2,228,183 |
| <u>2019</u> | | |
| -5% | 22,984,515 | (1,209,711) |
| 0% | 24,194,226 | - |
| +5% | 25,403,937 | 1,209,711 |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

Market risk (continued)

(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 equities</u> HKD | <u>Cash and cash equivalents</u> HKD | <u>Other assets*</u> HKD | <u>Total</u> HKD |
|------------------------------|-----------------------------------|---|---|---------------------|
| <u>2020</u> | | | | |
| <u>Financial assets</u> | | | | |
| Chinese Yuan | - | - | 6,651 | 6,651 |
| United States Dollar | 7,766,597 | 14,175 | 642,460 | 8,423,232 |
| | <u>7,766,597</u> | <u>14,175</u> | <u>649,111</u> | <u>8,429,883</u> |
| | | | <u>Amount due to brokers</u> HKD | <u>Total</u> HKD |
| <u>Financial liabilities</u> | | | | |
| United States Dollar | | | 451,760 | 451,760 |

* Other assets consist of amount due from brokers and dividend receivables.

| | <u>Quoted equities</u> HKD | <u>Cash and cash equivalents</u> HKD | <u>Dividend receivables</u> HKD | <u>Total</u> HKD |
|-------------------------|-----------------------------------|---|--|---------------------|
| <u>2019</u> | | | | |
| <u>Financial assets</u> | | | | |
| Chinese Yuan | - | - | 5,619 | 5,619 |
| United States Dollar | 6,460,367 | 326,329 | - | 6,786,696 |
| | <u>6,460,367</u> | <u>326,329</u> | <u>5,619</u> | <u>6,792,315</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (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 10% (2019: 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 10% (2019: 5%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

| | <u>Change in rate</u> % | <u>Impact on loss after tax/NAV</u> HKD |
|----------------------|--------------------------------|--|
| <u>2020</u> | | |
| Chinese Yuan | +/- 10 | +/- 665 |
| United States Dollar | +/- 10 | +/- 797,147 |
| <u>2019</u> | | |
| Chinese Yuan | +/- 5 | +/- 281 |
| United States Dollar | +/- 5 | +/- 339,335 |

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.

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

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

| | Cash and cash equivalents HKD | Other assets* HKD | Total HKD |
|--------------------|--|-------------------------|------------------|
| <u>2020</u> | | | |
| Consumer Goods | | | |
| - NR | - | 26,630 | 26,630 |
| Consumer Services | | | |
| - NR | - | 301,113 | 301,113 |
| Financials | | | |
| - AAA | 358,279 | - | 358,279 |
| - NR | - | 8,832 | 8,832 |
| Industrials | | | |
| - NR | - | 37,924 | 37,924 |
| Technology | | | |
| - NR | - | 230,451 | 230,451 |
| Telecommunications | | | |
| - NR | - | 4,500 | 4,500 |
| Health Care | | | |
| - NR | - | 84,543 | 84,543 |
| Others | | | |
| - NR | - | 46,421 | 46,421 |
| Total | <u>358,279</u> | <u>740,414</u> | <u>1,098,693</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

Credit risk (continued)

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

| | Cash and cash equivalents HKD | Other assets* HKD | Total HKD |
|--------------------|--|-------------------------|----------------|
| <u>2019</u> | | | |
| Consumer Goods | | | |
| - NR | - | 26,680 | 26,680 |
| Consumer Services | | | |
| - NR | - | 6,269 | 6,269 |
| Financials | | | |
| - AAA | 382,250 | - | 382,250 |
| - NR | - | 33,027 | 33,027 |
| Health Care | | | |
| - NR | - | 960 | 960 |
| Telecommunications | | | |
| - NR | - | 5,400 | 5,400 |
| Utilities | | | |
| - NR | - | 1,433 | 1,433 |
| Others | | | |
| - NR | - | 60,428 | 60,428 |
| Total | <u>382,250</u> | <u>134,197</u> | <u>516,447</u> |

* Other assets consist of amount due from brokers, dividend receivables and prepayment of license fee.

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.

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

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

| | <u>Within one month</u> HKD | <u>Between one month to one year</u> HKD | <u>Total</u> HKD |
|-----------------------------|------------------------------------|---|---------------------|
| <u>2020</u> | | | |
| Amount due to brokers | 451,760 | - | 451,760 |
| Amount due to Manager | | | |
| - management fee | 9,232 | - | 9,232 |
| Amount due to Trustee | 739 | - | 739 |
| Auditor's remuneration | - | 21,893 | 21,893 |
| Tax agent's fee | - | 10,482 | 10,482 |
| Other payables and accruals | - | 4,956 | 4,956 |
| | <u>461,731</u> | <u>37,331</u> | <u>499,062</u> |
| <u>2019</u> | | | |
| Amount due to Manager | | | |
| - management fee | 9,190 | - | 9,190 |
| Amount due to Trustee | 735 | - | 735 |
| Auditor's remuneration | - | 19,338 | 19,338 |
| Tax agent's fee | - | 3,223 | 3,223 |
| Other payables and accruals | - | 1,842 | 1,842 |
| | <u>9,925</u> | <u>24,403</u> | <u>34,328</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.

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.

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

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

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

The following table analyses 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>2020</u> | | | | |
| Financial asset at fair value through profit or loss | | | | |
| - quoted equities | <u>22,281,827</u> | <u>-</u> | <u>-</u> | <u>22,281,827</u> |
| <u>2019</u> | | | | |
| Financial asset at fair value through profit or loss | | | | |
| - quoted equities | <u>24,194,226</u> | <u>-</u> | <u>-</u> | <u>24,194,226</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

(ii) The carrying values of cash and cash equivalents, dividend receivables, prepayment of license fee 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 6 months financial period ended 30 June 2020, management fee is recognised at a rate of 0.50% (2019: 0.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

There will be no further liability to the Manager in respect of management fee other than the 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 6 months financial period ended 30 June 2020, the Trustee fee is recognised at a rate of 0.04% (2019: 0.04%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

6 LICENSE FEE

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

For the 6 months financial period ended 30 June 2020, the license fee is recognised at minimum of USD10,000 per annum or 0.05% (2019: 0.05%) of the average daily asset under management, whichever is higher.

7 TAXATION

| | 6 months financial period ended <u>30.6.2020</u> HKD | Financial period from 15.1.2019 (date of launch) to <u>30.6.2019</u> HKD |
|----------------------------|--|--|
| Current taxation – foreign | - | - |

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

| | 6 months financial period ended <u>30.6.2020</u> HKD | Financial period from 15.1.2019 (date of launch) to <u>30.6.2019</u> HKD |
|---|--|--|
| Net profit before taxation | 1,607,252 | 1,016,129 |
| Tax at Malaysian statutory rate of 24% (2019: 24%) | 385,740 | 243,871 |
| Tax effects of: | | |
| Investment income not subject to tax | (421,751) | (282,055) |
| Expenses not deductible for tax purposes | 16,020 | 36,611 |
| Restriction on tax deductible expenses for Exchange-Traded Funds | 19,991 | 1,573 |
| Tax expense | - | - |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>2020</u> HKD | <u>2019</u> HKD |
|--|--------------------|--------------------|
| Financial assets at fair value through profit or loss: | | |
| - quoted equities – foreign | <u>22,281,827</u> | <u>24,194,226</u> |
| Net gain on financial assets at fair value through profit or loss: | | |
| - realised gain on sale of investments | 805,462 | 42,362 |
| - unrealised gain on changes in fair value | <u>752,063</u> | <u>935,204</u> |
| | <u>1,557,525</u> | <u>977,566</u> |

(a) Quoted equities – foreign

(i) Quoted equities – foreign as at 30 June 2020 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>Hong Kong</u> | | | | |
| <u>Consumer Goods</u> | | | | |
| ANTA Sports Products Ltd | 2,900 | 117,692 | 198,360 | 0.87 |
| Brilliance China Auto Hdgs Ltd | 8,000 | 62,147 | 55,520 | 0.24 |
| BYD Co Ltd | 1,500 | 71,520 | 89,700 | 0.39 |
| China Feihe Ltd | 8,000 | 124,160 | 124,000 | 0.54 |
| China Mengniu Dairy Co Ltd | 7,500 | 193,364 | 222,000 | 0.97 |
| China Resources Beer Holdings | 4,000 | 115,300 | 172,800 | 0.76 |
| Geely Automobile Holdings Ltd | 13,000 | 174,539 | 158,340 | 0.69 |
| Great Wall Motor Co Ltd | 8,000 | 45,003 | 38,640 | 0.17 |
| Guangzhou Automobile Gp Co Ltd | 8,000 | 69,200 | 44,640 | 0.20 |
| Haier Electronics Group Co Ltd | 4,000 | 88,200 | 93,800 | 0.41 |
| Hengan Intl. Grp Co Ltd | 2,500 | 149,958 | 151,625 | 0.66 |
| Li Ning Company Ltd | 6,000 | 104,440 | 147,000 | 0.64 |
| Shenzhen Intl Group Holdings | 1,900 | 180,952 | 177,365 | 0.77 |
| Tingyi (Cayman Islnds) Hldg Co | 6,000 | 80,400 | 72,120 | 0.31 |
| Vitasoy International Holdings | 4,000 | 146,000 | 118,600 | 0.52 |
| Want Want China Holdings Ltd | 18,000 | 111,159 | 105,300 | 0.46 |
| WH Group Ltd | 26,500 | 190,620 | 175,695 | 0.77 |
| Xinyi Glass Holdings Co Ltd | 6,000 | 56,340 | 56,880 | 0.25 |
| Yihai International Holding Lt | 1,000 | 46,850 | 79,450 | 0.35 |
| Zhongsheng Group Holdings Ltd | 1,000 | 41,500 | 42,900 | 0.19 |
| | <u>137,800</u> | <u>2,169,344</u> | <u>2,324,735</u> | <u>10.16</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 June 2020 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>Consumer Services</u> | | | | |
| Air China Ltd | 6,000 | 46,360 | 27,720 | 0.12 |
| China Southern Airlines Co Ltd | 4,000 | 14,120 | 13,720 | 0.06 |
| Galaxy Entertainment Group Ltd | 7,400 | 385,853 | 389,980 | 1.70 |
| Haidilao International Holding | 3,000 | 89,750 | 97,800 | 0.43 |
| Meituan Dianping | 9,700 | 731,029 | 1,667,430 | 7.29 |
| MTR Corp Ltd | 4,000 | 176,446 | 160,000 | 0.70 |
| Sands China Ltd | 6,400 | 232,366 | 194,560 | 0.85 |
| Sun Art Retail Group Ltd | 6,500 | 82,940 | 86,060 | 0.38 |
| | <u>47,000</u> | <u>1,758,864</u> | <u>2,637,270</u> | <u>11.53</u> |
| <u>Financials</u> | | | | |
| AIA Group Ltd | 30,100 | 2,204,613 | 2,171,715 | 9.49 |
| China Life Insurance Co. Ltd | 18,200 | 344,885 | 283,920 | 1.24 |
| China Pacific Insurance Group | 6,800 | 183,793 | 140,420 | 0.61 |
| Country Garden Services Hdg Co | 4,000 | 104,400 | 143,800 | 0.63 |
| New China Life Insurance Co Lt | 2,000 | 63,269 | 51,800 | 0.23 |
| People's Insurance Co Group CN | 19,000 | 59,237 | 42,750 | 0.19 |
| PICC Property & Casualty Co Ltd | 18,000 | 148,955 | 115,020 | 0.50 |
| Ping An Insurance Grp Co China | 14,700 | 1,156,503 | 1,137,780 | 4.97 |
| | <u>112,800</u> | <u>4,265,655</u> | <u>4,087,205</u> | <u>17.86</u> |
| <u>Health Care</u> | | | | |
| CSPC Pharmaceutical Group Ltd | 16,400 | 175,966 | 240,096 | 1.05 |
| Hansoh Pharmaceutical Group Co | 2,000 | 47,600 | 72,900 | 0.32 |
| Innovent Biologics Inc | 2,500 | 67,875 | 143,625 | 0.63 |
| Shandong Weigao Group Medical | 8,000 | 70,720 | 137,920 | 0.60 |
| Shanghai Fosun Pharmaceutical | 1,500 | 36,325 | 38,850 | 0.17 |
| Sino Biopharmaceutical Ltd | 17,500 | 134,725 | 255,500 | 1.12 |
| Sinopharm Group Co Ltd | 3,600 | 118,758 | 71,424 | 0.31 |
| WuXi AppTec Co Ltd | 600 | 41,850 | 60,180 | 0.26 |
| Wuxi Biologics Cayman Inc | 1,500 | 101,825 | 212,700 | 0.93 |
| | <u>53,600</u> | <u>795,644</u> | <u>1,233,195</u> | <u>5.39</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 June 2020 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>Technology</u> | | | | |
| Alibaba Health Information Tec | 9,500 | 69,879 | 214,225 | 0.94 |
| China Tower Corp Ltd | 128,000 | 251,558 | 175,360 | 0.77 |
| Kingdee Intl Software Grp Co | 6,000 | 96,120 | 108,120 | 0.47 |
| Kingsoft Corp Ltd | 2,000 | 63,500 | 72,000 | 0.31 |
| Tencent Holdings Ltd | 5,050 | 1,790,197 | 2,516,920 | 11.00 |
| ZTE Corporation | 2,000 | 36,623 | 47,300 | 0.21 |
| | <u>152,550</u> | <u>2,307,877</u> | <u>3,133,925</u> | <u>13.70</u> |
| <u>Telecommunications</u> | | | | |
| China Mobile Ltd | 15,200 | 1,117,323 | 793,440 | 3.47 |
| China Telecom Corp Ltd | 42,000 | 161,287 | 90,300 | 0.39 |
| China Unicom Hong Kong Ltd | 16,000 | 142,627 | 67,040 | 0.29 |
| HKT Trust & HKT Ltd | 10,000 | 119,346 | 113,200 | 0.50 |
| | <u>83,200</u> | <u>1,540,583</u> | <u>1,063,980</u> | <u>4.65</u> |
| <u>Utilities</u> | | | | |
| Huaneng Power Intl Inc. | 12,000 | 59,160 | 34,920 | 0.15 |
| <u>United States</u> | | | | |
| <u>Consumer Goods</u> | | | | |
| NIO Inc | 1,323 | 76,187 | 79,063 | 0.35 |
| <u>Consumer Services</u> | | | | |
| 58.com Inc | 248 | 118,714 | 103,648 | 0.45 |
| Alibaba Group Holding Ltd | 1,298 | 1,776,528 | 2,170,327 | 9.49 |
| Bilibili Inc | 207 | 68,812 | 74,239 | 0.33 |
| Huazhu Group Ltd | 290 | 76,021 | 78,786 | 0.35 |
| IQIYI Inc | 705 | 112,799 | 126,612 | 0.55 |
| JD.com Inc | 2,234 | 529,726 | 1,042,066 | 4.55 |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 June 2020 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>United States</u> (continued) | | | | |
| <u>Consumer Services</u> (continued) | | | | |
| Melco Resorts & Entertainment | 537 | 85,983 | 64,557 | 0.28 |
| New Oriental Education & Tech | 306 | 219,201 | 308,882 | 1.35 |
| Pinduoduo Inc | 937 | 299,855 | 623,432 | 2.72 |
| TAL Education Group | 939 | 280,199 | 497,976 | 2.18 |
| Trip.com Group Ltd | 1,145 | 282,997 | 229,772 | 1.00 |
| Vipshop Holdings Ltd | 1,030 | 83,726 | 158,873 | 0.69 |
| | <u>9,876</u> | <u>3,934,561</u> | <u>5,479,170</u> | <u>23.94</u> |
| <u>Health Care</u> | | | | |
| BeiGene Ltd | 70 | 78,333 | 102,129 | 0.45 |
| Zai Lab Ltd | 119 | 72,577 | 75,690 | 0.33 |
| | <u>189</u> | <u>150,910</u> | <u>177,819</u> | <u>0.78</u> |
| <u>Industrials</u> | | | | |
| ZTO Express Cayman Inc | 1,135 | 190,214 | 322,954 | 1.41 |
| <u>Technology</u> | | | | |
| Autohome Inc | 143 | 87,246 | 83,673 | 0.37 |
| Baidu Inc | 707 | 801,078 | 656,393 | 2.87 |
| GDS Holdings Ltd | 187 | 76,126 | 115,347 | 0.50 |
| JOYY Inc Depositary Receipt | 133 | 67,610 | 91,265 | 0.40 |
| Momo Inc | 429 | 101,155 | 58,124 | 0.25 |
| NetEase Inc | 178 | 382,198 | 592,409 | 2.59 |
| Tencent Music Entertainment Gp | 1,058 | 111,686 | 110,380 | 0.48 |
| | <u>2,835</u> | <u>1,627,099</u> | <u>1,707,591</u> | <u>7.46</u> |
| Total quoted equities – foreign | <u>614,308</u> | <u>18,876,098</u> | <u>22,281,827</u> | <u>97.38</u> |
| Accumulated unrealised gain on quoted equities – foreign | | <u>3,405,729</u> | | |
| Total quoted equities – foreign | | <u>22,281,827</u> | | |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 June 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 | 4,800 | 160,560 | 132,000 | 0.53 |
| <u>Hong Kong</u> | | | | |
| <u>Consumer Goods</u> | | | | |
| ANTA Sports Products Ltd | 3,000 | 121,750 | 160,800 | 0.65 |
| Brilliance China Auto Hdgs Ltd | 12,000 | 93,220 | 103,680 | 0.42 |
| BYD Co Ltd | 2,500 | 119,200 | 117,750 | 0.48 |
| China Mengniu Dairy Co Ltd | 10,000 | 253,800 | 302,500 | 1.23 |
| Geely Automobile Holdings Ltd | 22,000 | 296,040 | 293,920 | 1.19 |
| Great Wall Motor Co Ltd | 12,500 | 70,020 | 69,750 | 0.28 |
| Guangzhou Automobile Gp Co Ltd | 10,000 | 86,500 | 83,200 | 0.34 |
| Haier Electronics Group Co Ltd | 5,000 | 110,250 | 107,750 | 0.44 |
| Hengan Intl. Grp Co Ltd | 3,000 | 179,950 | 172,350 | 0.70 |
| Li Ning Company Ltd | 6,500 | 98,870 | 119,730 | 0.48 |
| Shenzhou Intl Group Holdings | 2,800 | 266,943 | 299,880 | 1.21 |
| Tingyi (Cayman Islds) Hldg Co | 6,000 | 80,400 | 78,240 | 0.32 |
| Vitasoy International Holdings | 4,000 | 146,000 | 150,000 | 0.61 |
| Want Want China Holdings Ltd | 25,000 | 156,683 | 158,750 | 0.64 |
| WH Group Ltd | 38,000 | 270,313 | 300,960 | 1.22 |
| Xinyi Glass Holdings Co Ltd | 8,000 | 73,400 | 65,520 | 0.26 |
| | <u>170,300</u> | <u>2,423,339</u> | <u>2,584,780</u> | <u>10.47</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 June 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>Consumer Services</u> | | | | |
| Air China Ltd | 6,000 | 46,360 | 47,220 | 0.19 |
| Alibaba Pictures Group Ltd | 50,000 | 86,500 | 83,500 | 0.34 |
| China Eastern Airlines Corp Lt | 6,000 | 28,040 | 27,660 | 0.11 |
| China Southern Airlines Co Ltd | 8,000 | 44,740 | 43,440 | 0.18 |
| Galaxy Entertainment Group Ltd | 10,000 | 520,450 | 526,000 | 2.13 |
| Haidilao International Holding | 3,000 | 89,750 | 97,800 | 0.40 |
| Meituan Dianping | 14,900 | 952,655 | 1,018,415 | 4.13 |
| MTR Corp Ltd | 6,000 | 264,900 | 315,300 | 1.28 |
| Sands China Ltd | 9,600 | 357,024 | 358,080 | 1.45 |
| Wynn Macau Ltd | 5,600 | 103,264 | 97,888 | 0.40 |
| | <u>119,100</u> | <u>2,493,683</u> | <u>2,615,303</u> | <u>10.61</u> |
| <u>Financials</u> | | | | |
| AIA Group Ltd | 32,400 | 2,364,307 | 2,728,080 | 11.05 |
| China Life Insurance Co. Ltd | 30,000 | 583,558 | 576,600 | 2.34 |
| China Pacific Insurance Group | 10,400 | 291,604 | 317,720 | 1.29 |
| China Taiping Insurance Hldgs | 5,800 | 123,614 | 121,220 | 0.49 |
| New China Life Insurance Co Lt | 3,200 | 104,262 | 121,600 | 0.49 |
| People's Insurance Co Group CN | 28,000 | 90,100 | 85,400 | 0.35 |
| PICC Property & Casualty Co Ltd | 26,000 | 214,920 | 219,180 | 0.89 |
| Ping An Insurance Grp Co China | 20,000 | 1,549,049 | 1,876,000 | 7.60 |
| | <u>155,800</u> | <u>5,321,414</u> | <u>6,045,800</u> | <u>24.50</u> |
| <u>Health Care</u> | | | | |
| CSPC Pharmaceutical Group Ltd | 18,000 | 231,760 | 226,440 | 0.92 |
| Shanghai Fosun Phar Group Co | 1,500 | 36,325 | 35,400 | 0.14 |
| Shanghai Pharmaceuticals Hdgs | 3,400 | 56,754 | 52,156 | 0.21 |
| Sino Biopharmaceutical Ltd | 25,000 | 161,490 | 199,500 | 0.81 |
| Wuxi Biologics Cayman Inc | 1,500 | 101,825 | 105,150 | 0.43 |
| | <u>49,400</u> | <u>588,154</u> | <u>618,646</u> | <u>2.51</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 June 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>Industrials</u> | | | | |
| China Everbright Intl Ltd | 14,000 | 107,360 | 100,940 | 0.41 |
| China Resources Beer Holdings | 4,000 | 115,300 | 148,400 | 0.60 |
| | <u>18,000</u> | <u>222,660</u> | <u>249,340</u> | <u>1.01</u> |
| <u>Technology</u> | | | | |
| Alibaba Health Information Tec | 14,000 | 102,980 | 104,720 | 0.42 |
| China Tower Corp Ltd | 174,000 | 368,880 | 356,700 | 1.45 |
| Kingsoft Corp Ltd | 3,000 | 54,280 | 50,700 | 0.21 |
| Tencent Holdings Ltd | 7,200 | 2,447,397 | 2,537,280 | 10.28 |
| ZTE Corporation | 3,000 | 52,254 | 67,500 | 0.27 |
| | <u>201,200</u> | <u>3,025,791</u> | <u>3,116,900</u> | <u>12.63</u> |
| <u>Telecommunications</u> | | | | |
| China Mobile Ltd | 22,000 | 1,772,435 | 1,564,200 | 6.34 |
| China Telecom Corp Ltd | 56,000 | 238,760 | 219,520 | 0.89 |
| China Unicom Hong Kong Ltd | 22,000 | 199,220 | 188,320 | 0.76 |
| HKT Trust & HKT Ltd | 14,000 | 167,020 | 173,600 | 0.70 |
| | <u>114,000</u> | <u>2,377,435</u> | <u>2,145,640</u> | <u>8.69</u> |
| <u>Utilities</u> | | | | |
| CGN Power Co Ltd | 39,000 | 87,360 | 83,850 | 0.34 |
| China Resources Power Holdings | 6,000 | 95,160 | 68,160 | 0.28 |
| Huaneng Power Intl Inc. | 16,000 | 78,880 | 73,440 | 0.30 |
| | <u>61,000</u> | <u>261,400</u> | <u>225,450</u> | <u>0.92</u> |
| <u>United States</u> | | | | |
| <u>Consumer Services</u> | | | | |
| 58.com Inc | 288 | 144,763 | 139,901 | 0.57 |
| Alibaba Group Holding Ltd | 1,768 | 2,262,927 | 2,340,415 | 9.48 |
| Autohome Inc | 177 | 108,952 | 118,287 | 0.48 |
| Ctrip.com International Ltd | 1,221 | 316,740 | 352,132 | 1.43 |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 June 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>United States</u> (continued) | | | | |
| <u>Consumer Services</u> (continued) | | | | |
| Huazhu Group Ltd | 336 | 86,261 | 95,247 | 0.38 |
| Melco Resorts & Entertainment | 768 | 131,030 | 130,337 | 0.53 |
| New Oriental Education & Tech | 375 | 233,799 | 282,839 | 1.15 |
| TAL Education Group | 1,138 | 287,203 | 338,776 | 1.37 |
| Vipshop Holdings Ltd | 1,341 | 83,995 | 90,424 | 0.37 |
| | <u>7,412</u> | <u>3,655,670</u> | <u>3,888,358</u> | <u>15.76</u> |
| <u>Health Care</u> | | | | |
| BeiGene Ltd | 124 | 125,536 | 119,966 | 0.49 |
| China Biologic Prod Hldgs Inc | 94 | 69,449 | 69,980 | 0.28 |
| | <u>218</u> | <u>194,985</u> | <u>189,946</u> | <u>0.77</u> |
| <u>Industrials</u> | | | | |
| JD.com Inc | 2,619 | 502,660 | 619,637 | 2.51 |
| ZTO Express Cayman Inc | 1,188 | 168,264 | 177,388 | 0.72 |
| | <u>3,807</u> | <u>670,924</u> | <u>797,025</u> | <u>3.23</u> |
| <u>Technology</u> | | | | |
| Baidu Inc | 912 | 1,130,584 | 836,440 | 3.39 |
| Momo Inc | 443 | 106,083 | 123,918 | 0.50 |
| NetEase Inc | 236 | 450,647 | 471,618 | 1.91 |
| Weibo Corp | 202 | 89,809 | 68,673 | 0.28 |
| YY Inc Depositary Receipt | 155 | 85,884 | 84,389 | 0.34 |
| | <u>1,948</u> | <u>1,863,007</u> | <u>1,585,038</u> | <u>6.42</u> |
| Total quoted equities – foreign | <u>906,985</u> | <u>23,259,022</u> | <u>24,194,226</u> | <u>98.05</u> |
| Accumulated unrealised gain on quoted equities – foreign | | <u>935,204</u> | | |
| Total quoted equities – foreign | | <u>24,194,226</u> | | |

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| | No. of units | No. of units |
| At the beginning of the financial period/date of launch | 2,300,000 | - |
| Creation of units arising from applications during the financial period | 300,000 | 2,400,000 |
| Cancellation of units during the financial period | (765,000) | (100,000) |
| At the end of the financial period | <u>1,835,000</u> | <u>2,300,000</u> |

10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top brokers for the financial period ended 30 June 2020 are as follows:

| <u>Name of brokers</u> | <u>Value of trade</u> HKD | Percentage of total <u>trade</u> % | Brokerage <u>fees</u> HKD | Percentage of total <u>brokerage</u> % |
|---|------------------------------|---|---------------------------------|---|
| Alliance Bernstein (Singapore) Ltd | 4,524,541 | 27.35 | 1,807 | 22.87 |
| CLSA Ltd | 4,494,658 | 27.17 | 2,247 | 28.44 |
| JP Morgan Securities Plc | 4,512,860 | 27.27 | 2,708 | 34.28 |
| Macquarie Capital Securities Ltd | 1,810,130 | 10.94 | 657 | 8.32 |
| Macquarie Bank Limited Hong Kong Branch | 1,203,685 | 7.27 | 481 | 6.09 |
| | <u>16,545,874</u> | <u>100.00</u> | <u>7,900</u> | <u>100.00</u> |

(ii) Details of transactions with the top brokers for the financial period from 15 January 2019 (date of launch) to 30 June 2019 are as follows:

| <u>Name of brokers</u> | <u>Value of trade</u> HKD | Percentage of total <u>trade</u> % | Brokerage <u>fees</u> HKD | Percentage of total <u>brokerage</u> % |
|---|------------------------------|---|---------------------------------|---|
| Macquarie Capital Securities Ltd | 23,592,206 | 80.80 | 9,009 | 64.67 |
| CLSA Ltd | 4,547,595 | 15.57 | 2,274 | 16.32 |
| China International Capital Corp HK Securities Ltd | 1,058,699 | 3.63 | 2,647 | 19.00 |
| | <u>29,198,500</u> | <u>100.00</u> | <u>13,930</u> | <u>100.00</u> |

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (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>2020</u> | | <u>2019</u> | |
|--|----------------|------------------|----------------|------------------|
| <u>The Manager:</u> | No. of units | HKD | No. of units | HKD |
| Affin Hwang Asset Management Berhad (The units are held legally) | <u>500,000</u> | <u>6,234,750</u> | <u>500,000</u> | <u>5,364,400</u> |

TRADEPLUS S&P NEW CHINA TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO (“MER”)

| | 6 months financial period ended <u>30.6.2020</u> % | Financial period from 15.1.2019 (date of launch) to <u>30.6.2019</u> % |
|-----|--|--|
| MER | <u>0.49</u> | <u>0.66</u> |

MER is derived from the following calculation:

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

| | | |
|---|---|---|
| A | = | Management fee |
| B | = | Trustee fee |
| C | = | Auditors' remuneration |
| D | = | Tax agent's fee |
| E | = | License fee |
| F | = | Other expenses excluding withholding tax |
| G | = | Average NAV of Fund calculated on a daily basis |

The average NAV of the Fund for the 6 months financial period calculated on a daily basis was HKD24,701,785 (2019: HKD19,297,961).

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

13 PORTFOLIO TURNOVER RATIO (“PTR”)

| | 6 months financial period ended 30.6.2020 | Financial period from 15.1.2019 (date of launch) to 30.6.2019 |
|-------------|--|--|
| PTR (times) | 0.32 | 0.76 |

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 = HKD5,453,627 (2019: HKD26,207,580)

total disposal for the financial period = HKD10,280,885 (2019: HKD2,948,558)

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 30 June 2020, there were 4 unitholders (2019: 4 unitholders) who held more than 10% of the Fund’s NAV. The unitholders’ holdings were 24.35%, 14.42% 13.22% and 13.08% (2019: 19.43%, 17.17%, 15.87% and 11.61%).

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.

15 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund’s Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund’s investments at fair value through profit or loss.

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

TRADEPLUS S&P NEW CHINA TRACKER

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 34 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 30 June 2020 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
14 August 2020

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