

PROSPECTUS

VP-DJ Shariah China A-Shares 100 ETF

(an exchange-traded fund established and constituted in Malaysia on 8 October 2020)

PROSPECTUS IN RESPECT OF THE OFFERING OF UP TO 4,000,000,000 UNITS AT THE ISSUE PRICE OF MYR2.00 EACH PURSUANT TO THE LISTING OF THE UNITS ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

The Securities Commission Malaysia has approved the listing of and quotation for Units of the VP-DJ Shariah China A-Shares 100 ETF (the “**Fund**”) on the Main Market of Bursa Malaysia Securities Berhad and a copy of this Prospectus has been registered by the Securities Commission Malaysia.

The approval, and registration of this Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this Prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investments.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the management company responsible for the Fund and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the offering, the Fund or of its Units.

This Prospectus is dated 12 July 2021.

Manager



**Value Partners Asset Management
Malaysia Sdn Bhd**
Registration No.: 201801020486 (1282505-P)

Trustee



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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 5.

RESPONSIBILITY STATEMENTS

The directors of the Manager have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement, or other facts which if omitted, would make any statement in this Prospectus false or misleading.

ADDITIONAL STATEMENTS

Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws and regulations including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to the Fund.

SHARIAH-COMPLIANT FUND STATEMENT

The Fund offered in this Prospectus has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

This Prospectus can also be viewed or downloaded from Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Malaysia and accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Investors should consult their tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable the investors to acquire Units as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether investment in the Fund is appropriate for the investors.

ELECTRONIC PROSPECTUS

The contents of the electronic copy of this Prospectus and the copy of this Prospectus registered with the Securities Commission Malaysia are the same. Prospective investors may obtain a copy of the Electronic Prospectus from the website of the Fund at www.valuepartners-group.com.my.

The internet is not a fully secured medium. If investors doubt the validity or integrity of an Electronic Prospectus, investors should immediately request from the Manager a paper or printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper or printed copy of this Prospectus, the contents of the paper or printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the Securities Commission Malaysia shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as “**Third Party Internet Sites**”), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, investors acknowledge and agree that:

- (i) each of the Manager, Shariah Adviser and Participating Dealer does not endorse and is not affiliated in any way with the Third Party Internet Sites. Accordingly, each of the Manager and Participating Dealer is not responsible for the availability of, or the contents of any data, files or other material provided on Third Party Internet Sites. Investors bear all risks associated with the access to or use of Third Party Internet Sites;
- (ii) each of the Manager, Shariah Adviser and Participating Dealer is not responsible for the quality of products or services of the Third Party Internet Sites, particularly in fulfilling any terms of agreements with Third Party Internet Sites. Each of the Manager and Participating Dealer is also not responsible for any loss or damage or cost that investors may suffer or incur in connection with or as a result of dealing with Third Party Internet Sites or the use of or reliance on any data, file or other material provided by such parties; and
- (iii) any data, file or other material downloaded from Third Party Internet Sites is done at the investors’ own discretion and risk. Each of the Manager, Shariah Adviser and Participating Dealer is not responsible, liable or under any obligation for any damage to investors’ computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the Fund’s website, investors are advised that:

- (i) the Manager is only liable in respect of the integrity of the contents of an Electronic Prospectus to the extent of the contents of the Electronic Prospectus on the web server of Value Partners Asset Management Malaysia Sdn Bhd which may be viewed via the investors’ web browser or other relevant software. The Manager is not responsible for the integrity of the contents of an Electronic Prospectus which has been obtained from the web server of Value Partners Asset Management Malaysia Sdn Bhd and subsequently communicated or disseminated in any manner to investors or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Manager is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, investors or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with the web browsers or other relevant software, any fault on investors’ or any third party’s personal computers, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of Value Partners Asset Management Malaysia Sdn Bhd respectively, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on investors’ personal computers.

LICENSING DISCLOSURE STATEMENT AND CONDITIONS

The following are statements required to be disclosed in this Prospectus under the ETF Master Agreement entered into between S&P Opco, LLC and the Manager dated 1 May 2019 and any licensing conditions for using the Benchmark, including contingency plans in the event of cessation of the availability of the Benchmark.

The Benchmark is a product of S&P Dow Jones Indices LLC or its affiliates (“**SPDJI**”) and third party licensor, and has been licensed for use by Value Partners Asset Management Malaysia Sdn Bhd (“**Manager**”). Standard & Poor’s® and S&P® are registered trademarks of Standard and Poor’s Financial Services LLC (“**S&P**”) and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“**Dow Jones**”). Third party licensor’s trademark is a trademark of third-party licensor. The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by the Manager. The Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, “**S&P Dow Jones Indices**”) or third party licensor. Neither S&P Dow Jones Indices nor third party licensor make any representation or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally, or in the Fund particularly, or the ability of the Benchmark to track general market performance. S&P Dow Jones Indices and third party licensor only relationship to the Manager with respect to the Benchmark is the licensing of the Benchmark and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Benchmark is determined, composed and calculated by S&P Dow Jones Indices or third party licensor without regard to the Manager or the Fund. S&P Dow Jones Indices and third party licensor have no obligation to take the needs of the Manager or the owners of the Fund into consideration in determining, composing or calculating the Benchmark. Neither S&P Dow Jones Indices nor third party licensor are responsible for, and have not participated in the determination of the prices and amount of the Fund, or the timing of the issuance or sale of the Fund, or in the determination or calculation of the equation by which the Fund is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices and third party licensor have no obligation or liability in connection with the administration, marketing or trading of the Fund. There is no assurance that investment products based on the Benchmark will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within the Benchmark is not a recommendation by S&P Dow Jones Indices to buy, sell or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE BENCHMARK OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND THIRD PARTY LICENSOR SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND THIRD PARTY LICENSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BENCHMARK OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR THIRD PARTY LICENSOR BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE, THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE MANAGER, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

Please refer to Section 3.5 as well as the section headed “Risks Related to the Benchmark” in Section 2.2 for further information on the Benchmark.

TABLE OF CONTENTS

ABBREVIATIONS/ DEFINITIONS	VI
INDICATIVE TIMETABLE	XII
CORPORATE DIRECTORY	XIII
APPROVALS & CONDITIONS	XV
1. KEY DATA	1
The Fund	1
Fees, Charges and Expenses	3
Other Information	4
Avenue for Advice	4
2. RISK FACTORS	5
1.1. General Risks of Investing in the Fund	5
1.2. Specific Risks of Investing in the Fund	6
1.3.	
1.4.	
3. ABOUT VP-DJ SHARIAH CHINA A-SHARES 100 ETF	14
2.1. Investment Objective	14
2.2. Investor's Profile	14
Asset Allocation	14
3.1. Investment Strategy	14
3.2. Benchmark	14
3.3. Shariah Investment Guidelines	18
3.4. Tracking Error & Strategies to Minimise such Tracking Error	19
3.5. Risk Management Strategies & Techniques	20
3.6. Policy on Rebalancing the Investment Portfolio	20
3.7. Permitted Investments & Investment Restrictions	20
3.8. Securities Lending & Borrowing	21
3.9. Distribution Policy	21
3.10. Valuations of the Fund Assets	21
3.11. Valuation Point for the Fund	22
3.12. Listing of the Fund	22
3.13.	
3.14.	
3.15.	
4. FEES & CHARGES	23
4.1. Charges directly incurred by an investor	23
4.2. Fees and expenses indirectly incurred by an investor	24
4.3. Establishment Costs of the Fund	24
4.4. Permitted Expenses	24
4.5. Policy on Rebates and Soft Commissions	25
5.1.	
5.2.	
5. DEALING INFORMATION	26
5.3. Applications for the Purchase and Sale of Units	26
5.4. Procedures for Creation and Redemption of Units via the Participating Dealer (primary market)	27
5.5. Computation of NAV	30
5.6. Calculation of Creation Price and Redemption Price	30
5.7. Suspension of Determination of Net Asset Value and Dealing in Units of the Fund	31
5.8. IOPV	32
5.9. Obtaining information on the NAV and IOPV	32
5.10. Trading of the Units on Bursa Securities (secondary market)	32
6.1. Unit Trading Prices	32
6.2. Market Making	32
6.3.	
6.4.	
6.5.	
6.6.	
6. SALIENT TERMS OF THE DEED	34
6.7. Rights of Unit Holders	34
6.8. Liabilities and limitations of Unit Holders	34
6.9. Maximum fees and charges permitted by the Deed	35
6.10. Expenses permitted by the Deed	35
Retirement of the Manager	36
Power of the Trustee to remove or replace the Manager	37
Retirement of the Trustee	37
Power of the Manager to remove or replace the Trustee	38
Termination of the Fund	38
Unit Holders' meeting	39

7.	ABOUT THE MANAGER.....	41
	Corporate Information	41
	Roles, Duties and Responsibilities of the Manager.....	41
	Board of Directors	41
	Key Personnel & Designated Fund Manager	43
	Material Litigation and Arbitration.....	44
	Direct and Indirect Unit Holding in the Fund	44
	Sub-investment Manager	44
8.	ABOUT THE TRUSTEE.....	45
7.1.	Corporate Information	45
7.2.	Experience of the Trustee	45
7.3.	Duties and Responsibilities	45
7.4.	Trustee's Delegate	45
7.5.	Material Litigation and Arbitration.....	45
7.6.	Trustee's Responsibility Statement.....	45
7.7.		
8.1.		
8.2.	9. RELATED PARTY TRANSACTIONS	46
8.3.	Existing and Potential Related Party Transactions	46
8.4.	Conflict of Interest	46
8.5.	Policies on Dealing with Conflict of Interest Situation	46
8.6.	Details of the Directors of the Manager's Direct and Indirect Interest in Other Corporations Carrying on a Similar Business	47
9.1.	Details of the Substantial Shareholders of the Manager's Direct and Indirect Interest in other Corporations Carrying on a Similar Business	47
9.2.	Declaration of Conflict of Interest as at LPD	47
9.3.		
9.4.		
9.5.		
9.6.	10. SHARIAH PRONOUNCEMENT	48
	11. TAXATION	54
	12. RELEVANT INFORMATION	58
12.1.	Keeping abreast with developments of the Fund	58
12.2.	Material Agreements	58
12.3.	Documents available for Inspection	58
12.4.	Statement of Consent.....	59

ABBREVIATIONS/ DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following words and abbreviations shall have the following meanings: -

Actual Creation Amount	The sum paid for purchasing Fund Assets, in respect of a Creation Application including Transaction Costs, Application Fee and/or any applicable charges.
Actual Redemption Amount	The cash sum to be delivered to the Participating Dealer in respect of a Cash Redemption, nett of Transaction Costs, Application Fee and/or any applicable charges.
After Listing	The period which commences on the date of Listing of the Fund and continues until the Fund is terminated.
Application	A Creation Application and/or a Redemption Application, as the case may be.
Application Cancellation Fee	The fee which may, at the discretion of the Manager, be charged to the Participating Dealer upon the cancellation of each Application.
Application Deadline	means the cut-off time stipulated in the Participating Dealer Agreement for the submission of an Application by the Participating Dealer to the Manager, or such other time as the Manager may, in consultation with the Trustee, from time to time determine and notified to the Participating Dealer.
Application Fee	The fee which may be charged by the Manager to the Participating Dealer (i) on each Creation Application or (ii) on each Redemption Application, in addition to the Transaction Costs and such other amount as set out in this Prospectus or notified to the Participating Dealer, as the case may be.
A-Shares	Shares issued by companies incorporated in the PRC, listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, and traded in RMB.
Authorised Securities	Any or all of the following: (i) Index Securities; (ii) non-Index Securities which in the opinion of the Manager has a high correlation (i.e. positive correlation coefficient of at least 0.7) to one or more of the Index Securities that it is substituting, and which are Shariah-compliant; and (iii) if the Manager is of the opinion there exists liquidity constraints with the Index Securities and/or non-Index Securities, one or more local or foreign Islamic collective investment schemes which are likely to behave in a manner that is consistent with the investment objective of the Fund as determined by the Manager.
Benchmark	DJIM China A-Shares 100 Index (or such other name by which the index may be known) provided by the Index Licensor or such replacement index as may be determined by the Manager, in accordance with the Deed and as set out in Section 3.5 of this Prospectus.
BNM	Bank Negara Malaysia.
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W)).
Bursa Securities	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)).
Bursa Securities' website	The website of Bursa Malaysia Securities Berhad being www.bursamalaysia.com .
Business Day(s)	A day (other than Saturdays, Sundays or public holidays in Kuala Lumpur) on which Bursa Securities is open for trading of securities or such other day as may be agreed upon between the Manager and the Trustee and notified to the Participating Dealer.
Cash Creation	The creation of Units in Unit Block(s) in exchange for the Actual Creation Amount delivered by the Participating Dealer.
Cash Redemption	The redemption of existing Units in Unit Block(s) delivered by the Participating Dealer in exchange for the Actual Redemption Amount.
CCASS	The Central Clearing and Settlement System operated by HKSCC.

CDS Account	A Central Depository System account established at Bursa Depository for the recording of deposit of securities and for dealing in such securities by the depositor.
Central Depositories Act	The Securities Industry (Central Depositories) Act 1991.
ChinaClear	The China Securities Depository and Clearing Corporation Limited.
CMSA	The Capital Markets and Services Act 2007.
Connected Person	In relation to a company, means: <ul style="list-style-type: none"> (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); (c) any member of the group of which that company forms part; or (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).
Creation Application	An application by the Participating Dealer (in accordance with the terms of the Participating Dealer Agreement) to the Manager for the creation of new Units in a Unit Block (or whole multiples thereof).
Creation Price	The Actual Creation Amount divided by the number of Units created.
CSRC	The China Securities Regulatory Commission.
Dealing Day	A day (other than Saturdays, Sundays, public holidays in Hong Kong or Kuala Lumpur or a day on which SEHK is not opened for Stock Connect Northbound trading) on which: <ul style="list-style-type: none"> (i) (a) the Relevant Exchanges in which the Fund is invested in are open for normal trading; and (b) the relevant securities market on which the Index Securities comprised in the Benchmark are traded is open for normal trading or if there are more than one such securities market, the securities market designated by the Manager is open for normal trading; and (ii) the Benchmark is compiled and published; or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Dealing Day unless the Manager and the Trustee otherwise agree.
Deed	The deed dated 8 October 2020 entered into between the Manager and the Trustee constituting the Fund as from time to time altered, modified or added to in accordance with the provisions therein contained and shall include any supplemental deed thereto executed in accordance with the provisions thereof.
eDividend	The service which was set up to allow the Manager and/or Trustee to electronically pay cash distributions directly into a Unit Holder's bank account.
Electronic Prospectus	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including but not limited to CD-ROMs.
Estimated Creation Amount	The cash sum to be delivered by a Participating Dealer in respect of a Cash Creation which is equivalent to the NAV per Unit of the Fund one (1) Dealing Day preceding the Trade Date multiplied by the number of Units to be applied for, plus an additional 10% of the aforesaid sum or such other additional amount as may be mutually agreed between the Manager and the Participating Dealer from time to time.
Estimated Redemption Amount	The NAV per Unit of the Fund one (1) Dealing Day preceding the Trade Date multiplied by the number of Units.
ETF	Exchange-traded fund.

ETF Guidelines	Guidelines on Exchange-traded Funds issued by the SC and any amendments thereafter.
Financial Institutions	If – <ul style="list-style-type: none"> (i) the institution is in Malaysia, any Licensed Bank, Licensed Investment Bank or Licensed Islamic Bank; or (ii) the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
Fund	VP-DJ Shariah China A-Shares 100 ETF.
Fund Assets	All the assets (including cash) of the Fund held or deemed to be held upon trust by the Trustee pursuant to the Deed including income of the Fund but excluding any amount which has been allocated for distribution to Unit Holders. <i>Note: Income here means the net realised income of the Fund comprising of all profits, dividends and other distributions or income accrued in respect of the Fund Assets taking into account all or any other part of the capital gains and losses realised on the sale or disposal of the Fund Assets as the Manager with the consent of the Trustee may, from time to time, determine to be treated as the income of the Fund.</i>
Fund’s website	The website of the Fund being www.valuepartners-group.com.my .
HKSCC	The Hong Kong Securities Clearing Company Limited or its successors.
Index Licensor	S&P Opco, LLC, the licensor of the Benchmark, who has the right to grant the Manager usage of the Benchmark.
Index Securities	The securities or interests issued by the companies that are included in the Benchmark from time to time or the depositary receipts that may be issued against such securities or interests.
IOPV	Indicative Optimised Portfolio Value which serves as an approximation to the NAV per Unit of the Fund between Valuation Points as set out in Section 5.6 of this Prospectus.
Islamic ETF	An ETF which complies with Shariah principles.
Liabilities	The outstanding liabilities, costs and expenses of the Fund including without limitation: - <ul style="list-style-type: none"> (a) unpaid administrative fees and expenses including management fee and trustee fee; (b) all fees and expenses and all duties, taxes, governmental charges, brokerage fees, transfer fees, or other charges or expenses incurred by the Manager and/or the Trustee in relation to or in connection, directly or indirectly, with any investment related transaction and dealing, or as a consequence of such transaction and dealing; (c) accrued charges in respect of or owing in relation to any permitted investments; (d) any provision for tax which in the opinion of the Manager should be taken into account and such sum (if any) as estimated by the Manager to be paid or reclaimed in respect of taxation related to income and transactions prior to the relevant date; (e) the amount outstanding in respect of any financing permitted by applicable laws and the amount of any unpaid profit and expenses in respect thereof; (f) any other cost or expenses payable but not paid which are expressly authorised by any of the provisions of the Deed to be payable out of the Fund Assets; and (g) any other amounts required to meet the liabilities or other expenditure which in the opinion of the Manager, with the approval of the Trustee, should be taken into account and which have not otherwise been taken into account in determining the amount of the liabilities in any of the preceding paragraphs of this definition. <p>Liabilities shall be treated as accruing from day to day where appropriate.</p>

Licensed Bank	Has the meaning assigned to it in the Financial Services Act 2013.
Licensed Investment Bank	Has the meaning assigned to it in the Financial Services Act 2013.
Licensed Islamic Bank	Has the meaning assigned to it in the Islamic Financial Services Act 2013.
Listing	Admission to the Official List and the listing of and quotation for the Units on the Main Market of Bursa Securities.
LPD	30 April 2021, being the latest practicable date prior to the registration of this Prospectus.
Manager	Value Partners Asset Management Malaysia Sdn Bhd (Registration No.: 201801020486 (1282505-P)).
MOF	The Ministry of Finance of the PRC.
MYR	Ringgit Malaysia, the lawful currency of Malaysia.
NAV per Unit	The Net Asset Value of the Fund at a particular Valuation Point divided by the number of Units in issue, at the same Valuation Point.
Net Asset Value or NAV	The value of all the Fund Assets less the value of all the Liabilities, at the Valuation Point.
Official List	A list specifying all securities listed on Bursa Securities.
Ordinary Resolution	A resolution passed at a meeting of Unit Holders duly convened and held in accordance with the provisions of the Deed by a simple majority of the votes validly cast by the Unit Holders present (in person or by proxy) at the meeting.
Participating Dealer	Kenanga Investment Bank Berhad, Malacca Securities Sdn Bhd and shall include any other eligible dealer who enters into a Participating Dealer Agreement in the form and substance acceptable to the Manager and Trustee.
Participating Dealer Agreement	The agreement entered into between the Participating Dealer, the Manager and the Trustee setting out, amongst others, the arrangement in respect of the creation and issue of Units and the redemption and cancellation of Units.
Permitted Investments	The assets and instruments that the Fund is authorised to invest as set out in Section 3.10 of this Prospectus.
PRC or China	People's Republic of China, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan.
Prospectus	This prospectus in respect of the Fund, as amended and/or supplemented from time to time.
Redemption Application	An application by the Participating Dealer to the Manager for the redemption of existing Units in a Unit Block (or whole multiples thereof).
Redemption Price	The Actual Redemption Amount divided by the number of Units redeemed.
Register	The register of Unit Holders kept and maintained by the Manager or its appointed agent.
Registrar	Value Partners Asset Management Malaysia Sdn Bhd (Registration No.: 201801020486 (1282505-P)) or such other party as may be appointed by the Manager from time to time.
Relevant Exchanges	The exchange in which the Fund may trade in, which includes the SSE, SZSE and such other exchanges as may be relevant to the Fund.
RMB	Renminbi, the lawful currency for the time being and from time to time of the PRC. For the purposes of interpretation of this Prospectus only, RMB refers to the CNH rate.
SAC	Shariah Advisory Council.
SAFE	State Administration of Foreign Exchange of the PRC.
SAT	The State Administration of Taxation of the PRC.

SC	Securities Commission Malaysia.
SEHK	The Stock Exchange of Hong Kong Limited.
Settlement Date	<p>A Dealing Day on which:</p> <p>(a) in relation to a completed Creation Application, the Units have been delivered to the Participating Dealer's CDS Account and the Participating Dealer receives in cleared funds the surplus of the Estimated Creation Amount (after deduction of Actual Creation Amount), if applicable; and</p> <p>(b) in relation to a completed Redemption Application, the Participating Dealer receives in cleared funds the Actual Redemption Amount.</p>
Shariah	Islamic law originating from the <i>Qur'an</i> (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (<i>pbuh</i>) and <i>ijtihad</i> of <i>ulama'</i> (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser	Amanie Advisors Sdn Bhd (Registration No.: 200501007003 (684050-H)), being the Shariah adviser of the Fund.
Shariah Investment Guidelines	Shariah investment guidelines issued for the Fund and endorsed by the Shariah Adviser.
Special Resolution	A resolution passed by a majority of not less than 75% of the total voting rights of the Unit Holders who are entitled to vote on the resolution at the meeting of Unit Holders, provided that for the purposes of terminating the Fund, a special resolution is passed by a majority in number representing at least 75% of the voting rights of the Unit Holders voting at the meeting of Unit Holders.
SSE	The Shanghai Stock Exchange.
Stock Connects	The Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.
Sub-investment Manager	Value Partners Hong Kong Limited.
SZSE	The Shenzhen Stock Exchange.
Trade Date	<p>The Dealing Day on which:</p> <p>(a) in relation to a Creation Application, the Trustee receives, in cleared funds, the Estimated Creation Amount and any applicable charges payable to the Manager and/or the Trustee; and</p> <p>(b) in relation to a Redemption Application, the Units have been delivered to the Trustee's CDS Account and the Trustee receives in cleared funds any applicable charges payable to the Manager and/or the Trustee.</p>
Trading Deadline	<p>The cut-off time on any particular Dealing Day:</p> <p>(a) in relation to a Creation Application, for the payment to the Trustee, in cleared funds, of the Estimated Creation Amount and any applicable charges payable to the Manager and/or the Trustee; and</p> <p>(b) in relation to a Redemption Application, for the delivery of Units to the Trustee's CDS Account and for the payment to the Trustee in cleared funds any applicable charges payable to the Manager and/or the Trustee,</p> <p>provided that if the payment and/or Units are received after the Trading Deadline, the next Dealing Day shall be the Trade Date.</p>
Transaction Costs	All stamp duty and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies, foreign exchange costs and other duties and charges whether in connection with the Fund Assets, or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Fund Assets or otherwise, which may have become or may be payable in respect of (whether prior to, upon or after the occasion of) any transaction or dealing and, including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the

Manager to be made for the purpose of compensating or reimbursing the Fund for the difference between:

- (a) the prices used when valuing the Fund Assets for the purpose of such issue or redemption of Units; and
- (b) (in the case of an issue of Units) the prices used or which will be used, as the case may be, when acquiring the same Fund Assets with the amount of cash received by the Fund upon such issue of Units, and

(in the case of a redemption of Units) the prices used or which will be used, as the case may be, when selling the same Fund Assets as if they were sold by the Fund in order to realise the amount of cash required to be paid out of the Fund upon such redemption of Units.

Trustee	CIMB Islamic Trustee Berhad (Registration No.: 198801000556 (167913-M)).
Unit	An undivided beneficial interest in and ownership of the Fund.
Unit Block	A large number of Units constituting a block that is transacted in whole, in the primary market upon a successful Application. The size of a Unit Block may change from time to time as determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealer.
Unit Holder	Any person(s) registered as holding a Unit in accordance with the provisions of the Deed.
USD	United States Dollar, the lawful currency of the United States of America.
Valuation Point	The time as set out in Section 3.14 of this Prospectus.

INDICATIVE TIMETABLE

Dates & Time	Event
12 July 2021	: Issuance of this Prospectus
14 July 2021	: Allotment of Units
28 July 2021	: Listing of the Fund on Bursa Securities

There will not be Units set aside for subscription by the public prior to Listing. The Manager will undertake the initial creation of up to 6,000,000 Units. The public can only acquire Units on Bursa Securities or create Units through the Participating Dealer After Listing.

Subsequent to the Listing of the Fund on Bursa Securities, the Participating Dealer may request for the creation of additional Units in accordance with the terms of the Participating Dealer Agreement.

THE INDICATIVE TIMING AS SET OUT ABOVE IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE DIRECTORS OF THE MANAGER (IN CONSULTATION WITH THE TRUSTEE) MAY, IN THEIR ABSOLUTE DISCRETION, DECIDE TO EXTEND THE DATE OF LISTING OF THE FUND SUBJECT TO THE APPROVAL OF THE RELEVANT AUTHORITIES, IF REQUIRED. NOTICE OF ANY SUCH EXTENSION WILL BE MADE ON THE FUND'S WEBSITE AND BY WAY OF ANNOUNCEMENT THROUGH BURSA SECURITIES' WEBSITE.

CORPORATE DIRECTORY

MANAGER

Value Partners Asset Management Malaysia Sdn Bhd
(Registration No.: 201801020486 (1282505-P))

Registered Office:

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

Business Office:

Level 28.03, Integra Tower, The Intermark
No. 348, Jalan Tun Razak
50400 Kuala Lumpur
Tel. No.: 03-2775 7688
Fax No.: 03-2775 7687
E-mail: vpmy-enquiry@valuepartners-group.com
Website: www.valuepartners-group.com.my

SUB-INVESTMENT MANAGER

Value Partners Hong Kong Limited

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

TRUSTEE

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

Registered Office:

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

Business Office:

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. No.: 03 - 2261 8888
Fax No.: 03 - 2261 9889
Website: www.cimb.com

TRUSTEE'S DELEGATE (CUSTODIAN)

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

Registered Office:

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

Business Office:

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

SHARIAH ADVISER

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

Registered Office:

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

Business Office:

Level 13A-2
Menara Tokio Marine Life
189 Jalan Tun Razak
50400 Kuala Lumpur
Tel No: 03 - 2161 0260
Fax No: 03 - 2161 0262
Website: www.amanieadvisors.com

AUDITOR OF THE FUND AND THE MANAGER

PricewaterhouseCoopers PLT

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

TAX ADVISER

PricewaterhouseCoopers Taxation Services Sdn Bhd

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

SOLICITOR

Messrs Wei Chien & Partners

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

PARTICIPATING DEALERS

Kenanga Investment Bank Berhad

(Registration No.: 197301002193 (15678-H))
Level 12, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

Malacca Securities Sdn Bhd

(Registration No.: 197301002760 (16121-H))
No. 1, 3 & 5, Jalan PPM9
Plaza Pandan Malim Business Park
Balai Panjang
75250 Melaka

MARKET MAKER

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

REGISTRAR

Value Partners Asset Management Malaysia Sdn Bhd

(Registration No.: 201801020486 (1282505-P))
Level 28.03, Integra Tower, The Intermark
No. 348, Jalan Tun Razak
50400 Kuala Lumpur

INDEX LICENSOR

S&P Opco, LLC

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

LISTING SOUGHT

Main Market of Bursa Securities

APPROVALS & CONDITIONS

The SC had, on 25 September 2020, approved the following proposals subject to the following terms: -

- (i) the establishment of the Fund with an initial fund size of up to 4 billion Units; and
- (ii) the Listing of and quotation for up to 4 billion Units for the Fund on the Main Market of Bursa Securities.

1. KEY DATA

The information set out in this section is only a summary of the salient information on the Fund. Investors should read and understand the whole Prospectus before making an investment decision.

The Fund

1.1.

Item	Brief Description	Section
Name of Fund	VP-DJ Shariah China A-Shares 100 ETF	-
Category of Fund	Islamic equity exchange-traded fund	-
Type of Fund	Index tracking fund	-
Initial Approved Fund Size	4,000,000,000 Units	3.15
Creation Price	MYR2.00	-
Base Currency	MYR	-
Trading Currency on Bursa Securities	MYR <i>Note: The Manager may introduce a counter denominated in another currency for trading on Bursa Securities in the future and a supplemental prospectus to reflect the availability of such trading counter will be issued. You will be notified by way of an announcement on Bursa Securities and the Fund's website.</i>	5.1.2
Investment Objective	The Fund aims to provide investment results that closely correspond to the performance of the Benchmark.	3.1
Investment Strategy	The Manager intends to primarily use a full replication strategy through investing in Shariah-compliant A-Shares which are included in the Benchmark in substantially the same weightings in which they are included in the Benchmark to track the performance of the Benchmark.	3.4
Asset Allocation	<ul style="list-style-type: none"> ➤ At least 90% of the Fund's NAV will be invested in Authorised Securities. ➤ The remaining NAV of the Fund may be invested in Islamic collective investment schemes, Islamic money market instruments and/or Islamic deposits. 	3.3
Benchmark	DJIM China A-Shares 100 Index	3.5
Investor Profile	The Fund is suitable for investors who: <ul style="list-style-type: none"> ➤ intend to have exposure to China-listed companies; and ➤ have a high-risk tolerance level. 	3.2
Distribution Policy	The Fund may distribute income on an incidental basis.	3.12
Financial Year End of the Fund	30 June	-
Summary of Risk Factors	<p>(i) General Risks of Investing in the Fund</p> <ul style="list-style-type: none"> ➤ Market Risk ➤ Capital and Returns Not Guaranteed ➤ Inflation Risk ➤ Liquidity Risk ➤ Trading, Creation and Redemption Risk ➤ Trading in Units on Bursa Securities may be Suspended or Units may be De-listed ➤ Suspension of Creations and/or Redemptions ➤ Legal and Regulatory Risks ➤ Reliance on Participating Dealer 	2.1

Item	Brief Description	Section
	<p>(ii) Specific Risks of Investing in the Fund</p> <ul style="list-style-type: none"> ➤ Equity Investment Risk ➤ Risks Associated with Investment in PRC ➤ Risks Associated with the Stock Connects ➤ Country Risk ➤ Currency Risk ➤ RMB Currency Risk ➤ Concentration Risk ➤ Minimum Redemption Size ➤ Reclassification of Shariah-compliant Securities ➤ Tracking Error Risk ➤ Risks Related to the Benchmark ➤ Passive Investment Management 	2.2
Use of Proceeds	Investment in assets that are permitted as set out in Section 3.10 of this Prospectus.	5.1.1
<p><u>Offering of Units:</u></p> <ul style="list-style-type: none"> ➤ Before Listing ➤ After Listing 	<p>There will not be Units set aside for subscription by the public prior to Listing. The Manager will undertake the initial creation of up to 6,000,000 Units. The public can only acquire Units on Bursa Securities or create Units through the Participating Dealer After Listing.</p> <p>Units may be purchased and sold in two ways:</p> <ul style="list-style-type: none"> ➤ Through Participating Dealer In the primary market, the Participating Dealer (either acting for itself or for an investor as its client) may apply for the creation or redemption of Units in a Unit Block (or whole multiples thereof). Applications can only be made by the Participating Dealer in MYR term. ➤ Through Bursa Securities In the secondary market, investors may purchase or sell the Units in board lots of 100 Units (or multiples thereof) on Bursa Securities. Currently, the Fund can be traded in MYR only. 	<p>5.1.1</p> <p>5.1.2</p> <p>5.2</p> <p>5.8</p>
<p><u>Primary market:</u></p> <ul style="list-style-type: none"> ➤ Creation/ Redemption of Units ➤ Unit Block 	<ul style="list-style-type: none"> ➤ <u>Creation of Units</u> The Participating Dealer (either for its own account or for the account of an investor as its client) can apply for Cash Creation of new Units through payment of the Estimated Creation Amount. ➤ <u>Redemption of Units</u> The Participating Dealer (either for its own account or for the account of an investor as its client) can apply for Cash Redemption through the delivery of existing Units in exchange for the Actual Redemption Amount. <p>2,000,000 Units This quantity may change from time to time as determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealer. The creation or redemption of Units must be in a Unit Block (or whole multiples thereof).</p>	<p>5.2.1</p> <p>5.2.2</p> <p>5.2.3</p> <p>5.2.4</p> <p>5.2.1</p> <p>5.2.3</p>
<p><u>Secondary market:</u></p> <ul style="list-style-type: none"> ➤ Trading of Units on Bursa Securities ➤ Trading Board Lot Size 	<p>Investors may trade (buy and sell) Units on Bursa Securities After Listing.</p> <p>100 Units</p>	<p>5.8</p> <p>5.8</p>

Fees, Charges and Expenses

The following are the charges that the investors may incur **directly** when they invest in the Units of the Fund.

➤ Through Participating Dealer

1.2.

Applications must be submitted to the Manager through the Participating Dealer. The creation and redemption of the Units must be implemented in accordance with the terms and conditions set out in the Participating Dealer Agreement.

The table below describes the fees and charges (excluding out-of-pocket expenses) to be paid by the Participating Dealer to the Manager and/or Trustee:

Fees & Charges	Details	Section
Application Fee	MYR100 per Unit Block (and subject to a maximum of MYR1,000) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee. Currently, the Manager has waived the Application Fee. However, the Manager may re-introduce the fee at any time with one (1) month's prior notice to the Participating Dealer and investors.	4.1.1
Application Cancellation Fee	MYR500 per Application payable to the Manager or such other amount as may be determined by the Manager from time to time, in consultation with the Trustee.	4.1.1
Transaction Costs	The Manager may charge Transaction Costs (incurred by the Fund) to prevent the NAV of the Fund from being diluted by the Transaction Costs.	4.1.1
Other Fees	The amount (other than the Transaction Costs described above) that may be incurred by the Manager and/or the Trustee from time to time in relation to the Applications submitted by the Participating Dealer, which is charged by the Bursa Depository.	4.1.1

The above fees and charges may either be charged to the investor by the Participating Dealer or may be absorbed by the Participating Dealer. Investors should check with the relevant Participating Dealer on the actual fees and charges which may be incurred.

➤ Through Bursa Securities

The table below describes the charges that investors may incur (based on the charges imposed by Bursa Securities as at the date of this Prospectus which charges may be varied from time to time) when they buy or sell Units of the Fund on Bursa Securities:

Fees & Charges	Details	Section
Brokerage Fee	As prescribed by Bursa Securities.	4.1.2
Bursa Securities Clearing fee	0.03% of the transaction value subject to a maximum of MYR1,000 per transaction. A minimum fee of MYR10 per transaction is applicable for direct business contracts.	4.1.2

Investors should check with their brokers on the actual fees and charges which may be incurred. Further information on the charges that investors will incur when trading Units can be found on Bursa Securities' website.

The following are the charges that the investors may incur **indirectly** when they invest in Units of the Fund.

Fees & Charges	Details	Section
Annual Management Fee	Up to 0.60% per annum of the NAV of the Fund.	4.2
Annual Trustee Fee	Up to 0.06% per annum of the NAV of the Fund subject to a minimum of MYR12,000 per annum (excluding foreign sub-custodian fees and charges).	4.2
Annual Index Licence Fee	Up to 0.04% per annum of the NAV of the Fund, subject to a minimum of USD10,000 for the first twelve (12) months and USD15,000 per annum thereafter.	4.2

Establishment Costs of the Fund

The cost of establishment and Listing of the Fund which include the following expenses will be borne by the Fund:

- cost of preparation and publishing of this Prospectus;
- professional and advisory fees; and
- regulatory fees.

(collectively, the “**Establishment Costs**”).

The aforesaid Establishment Costs shall be funded upfront by the Manager as and when incurred. The Manager is allowed to charge the Establishment Costs, which shall not exceed MYR300,000 over a period of three (3) years to reduce the impact of dilution on the returns of the Fund.

1.3. Other Information

The Deed is dated 8 October 2020 and has been entered into between the Manager and the Trustee.

1.4. Avenue for Advice

Investors may contact the Manager by telephone at 03-2775 7688 or fax to 03-2775 7687 or email to vpmy-enquiry@valuepartners-group.com for information and advice relating to the Fund. The Manager is available from Mondays to Fridays (except on public holidays) from 9.00 a.m. to 5.00 p.m.

Investors may obtain information relating to the Fund from the Fund’s website.

2. RISK FACTORS

An investment in the Units involves risk. Prospective investors should rely on their own evaluation and carefully consider the following risk factors in addition to other information contained elsewhere in this Prospectus before investing in the Fund.

General Risks of Investing in the Fund

➤ **Market Risk**

2.1. General movements in the local market and factors that affect the investment climate and investor sentiment could affect the level of trading and therefore the market price of the Units, which can go down in price as well as up. These risks are generally applicable to any investment in listed securities. These risks include market fluctuations caused by factors such as economic and political developments.

➤ **Capital and Returns Not Guaranteed**

Investors should be aware that by investing in the Fund, there is no guarantee of any returns or capital appreciation. Unlike fixed deposits placed directly by the investors into any financial institution which carry a specific rate of return, this Fund does not provide a fixed rate of return. There is no guarantee that investors will enjoy any capital appreciation or will not experience any loss of capital invested in the Fund.

➤ **Inflation Risk**

Inflation is one of the long-term risks as it creates uncertainty over the future value of the investments. Any investment is subject to the risk that the investments may not grow proportionately with the inflation rate. A return on investment which is lower than inflationary rate would reduce Unit Holder's purchasing power per MYR even though the value of the investment in monetary terms has increased.

➤ **Liquidity Risk**

Although the Units are listed for trading on Bursa Securities, there is no assurance that an active trading market for such Unit will develop or be maintained. There is no certain basis for predicting the actual price levels at, or volume in which, the Units may trade. Accordingly, if a Unit Holder needs to sell his Units at a time when no active market for them exists, the price he receives for his Units (assuming he is able to sell them) is likely to be lower than the price received if an active market did exist. Whilst the market maker has been appointed by the Manager, there can be no assurance that such liquidity risk will be fully mitigated.

Investors should note, however, that the liquidity in the market for the Units may be adversely affected if the market maker fails or ceases to fulfil its role as a market maker. It is the Manager's intention that there will always be at least one market maker for the Fund.

➤ **Trading, Creation and Redemption Risk**

Risk at secondary market

In the secondary market, trading prices of the Units on Bursa Securities fluctuate continuously throughout the trading hours based on market supply and demand and economic conditions in Malaysia, rather than the Net Asset Value. Trading prices may also deviate significantly from the NAV per Unit particularly during periods of market volatility or when there is any suspension of creations or redemptions of Units. The NAV per Unit of the Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the Fund Assets. Any of these factors may lead to the Units trading at a premium or discount to its NAV per Unit. The role of the market maker is intended to minimise the difference between the trade prices on Bursa Securities and the NAV per Unit of the Fund.

Risk at primary market

If the Manager suspends creations and/or redemptions of Units in the primary market, deviations to the NAV per Units are expected.

Under normal circumstances, the Estimated Creation Amount as defined, is more than enough to cover (i) the cost of purchasing the Authorised Securities in relation to a Creation Application, (ii) movement in foreign exchange rates, and (iii) any other fees/ charges payable to the Manager and/or the Trustee. However, under exceptional circumstances such as a rally in the China A-shares market coinciding

with a significant appreciation in the RMB, there is the possibility that the Estimated Creation Amount might be insufficient i.e. a shortfall. In this case, the Participating Dealer will have to pay for this shortfall.

The Estimated Redemption Amount remains to be a reference figure for investors. The Actual Redemption Amount will differ from the Estimated Redemption Amount due to potential market movement, potential forex movement and other applicable charges.

➤ **Trading in Units on Bursa Securities may be Suspended or Units may be De-Listed**

Unit Holders and potential Unit Holders will not be able to buy, nor will Unit Holders be able to sell Units on Bursa Securities during any period in which trading of the Units is suspended. Bursa Securities may suspend the trading of Units pursuant to Bursa Securities' rules and policies whenever Bursa Securities determines that it is appropriate in the interests of a fair and orderly market to protect Unit Holders. The creation and redemption of Units may also be suspended if the trading of Units is suspended.

Further, Bursa Securities imposes certain requirements for the continuous listing of securities, including the Units, on Bursa Securities. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of the Units on Bursa Securities or that Bursa Securities will not change its Main Market Listing Requirements. The Fund may be terminated if its Units are de-listed from Bursa Securities.

➤ **Suspension of Creations and/or Redemptions**

Dealings of Units on Bursa Securities may not necessarily be suspended in the event that the creation and/or redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Deed. If the creation and/or redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Fund's underlying assets.

➤ **Legal and Regulatory Risks**

The Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objective followed by the Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may, in turn, affect the performance of the Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Fund. In the worst-case scenario, a Unit Holder may lose all of his investment in the Fund.

➤ **Reliance on Participating Dealer**

The creation and redemption of Units may only be effected through the Participating Dealer. As at the date of this Prospectus, the Manager has entered into a Participating Dealer Agreement with the Participating Dealer. This enables the Participating Dealer to request the creation of new Units and/or require the redemption of existing Units. If the existing participating dealer were to withdraw at any time and no new or additional participating dealer is appointed and/or enters into a Participating Dealer Agreement with the Manager, no new Units may then be created or redeemed.

2.2. Although the Participating Dealer has agreed, pursuant to the Participating Dealer Agreement with the Manager, that it will create and redeem for investors, whether or not a participating dealer agrees with the investors to create and to redeem Units for them has to be agreed between the relevant investor and that participating dealer. The Participating Dealer may charge a fee for providing this service. The Participating Dealer will not be able to create or redeem Units during a suspension period.

Specific Risks of Investing in the Fund

➤ **Equity Investment Risk**

The buying and selling of equities carry a number of risks. The most important being the volatility of the capital markets on which those securities are traded, and the general insolvency risk associated with the issuers of the equities. The value of equities investment depends on its earnings potential, sound management, treatment of minority shareholders, as well as a myriad of other factors. Failure to achieve the expected earnings would result in declining investment value which in turn affects the performance of the Fund.

➤ **Risks Associated with Investment in PRC**

The imposition of additional governmental restrictions in the PRC may affect some or all of the investments held by the Fund in the PRC.

Investors should also note that any change in the policies of the PRC may have an adverse impact on the securities market in the PRC as well as the underlying securities of the Fund, which may result in an adverse impact on the performance of the Fund.

Legal System of the PRC

The legal system of the PRC is based on written laws and regulations. The PRC government is continuously making improvements on its commercial laws and regulations. However, many of these laws and regulations are still at an experimental stage and the enforceability of such laws and regulations remains unclear. Any change in such laws and regulations from time to time may adversely affect the investments of the Fund in the PRC which in turn may affect the NAV of the Fund.

Potential Market Volatility of the PRC

Investors should note that market volatility and potential lack of liquidity in the A-Shares markets may result in prices of securities traded on such markets fluctuating significantly resulting in substantial changes in the Unit price of the Fund.

Renminbi Depreciation

The Fund may invest in investments which are related to the PRC and investments whose value the Manager believes would be boosted by a Renminbi appreciation. Conversely, the value of the Fund may be adversely affected in the event of Renminbi depreciation. Investors may lose money in circumstances when the fluctuation of Renminbi against the MYR results in currency translation loss in the NAV of the Fund in MYR which may impact the trading currency of the Fund in MYR.

PRC Tax Risk

By investing in securities issued by PRC tax resident enterprises, irrespective of whether such securities are issued or distributed onshore or offshore (the “**PRC Securities**”), the Fund may be subject to PRC taxes.

The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

• *Corporate Income Tax (“CIT”)*

If the Fund is considered as a tax resident enterprise of the PRC, it will be subject to CIT at 25% on its worldwide taxable income. If the Fund is considered as a non-tax resident enterprise with an establishment or place of business (“**E&P**”) in the PRC, the profits and gains attributable to that E&P would be subject to PRC CIT at 25%. If the Fund is considered as a non-tax resident enterprise without an E&P in the PRC, it will be subject to CIT on a withholding basis (“**WIT**”), generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income, unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties.

The Manager intends to manage and operate the Fund in such a manner that the Fund should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with E&P in the PRC for CIT purposes, although this cannot be guaranteed. As such, it is expected that the Fund should not be subject to CIT on an assessment basis and would only be subject to WIT to the extent that the Fund directly derives PRC sourced income in respect of its investments in PRC Securities.

• *Dividend and Profit*

The Fund's income from dividends and profit distributions from PRC tax enterprise received by the Fund is generally subject to PRC WIT at a rate of 10%, unless such WIT is subject to reduction or exemption in accordance with PRC tax laws and regulations or an applicable tax treaty signed with the PRC.

- *Capital gains*

- (i) Capital gains realised from trading of A-Shares through Stock Connects

PRC tax circulars Caishui [2014] No. 81 (“**Notice No. 81**”) and Caishui [2016] No. 127 (“**Notice No. 127**”) provide that PRC CIT will be temporarily exempted on capital gains realised by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through the Stock Connects. Based on Notice No. 81 and Notice No. 127, and having consulted professional and independent tax adviser, no WIT provision for gross realised or unrealised capital gains derived from trading of A-Shares via the Stock Connects is made by the Manager on behalf of the Fund.

It should be noted that the corporate income tax exemption under Notice No. 81 and Notice No. 127 is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the NAV of the Fund.

- (ii) Tax Provision

It should be noted that the existing tax laws, regulations and practices may be revised or amended in the future, with the possibility that such changes will be applied with retrospective effect. In order to meet any potential tax liability for capital gains or income, the Manager reserves the right to provide for WIT on such gains or income and withhold the tax for the account of the Fund.

As such, if it transpires that the Fund is subject to actual tax liabilities, in respect of which the Manager had not made any provision, investors should note that the NAV of the Fund may be lowered, as the Fund will ultimately have to bear the full amount of tax liabilities. It should also be noted that the level of provision (if any) may be inadequate or excessive to meet actual PRC tax liabilities on investments made by the Fund. Consequently, Unit Holders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount (or if the Manager did not make any tax provision), investors should note that the NAV of the Fund may be adversely affected, as the Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unit Holders and subsequent Unit Holders will be disadvantaged as such Unit Holders will bear, through the Fund, a disproportionately higher amount of tax liabilities as compared to that borne by persons who have already redeemed their Units in the Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision and as such may be disadvantaged.

Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

- *Value Added Tax (“VAT”) and other surtaxes*

The MOF and SAT issued the “Notice on the Comprehensive Roll-out of the B2V Transformation Pilot Program (“**B2V Pilot Program**”)” (Caishui [2016] No. 36) (“**Notice No. 36**”) on 23 March 2016. The Notice No. 36 which sets out the B2V Pilot Program that covers all the remaining industries of the program, including financial services. The Notice No. 36 has taken effect from 1 May 2016, unless otherwise stipulated therein.

The Notice No. 36 provides that VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities, e.g. A-Shares.

Based on the prevailing VAT regulations, capital gains derived by foreign investors via the Stock Connects are exempted from VAT. Therefore, to the extent that the Fund’s key investment (such as A-Shares through the Stock Connects) are conducted through these channels, the capital gains should be exempted from VAT.

Dividend income or profit distributions on equity investment derived from PRC are not included in the taxable scope of VAT.

Urban maintenance and construction tax (currently at the rate ranging from 1 per cent. to 7 per cent.), educational surcharge (currently at the rate of 3 per cent.) and local educational surcharge (currently at the rate of 2 per cent.) are imposed based on the VAT liabilities. The applicable levies depend on the location where VAT filing (if required) is done.

- *Stamp Duty*

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on certain taxable documents executed or received in the PRC, including the contracts for the sale of A-Shares traded on the PRC stock exchanges. In the case of contracts for sale of A-Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

- *General*

It should also be noted that the actual applicable tax rates imposed by the SAT may change from time to time. It should also be noted that the prevailing PRC tax regulations specified that the tax exemption on capital gains derived from the trading of A-Shares from 17 November 2014 onwards is temporary. There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Unit Holders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units.

If the actual applicable tax rate levied by SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the NAV of the Fund may suffer more than the tax provision amount as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unit Holders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by SAT is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Unit Holders who have redeemed their Units before the SAT's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Unit Holders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Fund as assets thereof. Notwithstanding the above provisions, Unit Holders who have already redeemed their Units in the Fund before the return of any overprovision to the account of the Fund will not be entitled or have any right to claim any part of such overprovision.

Unit Holders should seek their own tax advice on their tax position with regard to their investment in the Fund.

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than currently contemplated.

➤ **Risks Associated with the Stock Connects**

The Fund may invest through the Stock Connects. In addition to the risk factors headed "Risks Associated with Investment in PRC", "Legal System of PRC", "Potential Market Volatility of PRC", "Renminbi Depreciation" and "PRC Tax Risk", it is also subject to the following additional risks:

- *Quota limitations* – The Stock Connects are subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Fund's ability to invest in A-Shares through the Stock Connects on a timely basis, and the Fund may not be able to effectively pursue its investment strategies.
- *Suspension risk* – Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary, for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connects is effected, the Fund's ability to invest in A-Shares or access the PRC market will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

- *Differences in trading days* – The Stock Connects only operate on days when both the PRC and Hong Kong stock markets are open for trading and when banks in both markets are open on the corresponding settlement days. So, it is possible that there are occasions when it is a normal trading day for the PRC stock markets but Hong Kong investors (such as the Fund) cannot carry out any A-Shares trading. Due to the differences in trading days, the Fund may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading, but the Hong Kong stock market is closed.
- *Operational risk* – The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC stock markets directly. The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading A-Shares through the Stock Connects. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the “connectivity” in the Stock Connects requires routing of orders across the border. SEHK has set up an order routing system (“**PRC Stock Connect System**”) to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to adapt to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Fund’s ability to access the A-Shares markets (and hence to pursue its investment strategy) will be adversely affected.

- *Restrictions on selling imposed by front-end monitoring* – PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on A-Shares sell orders of its participants (i.e. the stockbrokers) to ensure there is no over-selling.

Generally, if the Fund desires to sell certain A-Shares it holds, it must transfer those A-Shares to the respective accounts of its brokers before the market opens on the day of selling (“**trading day**”). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Fund may not be able to dispose of holdings of A-Shares in a timely manner.

However, the Fund may request a custodian to open a special segregated account (“**SPSA**”) in CCASS to maintain its holdings in A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique “Investor ID” by CCASS for the purpose of facilitating PRC Stock Connect System to verify the holdings of an investor such as the Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Fund’s sell order, the Fund will be able to dispose of its holdings of A-Shares (as opposed to the practice of transferring A-Shares to the broker’s account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Fund will enable it to dispose of its holdings of A-Shares in a timely manner.

- *Recalling of eligible stocks* – When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Fund, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.
- *Clearing and settlement risk* – The HKSCC and ChinaClear have established the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC’s liabilities in Northbound trades under its market contracts with clearing participants will

be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

- *Participation in corporate actions and shareholders' meetings* – The HKSCC will keep CCASS participants informed of corporate actions of SSE securities and SZSE securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/ multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Fund) are holding SSE securities and SZSE securities traded via the Stock Connects through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE securities and SZSE securities may be very short. Therefore, it is possible that the Fund may not be able to participate in some corporate actions in a timely manner.
- *Currency risk* – As the Fund is denominated in MYR, the performance of the Fund may be affected by movements in the exchange rate between RMB (i.e. the currency in which SSE securities and SZSE securities are traded and settled) and MYR.
- *No Protection by Hong Kong's Investor Compensation Fund* – Investments through the Stock Connects are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations.

The Fund's investments through Northbound trading under the Stock Connects are not covered by the Hong Kong's Investor Compensation Fund. Therefore, the Fund is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the Stock Connects. Further, since the Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund in PRC.

- *Regulatory risk* – The Stock Connects are novel in nature, and the Stock Connects will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

The current regulations are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connects will not be abolished. The Fund, which may invest in the PRC stock markets through the Stock Connects, may be adversely affected as a result of such changes.

➤ **Country Risk**

Investment of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.

➤ **Currency Risk**

As the investments of the Fund may be denominated in currencies other than the Base Currency, any fluctuation in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investor should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

- *Currency risk at the Fund level*

The impact of the exchange rate movement between the Base Currency and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the Base Currency.

- *Dual Currency Trading risk*

Investors can trade the Fund's Units in MYR and/or a counter denominated in another currency on Bursa Securities. The traded prices in the two (2) currency counters should theoretically be equivalent or close to each other, taking into consideration the prevailing foreign exchange rate. However, in certain cases, due to market supply and demand factors in the respective counters and the market activity of the market makers, the price relationship and difference between the two (2) counters might not necessarily be the foreign exchange rate between both counters.

The impact of the exchange rate movement between the Base Currency and the trading currency of the Fund in the secondary market may result in a depreciation of an investor's holdings as expressed in the Base Currency.

➤ **RMB Currency Risk**

- *RMB is not freely convertible and subject to exchange controls and restrictions*

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into USD has been based on rates set by the People's Bank of China ("PBOC"), which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, China announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. However, it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the USD or any other foreign currency in the future. Any depreciation of the RMB will decrease the value of RMB-denominated assets that the Fund may hold and of any dividends that the Fund may receive from such investments, which may have a detrimental impact on the Net Asset Value of the Fund, and vice versa. Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service-related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

- *Investors may be adversely affected by movements of exchange rates between the RMB and other currencies*

In addition, under the current regulations, the rate at which RMB may be exchanged outside the PRC (in the case of Malaysia, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB thus calculated will be affected by fluctuations in the CNH rate. While the CNH rate and the CNY rate represent the same currency, they are traded at different rates and in different and separate markets which operate independently. As such, the CNH rate does not necessarily have the same exchange rate and may not move in the same direction as the CNY rate. Any divergence between the CNH rate and the CNY rate may adversely impact investors of the Fund.

➤ **Concentration Risk**

As the Fund focuses its investments on China A-Shares companies, it is subject to concentration risk. The Fund may be more volatile than a broadly-based fund such as a global or regional investment fund as it is more susceptible to fluctuation in value resulting from adverse conditions in a single country.

The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the market in PRC.

➤ **Minimum Redemption Size**

Units can only be redeemed in a Unit Block (or whole multiples thereof). Investors who do not hold a Unit Block will only be able to realise the value of their Units by selling their Units on Bursa Securities at the trading market prices. As set out in this Prospectus, the market prices of Units traded on Bursa Securities may deviate from the NAV per Unit.

➤ **Reclassification of Shariah-compliant Securities**

The reclassification may occur if the Shariah-compliant securities invested by the Fund are reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, the Manager will have to take the necessary steps to dispose of such securities. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the dividend received and excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost. Please refer to the Shariah Investment Guidelines in Section 3.6 of this Prospectus for further details.

➤ **Tracking Error Risk**

There may not be perfect correlation between the NAV with the Benchmark. Factors such as fees and expenses of the Fund, Transaction Costs, liquidity of the market, imperfect correlation of returns between the Fund Assets and the securities constituting the Benchmark, the rounding of share prices, foreign exchange costs, changes to the underlying indices and regulatory policies may affect the Manager's ability to achieve close correlation with the Benchmark and to rebalance the Fund's holdings of Index Securities and/or non-Index Securities in response to changes in the constituents of the Benchmark. Further, the Fund may receive income (such as profits and dividends) from its assets while the Benchmark does not have such sources of income. There is no guarantee or assurance of exact or identical replication at any time of the performance of the Benchmark.

Although the Manager regularly monitors the tracking error of the Fund, there can be no assurance that the Fund will achieve any particular level of tracking error relative to the performance of its Benchmark.

➤ **Risks Related to the Benchmark**

There may be changes in the constituent securities of the Benchmark from time to time. For example, a constituent security may be delisted, or a new eligible security may be added to the Benchmark. In such circumstances, in order to achieve the investment objective of the Fund, the Manager may rebalance the composition of the Fund. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Benchmark as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

The process and the basis of computing and compiling the Benchmark and any of its related formula, constituent companies and factors may also be changed or altered by the Index Licensor at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Benchmark, its computation or any information related thereto.

The Manager has been granted a licence by the Index Licensor to use the Benchmark in connection with the Fund. The Manager is unlikely to be able to fulfil the investment objective in the event that the licence is terminated or if the Fund is unable to use the Benchmark for any reason whatsoever. The licence is valid until terminated in accordance with the terms of the licence. Please refer to the Replacement of the Benchmark in Section 3.5 of this Prospectus for further details.

➤ **Passive Investment Management**

The Fund is not actively managed. The Fund invests in the Index Securities and/or non-Index Securities included in or reflecting its Benchmark regardless of their investment merit. The Manager does not attempt to select securities individually or to take defensive positions in declining markets. Accordingly, the lack of discretion to adapt to market changes due to the inherent investment nature of the Fund means that falls in the Index Securities and/or non-Index Securities are expected to result in a corresponding fall in the NAV of the Fund.

3. ABOUT VP-DJ SHARIAH CHINA A-SHARES 100 ETF

Investment Objective

The Fund aims to provide investment results that closely correspond to the performance of the Benchmark.

Any material change to the Fund's investment objective will require the approval of the Unit Holders.

3.1. Investor's Profile

The Fund is suitable for investors who:

- intend to have exposure to China-listed companies; and
- have a high-risk tolerance level.

3.2. Asset Allocation

- At least 90% of the Fund's NAV will be invested in Authorised Securities; and
- The remaining NAV of the Fund may be invested in Islamic collective investment schemes, Islamic money market instruments and/or Islamic deposits.

Investment Strategy

- 3.4. To achieve the investment objective of the Fund, the Manager will primarily use a full replication strategy through investing in Shariah-compliant A-Shares which are included in the Benchmark in substantially the same weightings in which they are included in the Benchmark through the Stock Connects.

However, if the Manager believes that the full replication technique is not the most efficient method to track the Benchmark, the Manager may utilise a representative sampling strategy. Under the representative sampling strategy, the Manager will invest in a representative sample of Shariah-compliant securities consisting of the Index Securities and non-Index Securities selected by the Manager using, amongst others, a quantitative analytical model in a technique known as "portfolio sampling". The non-Index Securities selected shall have a high correlation (i.e. positive correlation coefficient of at least 0.7) with one or more of the Index Securities which it is substituting, and where it is expected to mirror the performance of those of the Index Securities to be substituted, the Manager shall ensure that the non-Index Securities to be selected have passed the necessary Shariah screenings.

The remaining NAV of the Fund may be invested in Islamic collective investment schemes, Islamic money market instruments and/or Islamic deposits to meet liquidity requirements.

- 3.5. The Fund will be passively managed, leaving the Fund to be highly invested at all times, irrespective of the outlook on the underlying assets.

Benchmark

Introduction

DJIM China A-Shares 100 Index is a Shariah-compliant price return benchmark for the China A-share markets that pass rules-based screens for adherence to Shariah investment guidelines. The Benchmark comprises of the largest 100 Shariah-compliant A-share stocks screened from the Dow Jones Islamic Market China A universe which are eligible for Stock Connects.

The Index Licensor is not a related corporation of the Manager.

Construction of the Benchmark

Constituents of the Benchmark must be selected from the universe of securities which constitute the underlying index (Dow Jones Islamic Market China A Index), both of which are subject to the Dow Jones Islamic Market Indices Methodology.

(i) Eligibility Criteria & Index Constructions

Constituent Selection: Companies are selected to the Benchmark as follows:

- (a) Companies within the underlying index (Dow Jones Islamic Market China A Index) are eligible to be included as the Benchmark constituents based on the following criteria:
- (1) The constituents must be eligible for Stock Connect;
 - (2) Company with Exchange Special Treatment (i.e. ST or *ST) are excluded from the Benchmark.

Note:

“ST” refers to companies with financial issues or other abnormal conditions of listed companies that make investors unable to judge the future of the companies and may endanger the interests of investors, of which the companies are designated as "special treatment" or ST.

*“*ST” refers to companies that are under the risk of termination/delisting upon the occurrence of any of the following circumstances, among others:*

- (1) *The audited net profits disclosed in annual report are negative for the past 2 consecutive years before or after the retroactive adjustment.*
 - (2) *The audited ending net asset value disclosed in the latest annual report is negative for the past 1 year before or after the retroactive adjustment.*
 - (3) *The audited operating income disclosed in the latest annual report is below RMB10 million before or after the retroactive adjustment.*
 - (4) *The company’s financial report for the latest financial year is issued a disclaimer of opinion or adverse opinion by a certified public accountant firm;*
 - (5) *The company has been ordered by the CSRC to correct the serious errors or falsehoods in its financial report but fails to mend its way within the specified time limit, and the company’s stocks have been suspended from trading for two months;*
 - (6) *The company fails to disclose its annual report or interim report within the statutory period and the company’s stocks have been suspended from trading for 2 months;*
 - (7) *Where equity distribution renders the company unsuitable for listing, the company submits to the exchange a plan for addressing the equity structure problem within 1 month and obtains approval from the exchange;*
 - (8) *The company uses false record, misleading statement or major omission in the initial public offering application documents to get the issuance approval or exert a substantial influence on initial public offering pricing and receives administrative penalties by CSRC or transferred to the public security organ (hereinafter, fraudulent issuance);*
 - (9) *The company receives administrative penalties from CSRC for false record, misleading statement or major omission in the continual documents disclosure and due to the seriousness of the breach is defined as significant violation of law in the decision of administrative punishment or transferred to the public security organ on suspicion of the crime of false disclosure of important information (hereinafter, significant violation of information disclosure);*
 - (10) *The company is likely to face involuntary dissolution;*
 - (11) *The court has accepted the company’s application for reorganization, settlement or bankruptcy liquidation; or*
 - (12) *Other circumstances as recognized by the exchange.*
- (b) Companies within the underlying index (Dow Jones Islamic Market China A Index) are chosen as the Benchmark constituents based on the following steps:
- (1) China A-Shares companies in the eligible universe are ranked by total market capitalization for the top eighty (80) stocks, comprising of both current and newly added constituents.
 - (2) For the remaining bottom twenty (20) stocks, current constituents that ranked between eighty-one (81) and one hundred and twenty (120) are first selected in the order of total market capitalization. Subsequently, in the case that the target constituent count is still less than 100 stocks, newly added constituents that ranked after eighty (80) are selected in the order of total market capitalization until the target constituent count is reached.

Weighting: The Benchmark employs a float-adjusted market capitalization weighting scheme. The weightings are reviewed quarterly.

(ii) Shariah Compliance Screens

In accordance with the Dow Jones Islamic Market Indices Methodology, S&P Dow Jones Indices will screen the constituents of the Benchmark based on the following criteria:

(a) Sector-Based Screens

- Companies' income (cumulatively) from the following impure sources must not exceed 5% of revenue:
 - Alcohol;
 - Tobacco;
 - Pork-related products;
 - Conventional financial services (banking, insurance, etc.);
 - Weapons and defense; and/or
 - Entertainment (hotels, casinos/gambling, cinema, pornography, music, etc.)
- Companies classified as Financial (based on Dow Jones Proprietary Sector Classification System) are considered eligible if the company is incorporated as an Islamic financial institution, such as:
 - Islamic banks; and/or
 - Takaful insurance companies
- Companies classified as Real Estate (based on Dow Jones Proprietary Sector Classification System) are considered eligible if the company's operations and properties are conducting business according to Shariah principles.

(b) Accounting-Based Screens

- Companies with unacceptable levels of debt or impure interest income are considered Shariah non-compliant and shall be removed from the Benchmark. For a company to be considered Shariah-compliant, each of the following three (3) financial ratios for the company must be less than 33%:
 - Total debt divided by trailing 24-month average market capitalization;
 - The sum of a company's cash and interest-bearing securities divided by trailing 24-month average market capitalization; and
 - Accounts receivables divided by trailing 24-month average market capitalization.

Companies deemed Shariah-compliant at the prior evaluation period that exceed the maximum ratio for any accounting-based screen at the current evaluation period remain compliant if the ratio is within two (2) percentage points of the maximum allowed (i.e. if it is between 33% to 35%). However, if the maximum is breached for three (3) consecutive evaluation periods the companies will be deemed Shariah non-compliant. If any of the ratios are above the two (2) percentage point buffer limit (i.e. more than 35%), the company is deemed Shariah non-compliant immediately.

Companies deemed Shariah non-compliant at the prior evaluation period that pass all accounting-based screens at the current evaluation period remain non-compliant if any ratio is within two (2) percentage points of the maximum allowed (i.e. if it is between 31% to 33%). However, if the companies satisfy all the accounting-based screens for three (3) consecutive evaluation periods the companies will be deemed Shariah compliant. If all the accounting-based screens are below the two (2) percentage point buffer limit (i.e. lower than 31%), the company is deemed Shariah-compliant immediately.

Constituents of the Benchmark

The table below details the top ten (10) constituents of the Benchmark and the respective weightings, as at LPD:

No.	Company Name	Full Replication	Representative Sampling*
		Weightings (%)	Weightings (%)
1	Contemporary Amperex Technology Co Ltd A	6.46	6.46
2	China Tourism Group Duty Free Corp Ltd A	4.35	4.35
3	Shenzhen Mindray Bio-Medical Electronics Co Ltd A	4.05	4.05
4	Midea Group Co., Ltd. A	4.03	4.03
5	Foshan Haitian Flavouring and Food Company Ltd A	3.79	3.79
6	China Yangtze Power Co A	3.24	3.26
7	Jiangsu Hengrui Medicine Co A	3.20	3.20
8	Xi'an LONGi Silicon Materials Company Limited A	2.68	2.68
9	Chongqing Zhifei Biological Products Company Ltd A	2.58	2.58
10	WuXi AppTec Co Ltd A	2.42	2.42

**The Manager will primarily use a full replication strategy. However, if extreme circumstances (e.g. illiquidity of several securities) hinder the execution of a full replication, the Manager will then resort to representative sampling.*

Source: S&P Dow Jones Indices.

There is no guarantee or assurance of exact or identical replication at any time of the performance of the Benchmark. Composition of the Benchmark may change, and securities may be de-listed.

There is a lack of discretion for the Fund to adapt to market changes due to the inherent investment nature of exchange-traded funds and that falls in the Benchmark are expected to result in corresponding falls in the value of the Fund.

Investments of the Fund may be concentrated in a particular market or sector.

Review and Rebalancing of the Benchmark

Benchmark composition is reviewed quarterly, in March, June, September and December, using the rebalanced underlying index (Dow Jones Islamic Market China A Index) as the reference universe. As part of the rebalancing process, constituent shares, weights and any weighting factors are updated. In addition, the investable weight factor (IWF)[^] for each stock is reviewed and updated as needed on an annual basis in September. Changes are announced on the second Friday of the review month and are implemented at the opening of trading on the Monday following the third Friday of the review month.

The index is reviewed on an ongoing basis for unusual events such as de-listings, bankruptcies, mergers and takeovers. Changes to index composition and related weight adjustments are made as soon as they are effective. These changes are typically announced two-to-five business days prior to the implementation date.

[^]A stock's IWF is based on its free float. Free float can be defined as the percentage of each company's shares that are freely available for trading in the market.

For each stock an IWF is calculated as follows:

$$IWF = \frac{\text{available float shares}}{\text{total shares outstanding}}$$

where available float shares are defined as total shares outstanding less shares held by strategic holders.

In addition, the IWF for A-share stocks is the lower of a Foreign Ownership Limit (FOL) of 30%, or the investable weight factor of each constituent. Aggregate foreign ownership limits are determined by the CSRC and are subject to change.

Replacement of the Benchmark

In accordance with the Deed, the Manager may, after taking into account the interests of the Unit Holders and subject to the approval of the SC, replace the Benchmark with another index in the event any of the following occurs:

- The Benchmark ceases to exist;
- A release of a new index replacing the Benchmark;
- The Index Licensor increases its licence fee that is considered too high by the Manager; or
- All or part of the securities forming the Benchmark has become difficult, illiquid or impossible for the Manager to invest.

The Manager may change the name of the Fund if the Benchmark is replaced. Replacement of the Benchmark would require the SC's prior approval.

The Benchmark may be replaced in the event of cessation of the availability of the Benchmark.

Further Information on the Benchmark

Latest information and other important news on the Benchmark will be published on the S&P Dow Jones Indices website at https://us.spindices.com/documents/methodologies/methodology-dj-islamic-market-indices.pdf?force_download=true (for index ground rules and methodology) and the Fund's website (for the end of day index values).

Shariah Investment Guidelines

- 3.6. The following are the Shariah Investment Guidelines for the Fund, which the Manager, is to strictly adhere to on a continuous basis. The Shariah Investment Guidelines cover the Fund's investments as well as its operational and administrative matters in relation to Shariah matters.

As a general rule, the Fund can only invest in securities and financial instruments under the Permitted Investment as provided in Section 3.10 of this Prospectus.

3.6.1 Index Securities

The Shariah Adviser shall verify all investments made by the Fund into companies that constitute the Benchmark.

3.6.2 Non-Index Securities

The Shariah Adviser shall verify all investments made by the Fund into companies that constitute the underlying index.

However, for companies that are not constituents of the Benchmark and/or the underlying index, the Shariah Compliance Screens methodology as set out in Section 3.5 (ii) are adopted by the Shariah Adviser in determining the Shariah status of investments of the Fund. In the case it is not applicable to do so or when limitation arises, the Shariah Adviser, upon discussion and consultation with the Manager, will review and determine the Shariah status of the said securities in accordance with the ruling issued by the Shariah Adviser.

3.6.3 Local or foreign Islamic collective investment schemes

The Shariah Adviser shall verify all the investments made by the Fund in local or foreign Islamic collective investment schemes as certified by the appointed Shariah adviser of the local or foreign Islamic collective investment schemes.

3.6.4 Islamic money market instruments

The Fund may also invest into any Islamic money market instruments classified as Shariah-compliant by the SAC of BNM or the Shariah Adviser.

3.6.5 Islamic Deposits

The Fund is prohibited from investing in interest-bearing deposits and recognizing any interest income.

3.6.6 Cleansing Process for the Fund

(a) **Wrong Investment**

This refers to Shariah non-compliant investment made by the Manager. The said investment will be disposed of/withdrawn with immediate effect or within a month of knowing the Shariah status of the investment. Any gain made in the form of capital gain or dividend received before or after the disposal of the instrument has to be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

(b) **Reclassification of Shariah Status of the Fund's Investment**

Reclassification of Shariah status refers to securities which are reclassified as Shariah non-compliant by the Shariah Adviser or the Shariah boards of the relevant Islamic Indices. The said securities will be disposed soonest practical.

Any dividends received and capital gains arising from the disposal of the Shariah non-compliant security made at the time of the announcement/review date can be kept by the Fund. However, any dividends received and excess capital gains derived from the disposal after the announcement/review date at a market price that is higher than the closing price on the announcement/review date is to be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser.

3.6.7 Zakat (tithe) for the Fund

The Fund does not pay zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

3.6.8 Income Purification

Any income from Shariah non-compliant investments such as interest income, or dividend distribution received by the Fund from its investment portfolio which relates to fortuitous activities are considered impure income. This impure income is subject to an income purification process as determined by the Shariah Adviser from time to time without limitation. The impure income has to be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser and approved by the Trustee.

Any cash dividend received from the constituents of the Benchmark will be subject to a purification process as determined by the Manager upon consultation and endorsement by the Shariah Adviser from time to time.

3.6.9 Periodic Review

The Shariah Adviser will review the Fund on a quarterly basis to ensure that the Fund's operating procedures and investments comply with Shariah. Upon completion of each review, the Shariah Adviser will deliver its opinion on the Fund's compliance with Shariah. Further, a report on the Fund's compliance status for the financial period concerned will be prepared by the Shariah Adviser and included in the Fund's annual report.

3.7. The Shariah Adviser confirms that the investment portfolio of the Fund will comprise securities that have been classified as Shariah-compliant by the DJIM's Shariah board, SAC of the SC, SAC of BNM or the Shariah Adviser. For securities that are not constituents of the Benchmark and/or the underlying index of the Benchmark or unable to be determined by the Benchmark's Shariah methodology or are not classified as Shariah-compliant by the SAC of the SC or the SAC of BNM, the Shariah Adviser, upon discussion and consultation with the Manager, will review and determine the Shariah status of the said securities in accordance with the ruling issued by the Shariah Adviser.

Tracking Error & Strategies to Minimise such Tracking Error

Investors should note that there is no guarantee or assurance that the investment results of the Fund will exactly correspond to the performance of the Benchmark.

Tracking errors may occur when comparing the performance of the Fund against the Benchmark. Although the Fund's primary investment strategy is to adopt a full replication strategy, there is no assurance that the replication can be perfect. The Fund may also adopt a representative sampling strategy if the Manager believes that the full replication technique is not the most efficient method to

track the Benchmark. As such, the difference between the Fund's portfolio compositions with the Benchmark's compositions would result in a high tracking error. The NAV of the Fund may not correlate exactly with the Benchmark. Factors such as fees and expenses of the Fund, imperfect correlation between the Fund's portfolio and the Benchmark constituents, inability to rebalance the Fund's holdings of the A-Shares in response to changes in the constituents of the Benchmark may contribute to tracking error.

In order to minimize tracking error, the Manager shall closely monitor the Fund's performance, its correlation with the Benchmark and the Fund's portfolio with the Benchmark constituents and will make adjustments to rebalance the Fund's portfolio when necessary.

Risk Management Strategies & Techniques

- 3.8. The risk management strategies and techniques employed by the Manager include the use of full replication strategy or representative sampling strategy, as well as rebalancing the Fund's portfolio when required, to achieve the investment objective of the Fund and to minimize tracking error. The representative sampling strategy is also employed by the Manager in extreme circumstances, such as the illiquidity of certain securities forming the Benchmark which may become a major hurdle to the Manager in executing the full replication strategy.

Policy on Rebalancing the Investment Portfolio

- 3.9. The rebalancing of the Fund's portfolio will primarily be performed during the scheduled rebalancing period. However, the rebalancing of the Fund's portfolio could also be performed when there is creation and/or redemption of Units or when the Manager believes that there is a need to rectify the divergence in tracking error.

3.10. Permitted Investments & Investment Restrictions

Permitted Investments:

- Authorised Securities;
- Islamic collective investment schemes;
- Islamic money market instruments;
- Islamic deposits with Financial Institutions; and
- Any other Shariah-compliant investments permitted by the SAC of the SC, the SAC of BNM or the Shariah Adviser from time to time.

Investment Restrictions:

- The value of the Fund's investment in units/ shares of any Islamic collective investment schemes must not exceed 20% of the Fund's NAV.
- The value of the Fund's investment in Islamic money market instruments issued by a single issuer must not exceed 15% of the Fund's NAV.
- The value of the Fund's placement in Islamic deposits with a single Financial Institution must not exceed 20% of the Fund's NAV.
- The value of the Fund's investment in Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

The Fund may enter into any other form of Shariah-compliant investments as may be permitted by the SC from time to time that is in line with the Fund's objective.

The abovementioned restrictions and limits will be complied with at all times based on the up-to-date value of the Fund, and the value of its investments and instruments. The Manager must notify the SC, within seven (7) Business Days, of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring.

However, any breach as a result of any:

- (a) appreciation or depreciation in the value of the Fund's underlying investments;
- (b) redemption of Units or payments made from the Fund;
- (c) change in capital of a company in which the Fund has invested in; or

(d) downgrade in or cessation of a credit rating,

need not be reported to the SC but must be rectified as soon as practicable in accordance with the ETF Guidelines. The Trustee may decide to extend the period if it is in the best interest of Unit Holders and such extension must be subject to at least a monthly review by the Trustee.

Securities Lending & Borrowing

Securities Lending

The Fund will not engage in any securities lending, repurchase transactions or other similar over-the-counter transactions. Any change in this regard is subject to the prior approval of the SC.

3.11. Borrowing

The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the SBL Guidelines) in connection with its activities.

Distribution Policy

The Fund may distribute income on an incidental basis.

3.12.

The Fund's income distributions, if any, are non-guaranteed and may not be the same as the yield of the Benchmark.

Details of the entitlement dates, distribution amounts, ex-entitlement dates and payment dates for the distributions will be published on Bursa Securities' website.

Income distribution (if any) will be made in the following manner:

- by way of eDividend;
- by way of a cheque sent to the Unit Holder's postal address; or
- such other method to be determined by the Manager and the Trustee, and allowed under the relevant rules and regulations in Malaysia.

Please note that all income distributions will be paid in MYR only.

3.13.

Valuations of the Fund Assets

The Manager will ensure that the valuation of the Fund is carried out in a fair manner in accordance with the relevant laws and ETF Guidelines. The valuation bases for the permitted investments of the Fund are as below:

Listed Shariah-compliant Securities

The valuation of listed Shariah-compliant securities will be based on the market price.

However, if:

- (a) a valuation based on the market price does not represent the fair value of the listed Shariah-compliant securities, for example during abnormal market conditions; or
- (b) no market price is publicly available, including in the event of a suspension in the quotation of the listed Shariah-compliant securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,

then such listed Shariah-compliant securities will be valued at fair value, as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Islamic Money Market Instruments

The valuation of MYR denominated Islamic money market instruments will be done using the price quoted by a Bond Pricing Agency registered with the SC.

Islamic Deposits

Islamic deposits placed with Financial Institutions are valued by reference to the principal value of such investments and the profits accrued thereon for the relevant period.

Unlisted Islamic Collective Investment Schemes

The valuation of unlisted Islamic collective investment schemes will be based on last published repurchase price.

Any Other Shariah-compliant Investment

The valuation will be at fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

Valuation Point for the Fund

3.14.

The Fund will be valued at the official close of trading on the market on which the securities constituting the Benchmark are listed on each Dealing Day or if there are more than one markets, the official close of trading on the last relevant market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

Listing of the Fund

3.15.

The approval for admission to the Official List and the listing of and quotation for up to 4,000,000,000 Units on Bursa Securities was obtained from Bursa Securities on 26 November 2020 and 27 April 2021.

The Units will be admitted to the Official List and official quotation for the Units on Bursa Securities will commence upon receipt of confirmation from Bursa Depository that the respective CDS Accounts of the Manager have been duly created.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as a prescribed security. In consequence thereof, the Units offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Units will be carried out in accordance with the Central Depositories Act and the rules of Bursa Depository.

4. FEES & CHARGES

Charges directly incurred by an investor

4.1.1. Charges for the Creation and Redemption of Units through the Participating Dealer

Applications must be submitted to the Manager through the Participating Dealer and the creation and redemption of Units must be implemented in accordance with the terms and conditions set out in the Participating Dealer Agreement.

- 4.1. The table below describes the fees and charges (excluding out-of-pocket expenses) to be paid by the Participating Dealer to the Manager and/or Trustee.

Fees & Charges	Details
Application Fee	MYR100 per Unit Block (and subject to a maximum of MYR1,000) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee. Currently, the Manager has waived the Application Fee. However, the Manager may re-introduce the fee at any time with one (1) month's prior notice to the Participating Dealer and investors.
Application Cancellation Fee	MYR500 per Application payable to the Manager or such other amount as may be determined by the Manager from time to time, in consultation with the Trustee.
Transaction Costs	The Manager may charge Transaction Costs (incurred by the Fund) to prevent the NAV of the Fund from being diluted by the Transaction Costs.
Other Fees	The amount (other than the Transaction Costs described above) that may be incurred by the Manager and/or the Trustee from time to time in relation to the Applications submitted by the Participating Dealer, which is charged by Bursa Depository.

The above fees and charges may either be charged to the investor by the Participating Dealer or may be absorbed by the Participating Dealer. Investors should check with the relevant Participating Dealer on the actual fees and charges which may be incurred.

Additionally, investors should note that they may have to pay fees and expenses to the Participating Dealer for its services for and in connection with applying for the creation and redemption of Units through the Participating Dealer. These fees and expenses are charged by the Participating Dealer for providing its services and to meet the expenses in connection therewith.

4.1.2. Charges for the Buying and Selling of Units on Bursa Securities

The table below describes the charges that investors may incur (based on the charges imposed by Bursa Securities as at the date of this Prospectus which charges may be varied from time to time) when they buy or sell Units in the Fund on Bursa Securities.

Fees & Charges	Details
Brokerage Fee	As prescribed by Bursa Securities.
Bursa Securities Clearing fee	0.03% of the transaction value subject to a maximum of MYR1,000 per transaction. A minimum fee of MYR10 per transaction is applicable for direct business contracts.

Investors should check with their brokers on the actual fees and charges which may be incurred. Further information on the charges that investors will incur when trading Units can be found on Bursa Securities' website.

Fees and expenses indirectly incurred by an investor

4.2.

Fees & Charges	Details
Annual Management Fee [^]	Up to 0.60% per annum of the NAV of the Fund.
Annual Trustee Fee [^]	Up to 0.06% per annum of the NAV of the Fund subject to a minimum of MYR12,000 per annum (excluding foreign sub-custodian fees and charges).
Annual Index Licence Fee	Up to 0.04% per annum of the NAV of the Fund, subject to a minimum of USD10,000 for the first twelve (12) months and USD15,000 per annum thereafter.

Note:

[^]Calculated based on the NAV of the Fund (including on the Trade Date of a creation and/or redemption), accrued daily and payable monthly in the Base Currency. This fee is subject to such increase/ variation as permitted by the Deed.

There will be other fees or expenses incurred by the Fund such as audit fees, tax agent's fees, printing and stationery, bank charges, lodgement fees for annual reports and other expenses permitted by the Deed. In addition, there will be miscellaneous expenses such as professional and legal fees and fees to the authorities to be incurred in the setting up of the Fund.

All of the abovementioned fees and expenses will be deducted from the Fund Assets.

Establishment Costs of the Fund

4.3.

The cost of establishment and Listing of the Fund which include the following expenses will be borne by the Fund:

- cost of preparation and publishing of this Prospectus;
- professional and advisory fees; and
- regulatory fees.

(collectively, the "**Establishment Costs**").

4.4.

The aforesaid Establishment Costs shall be funded upfront by the Manager as and when incurred. The Manager is allowed to charge the Establishment Costs, which shall not exceed MYR300,000 over a period of three (3) years to reduce the impact of dilution on the returns of the Fund.

Permitted Expenses

The Trustee and/or the Manager shall be entitled to pay the following fees, costs and expenses from the Fund Assets to the extent they have been incurred in relation to the operation and administration of the Fund:

- any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Manager in respect of the Fund;
- the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions or fees paid to brokers and/or dealers in effecting dealings in the permitted investments of the Fund;
- all fees, charges, expenses and disbursements of any Shariah adviser, legal adviser or counsel, accountant, auditor, valuer, broker, banker, tax adviser or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under the Deed, or otherwise in connection with the Fund;
- all fees, charges, expenses and disbursements incurred in relation to the safe custody, acquisition, holding, registration, realisation of or other dealing with any foreign investments of the Fund Assets and all transactional fees as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Fund Assets;

- all charges and expenses incurred for any meeting of Unit Holders other than convened by and for the benefit of the Manager and the Trustee;
- the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of and quotation for the Units on Bursa Securities and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other applicable laws or regulations;
- the fees and expenses incurred in connection with depositing and holding Units with Bursa Depository and Bursa Malaysia Securities Clearing Sdn Bhd (and in any other securities depository or clearing system);
- Establishment Costs of the Fund;
- all charges, costs and expenses incurred by the Manager and/or the Trustee in respect of and/or in connection with the maintenance of a website or webpages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit Holders, the Registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine;
- all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
- all costs incurred in respect of the preparation, publication and distribution of the annual reports and of all cheques, statements, notices and other documents relating to the Fund;
- all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the auditor of the Fund or the appointment of a new management company, a new trustee or a new auditor other than those for the benefit of the Manager or the Trustee;
- all expenses incurred in the collection of income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
- all expenses associated with the distributions declared pursuant to the Deed including without limitation fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
- fees for the valuation of the Fund by independent valuers for the benefit of the Fund; and
- such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities) as permitted or required (as the case may be) under the applicable laws which the Manager or the Trustee is entitled to charge to the Fund.

4.5.

Policy on Rebates and Soft Commissions

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

The soft commission can be retained by the Manager provided that:

- the Manager does not utilise the soft commission for the purpose of defraying costs relating to the establishment or maintenance of its infrastructure, framework or systems;
- the Manager ensures that the goods and services are in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments; and
- the practice of the Manager in relation to soft commissions is adequately disclosed in the Prospectus and annual report, including a description of the goods and services received by the Manager.

All fees and charges payable by investors are subject to all applicable taxes and/or duties as may be imposed by the government and/or the relevant authorities from time to time.

5. DEALING INFORMATION

The Manager may issue new classes of Units or introduce new trading currencies from time to time.

Applications for the Purchase and Sale of Units

5.1.1. Before Listing

Prior to Listing, Units will not be set aside for subscription by the public through the Participating Dealer. The Manager will undertake the initial creation of up to 6,000,000 Units.

- 5.1. Proceeds received by the Fund from the Manager will be used for investments in Permitted Investments. The timeframe for full utilisation of the proceeds will be within five (5) Business Days of the receipt of the proceeds.

Units of the Fund will be made available to the public through the Participating Dealer After Listing. See Section 5.1.2 for more details on applying for Units After Listing.

5.1.2. After Listing

Units may be purchased and sold in two ways:

i) Creation/ Redemption of Units via Participating Dealer (primary market)

A Participating Dealer (either acting for itself or for an investor as its client) may apply for the creation or redemption of Units in MYR term. Investors who wish to apply for the creation or redemption of Units can only do so through the Participating Dealer.

Creation of Units can be done via Cash Creation in a Unit Block (or whole multiples thereof). Redemption of Units can be done via Cash Redemption in a Unit Block (or whole multiples thereof).

See Section 5.2 for more details on the application for the creation and redemption of Units procedure.

ii) Buying/ Selling of Units on Bursa Securities (secondary market)

The Fund can be traded in MYR only. Investors can buy Units in MYR through brokers or any of the share dealing services offered by financial institutions or other financial advisers.

Further details are set out in Section 5.8 of this Prospectus.

5.1.3. Investors and the Participating Dealer

Where investors choose to apply for the creation or redemption of Units via the Participating Dealer (primary market) in the manner described above, the following should be noted –

- (i) The application for the creation and/or redemption of Units can only be made through the Participating Dealer.
- (ii) Investors who apply for the creation and/or redemption of Units through the Participating Dealer should note that the Participating Dealer may, for its own account, charge fees and expenses not set out in this Prospectus for providing its services and apply its own conditions for application for or redemption of Units in addition to those set out in this Prospectus.
- (iii) Investors should contact the Participating Dealer for further details, procedures and requirements before submitting an application to the Participating Dealer.
- (iv) The Participating Dealer has agreed with the Manager that it will accept requests received from investors, subject to normal market conditions, agreement as to fees and completion of client acceptance procedures, to create and/or redeem Units on behalf of such investors. Investors should note that although the Manager has a duty to closely monitor the operations of the Fund, neither the Manager nor the Trustee is empowered to compel the Participating Dealer to disclose its fees agreed with specific investors or other proprietary or confidential information to the Manager or the Trustee, or to accept any such application requests received from investors.

- (v) Investors should note that the arrangements set out between the Participating Dealer and the investor are solely a contractual arrangement between the investor and the Participating Dealer and have nothing to do with the Manager, the Trustee or the Fund. The Trustee and the Manager are not parties to these arrangements which are outside the ambit of the Fund. Therefore, neither the Trustee nor the Manager shall be held responsible to the respective investors for these arrangements. An investor should contact the Participating Dealer and obtain further details before entering into any such arrangement.

Procedures for Creation and Redemption of Units via the Participating Dealer (primary market)

The procedures set out in this section are in relation to the creation and redemption of Units After Listing.

5.2.

During this period:

- (i) Both Creation Applications and Redemption Applications may be made by the Participating Dealer on any Dealing Day. If the Applications are received on a day which is not a Dealing Day or received after the Application Deadline, such Applications will be treated as having been received on the following Dealing Day;
- (ii) Applications can only be made by the Participating Dealer in MYR;
- (iii) Creation Applications by the Participating Dealer must be made by way of Cash Creation in a Unit Block (or whole multiples thereof) only;
- (iv) Redemption Applications by the Participating Dealer must be made by way of Cash Redemption in a Unit Block (or whole multiples thereof); and
- (v) The Trade Date will be a Dealing Day where the Estimated Creation Amount or Units to be redeemed have been delivered by the Participating Dealer to the Trustee along with any applicable charges before the Trading Deadline.

The Creation Price and Redemption Price for the Units After Listing shall be ascertained in accordance with the provisions of Section 5.4 of this Prospectus.

Units issued After Listing, pursuant to Creation Applications made by the Participating Dealer, will be registered in the name of the Participating Dealer in the Register and will be deposited with Bursa Depository by the first (1st) Business Day after Trade Date. Subject to the agreement between an investor and the Participating Dealer, the Units applied for or on behalf of the investor will thereafter be credited to the CDS Account of the investor.

5.2.1. Procedures for Cash Creation

- (i) The Estimated Creation Amount will be determined by the Manager on each Dealing Day and published on the Fund's website and Bursa Securities' website prior to the opening of the market on the following Business Day.
- (ii) For a Creation Application to be valid, it must:
- be submitted by the Participating Dealer in accordance with the Participating Dealer Agreement;
 - include the certifications required under the Participating Dealer Agreement;
 - specify the number of Unit Blocks (the current size of one (1) Unit Block is 2,000,000 Units) for the Creation Application; and
 - specify the person making the Creation Application or on whose behalf the Creation Application is being made.
- (iii) Upon receipt of Estimated Creation Amount and any applicable charges by the Trustee in full and in cleared funds before the Trading Deadline, the Manager will instruct the Trustee to create and issue new Units, which will be settled in cash.
- (iv) If Estimated Creation Amount and any applicable charges are received by the Trustee after the Trading Deadline, the Trade Date will be the next Dealing Day.

- (v) If the Actual Creation Amount is less than the Estimated Creation Amount, any excess cash sum will be refunded by the Trustee to the Participating Dealer upon the Manager's written instruction, by the Settlement Date. On the other hand, if the Actual Creation Amount exceeds the Estimated Creation Amount, any deficit cash sum will be payable by the Participating Dealer to the Trustee by the Settlement Date.
- (vi) The new Units will be created and issued, and the Register will be updated by the first (1st) Business Day after the Trade Date. The Creation Price will be based on the Actual Creation Amount divided by the number of Units created.

5.2.2. Provisions applicable for Cash Creation

- (i) The Manager and/or the Trustee reserves the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:
 - the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or the Trustee);
 - the aggregate of the Unit Block(s) in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund as approved from time to time by the SC;
 - the Manager has suspended the rights of the Participating Dealer to make Creation Applications pursuant to the Deed;
 - any of the Relevant Exchanges are closed; or
 - in the reasonable opinion of the Manager, the Creation Application may breach any of the terms or conditions of the Participating Dealer Agreement, this Prospectus and/or the Deed.
- (ii) In addition, the Trustee may (by notice to the Manager) refuse to:
 - create Units; or
 - create Units in the number instructed by the Manager;

if the Trustee considers that such creation is not in the interest of the Unit Holders or that it would result in a breach of the provisions of the Deed and/or other applicable laws.
- (iii) In the event Trustee or its nominee does not receive the Estimated Creation Amount in respect of a Cash Creation and any applicable charges as may be imposed by the Manager and/or the Trustee, in cleared funds by the Trading Deadline, the Manager may extend the deadline for the aforesaid payment for up to a period of fourteen (14) days* from the date of the Creation Application (or such other period as may be approved by the Trustee) failing which the Manager will be entitled to cancel the Creation Application. In such event:
 - the Creation Application shall be deemed never to have been made (except that the Application Fee shall remain due and payable); and
 - the Manager may, but shall not be bound to, charge the Participating Dealers the Application Cancellation Fee as may from time to time be disclosed in this Prospectus or notified to the Participating Dealers.

** During the 14-day period, the Estimated Creation Amount will be updated on every Dealing Day until the Trustee receives the cleared funds from the Participating Dealer.*
- (iv) Cancellation of a Creation Application for Cash Creation:
 - The Participating Dealer must notify the Manager of a cancellation before the Trading Deadline.
 - Thereafter, the Manager may instruct the Trustee to refund the Estimated Creation Amount less the Application Cancellation Fee and any applicable charges.
 - The Creation Application cannot be cancelled once Section 5.2.1(iii) above is completed.
- (v) Once a Creation Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, unless a suspension period has been declared by the Manager in accordance with the Deed.
- (vi) Any commission, remuneration or other sum payable by the Manager in respect of the issue or sale of any Unit shall not be added to the Creation Price of such Unit and shall not be paid from the Fund Assets.

5.2.3. Procedures for Cash Redemption

- (i) The Estimated Redemption Amount will be determined by the Manager on each Dealing Day and published on the Fund's website and Bursa Securities' website prior to the opening of the market on the following Business Day.
- (ii) For a Redemption Application to be valid, it must:
 - be submitted by the Participating Dealer in accordance with the Participating Dealer Agreement;
 - include the certifications required under the Participating Dealer Agreement;
 - specify the number of Unit Blocks (the current size of one (1) Unit Block is 2,000,000 Units) for the Redemption Application; and
 - specify the person making the Redemption Application or on whose behalf the Redemption Application is being made.
- (iii) Upon receipt of Units by the Trustee and any applicable charges before Trading Deadline, the Manager will instruct the Trustee (by notice in writing) to effect the redemption, which will be settled by cancelling the Units and payment of proceeds in cash.
- (iv) The Units will be redeemed and cancelled, and the Register will be updated by the first (1st) Business Day after the Trade Date. The Redemption Price will be based on the Actual Redemption Amount divided by the number of Units to be cancelled.
- (v) The Fund size shall be reduced by the number of Units cancelled.
- (vi) The Manager will notify the Participating Dealer of the Actual Redemption Amount and instruct the Trustee to pay the Actual Redemption Amount out of the Fund Assets to the Participating Dealer by the Settlement Date.

5.2.4. Provisions applicable for Cash Redemption

- (i) The Manager and/or the Trustee reserves the right in its/their discretion, provided that it is reasonable to reject or suspend a Redemption Application if:
 - the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or the Trustee);
 - the total number of Units in respect of Redemption Applications on a Trade Date exceeds 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund or the number of Units, as the case may be, on the Trade Date;
 - the Manager has suspended the rights of the Participating Dealer to make Redemption Applications pursuant to the Deed;
 - any of the Relevant Exchanges are closed; or
 - in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreement, this Prospectus and/or the Deed.
- (ii) In addition, the Trustee may (by notice to the Manager) refuse to:
 - redeem Units; or
 - redeem Units in the number instructed by the Manager;if the Trustee considers that such redemption is not in the interest of the Unit Holders or that it would result in a breach of the provisions of the Deed and/or other applicable laws.
- (iii) In the event that Units are not delivered to the Trustee or its nominee for redemption (including the requisite documents and any applicable charges in cleared funds) by the Trading Deadline, the Manager may extend the deadline for the aforesaid delivery for up to a period of fourteen (14) days from the date of the Redemption Application (or such other period as may be approved by the Trustee) failing which the Manager will be entitled to cancel the Redemption Application. In such event:
 - the Redemption Application shall be deemed never to have been made (except that the Application Fee shall remain due and payable); and

- the Manager may, but shall not be bound to, charge the Participating Dealer the Application Cancellation Fee as may from time to time be disclosed in this Prospectus or notified to the Participating Dealer.

(iv) Payment of Actual Redemption Amount for Cash Redemption:

The Actual Redemption Amount in respect of the redemption of Units shall be payable to the Participating Dealer on the Settlement Date provided that:

- the Redemption Application has been received by the Manager in accordance with the Participating Dealer Agreement;
- the Units to be redeemed have been delivered to the Trustee before the Trading Deadline; and
- the Application Fee, Transaction Costs (if any) and any applicable charges as may be imposed by the Manager and/or the Trustee have been deducted from the proceeds from the sale of securities.

(v) Limit on Redemption per Trade Date:

- If the total number of Units in respect of Redemption Applications on a Trade Date exceeds 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund or the number of Units, as the case may be, on that particular Trade Date, the Manager shall be entitled to limit the total number of Units which Unit Holders are entitled to redeem on that day to 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund or the number of Units, as the case may be.
- Any Units which are not redeemed in respect of a particular Trade Date (“**First Relevant Dealing Day**”) as a result of the limit imposed by the Manager (as set out above) shall be carried forward for redemption on the Dealing Day following the First Relevant Dealing Day (such Dealing Day being hereinafter referred to as “**Second Relevant Dealing Day**”).
- The Manager will inform the Participating Dealer of the higher percentage (if any) and of the number of Units the redemption of which have been deferred, within one (1) Dealing Day after the First Relevant Dealing Day and these Units shall be redeemed on the Second Relevant Dealing Day.
- If Redemption Applications are carried forward, any other Redemption Application received after the First Relevant Dealing Day and before the Second Relevant Dealing Day shall also be carried forward and be deemed to be a Redemption Application submitted on the Second Relevant Dealing Day. Redemption Applications carried forward from the First Relevant Dealing Day shall be redeemed in priority to Redemption Applications received after such First Relevant Dealing Day.

5.3.

- (v) The Manager may deduct and set-off the Application Fee, Transaction Costs (if any) and other charges as may be imposed by the Manager and/or the Trustee against any proceeds from the sale of securities payable to the Participating Dealer.

Computation of NAV

The valuation of the Fund will be done in the Fund’s Base Currency. As such, the assets and cash denominated in any other currencies will be translated to the Fund’s Base Currency for valuation purposes.

5.4.

The NAV of the Fund is determined by deducting the value of all the Liabilities from the value of all the Fund’s Assets, at a particular Valuation Point. Please refer to Section 3.14 of this Prospectus on details of the valuation point for the Fund.

Calculation of Creation Price and Redemption Price

The Deed provides that the Creation Price or Redemption Price of each Unit for any relevant Dealing Day will, subject to the qualification below, be calculated based on the Actual Creation Amount or Actual Redemption Amount, as the case may be, divided by the number of Units created or to be cancelled, as the case may be. With this, the market movement that comes with a creation or redemption will be borne by the respective Participating Dealer.

The Estimated Creation Amount and Estimated Redemption Amount calculated by the Manager shall be based on the NAV per Unit of the Fund as defined and rounded to four (4) decimal places, or in such manner as may be determined by the Manager from time to time in consultation with the Trustee. The benefit of any such adjustment shall accrue to the Fund.

Suspension of Determination of Net Asset Value and Dealing in Units of the Fund

The Manager may, in consultation with the Trustee, at any time suspend the determination of the NAV of the Fund and dealing in Units of the Fund during any of the following period:

- 5.5.
- (a) any period when any of the Relevant Exchanges are closed;
 - (b) any period when dealings of the Units on Bursa Securities are restricted or suspended upon a direction issued by the SC or Bursa Securities;
 - (c) any period when the dealings of Authorised Securities on the Relevant Exchanges, or where an Authorised Security has its primary listing is restricted or suspended;
 - (d) any period when settlement or clearing of Authorised Securities in the relevant clearing and settlement depository is disrupted;
 - (e) any period when there is a market disruption event or a settlement disruption event in any of the Relevant Exchanges;
 - (f) the existence of any state of affairs as a result of which the acquisition or disposal of Authorised Securities for the time being comprised in the Fund Assets cannot, in the opinion of the Manager and the Trustee, be effected normally or without prejudicing the interests of the Unit Holders;
 - (g) any period when, in the opinion of the Manager and the Trustee, funds cannot be normally remitted from the Fund Assets without prejudicing the interests of the Unit Holders;
 - (h) any period when the Fund's portfolio is being rebalanced;
 - (i) any breakdown in the means normally employed in determining the NAV of the Fund or the NAV per Unit or the Liabilities or when for any other reason the value of any permitted investments for the time being comprised in the Fund Assets or the Liabilities cannot be promptly and accurately ascertained;
 - (j) the existence of any state of affairs which in the opinion of the Manager and the Trustee, might seriously prejudice the interests of the Unit Holders as a whole or the Fund Assets;
 - (k) any forty-eight (48) hours period (or such longer period as the Manager and the Trustee may agree) prior to the date of any meeting of Unit Holders (or any adjourned meeting thereof);
 - (l) any period when the operations of the Manager and/or the Trustee cease and/or are suspended at the direction of the SC; or
 - (m) any period when the business operations of the Manager or the Trustee in relation to the operation of the Fund is substantially interrupted or closed as a result of or arising from a force majeure event.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the NAV of the Fund and dealing in Units of the Fund and the Manager shall be under no obligation to rebalance or adjust the Fund Assets until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; (ii) the Dealing Day following the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which the suspension is authorised under the Deed exists; or (iii) on the Dealing Day immediately after the Fund's portfolio has been rebalanced.

The Trustee shall notify the SC in writing of the suspension stating the reasons for such suspension. The Manager shall notify Bursa Securities and publish a notice of suspension following the suspension, on the Fund's website or in such other publications as the Manager decides.

No Units of the Fund will be issued or redeemed during any period of suspension of the determination of the NAV of Fund.

IOPV

The IOPV per Unit will be calculated near real-time (15 seconds intervals) by a service provider appointed by the Manager on each Business Day to serve as an approximation to the NAV of the Fund. The IOPV per Unit, which is the estimated NAV per Unit of the Fund, is calculated as follows:

- 5.6.
- (i) the price of the Fund Assets at the respective interval on a Business Day, including Islamic liquid assets (in MYR);
 - (ii) minus the Liabilities of the Fund (in MYR); and
 - (iii) dividing the aggregation of sub-paragraphs (i) and (ii) above by the number of Units in issue.

Obtaining information on the NAV and IOPV

- 5.7.
- Details of the NAV of the Fund and the NAV per Unit of each Dealing Day will be made available on the following Business Day while the IOPV per Unit will be made available on each Business Day by a service provider appointed by the Manager on Bursa Securities' website, and link to Bursa Securities' website on the Fund's website.

Trading of the Units on Bursa Securities (secondary market)

- 5.8.
- After Listing, Units of the Fund can be bought and sold on Bursa Securities throughout the trading day like any other publicly traded shares. Units are generally purchased and sold in "board lots" of 100 Units. However, brokerage firms may permit investors to purchase or sell Units in smaller "odd-lots", although prices of Units traded in "odd-lots" may differ from Units purchased and sold in "board lots".

However, investors should note that transactions in the secondary market on Bursa Securities will occur at quoted market prices which may differ from the daily NAV per Unit due to market demand and supply, liquidity and trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than the daily NAV per Unit.

When buying or selling Units through a broker, investors will incur customary brokerage and clearing fees.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as a prescribed security. In consequence thereof, the Units will be deposited directly with Bursa Depository and any dealings in these Units will be carried out in accordance with the Central Depositories Act and the rules of Bursa Depository.

- 5.9.
- As an investor, the Unit Holder is the beneficial owner of the Units as shown in the records of Bursa Depository. Bursa Depository serves as the securities depository for all Units of the Fund. The Unit Holder is not entitled to receive physical delivery of Unit certificates or to have Units registered in its name, and it is not considered a registered owner of Units. Therefore, to exercise any right as the beneficial owner of Units, the Unit Holder must rely upon the procedures of Bursa Depository. These procedures are the same as those that apply to securities listed on Bursa Securities.

Unit Trading Prices

- 5.10.
- The trading prices of Units on Bursa Securities may differ from their daily NAV per Unit and IOPV per Unit and can be affected by market forces such as supply and demand, economic conditions and other factors. Unit Holders may keep track of the current market price of the Units via Bursa Securities' website on a daily basis.

Market Making

It is the intention of the Manager to facilitate the provision of liquidity for Unit Holders through the appointment of the market maker who is required to maintain a market for the Units. In maintaining a market for Units, the market maker may realise profits or sustain losses. Any profit made by the market

maker may be retained by it for its absolute benefit and it shall not be liable to account to the Fund in respect of such profits.

Although the market maker may buy and sell Units just like retail investors via Bursa Securities, there is no guarantee or assurance as to the price at which a market for the Units will be made. Additional market maker(s) may be appointed in future by the Manager. A list of market makers appointed by the Manager for the Fund may be obtained from Bursa Securities' website and on the Fund's website. The Manager will also notify Bursa Securities of any changes to the list of market makers.

6. SALIENT TERMS OF THE DEED

This section is meant to disclose the salient terms of the Deed and it is not meant to be exhaustive. Investors should refer to the Deed itself to confirm specific information or for a detailed understanding of the Fund. The Deed is available for inspection at the registered office of the Manager.

The Deed had been entered into between the Manager and the Trustee of the Fund. The Fund is constituted by the Deed and regulated primarily by the CMSA and the ETF Guidelines. The terms and conditions of the Deed and of any deed supplemental thereto entered into pursuant to the provisions of the Deed is binding on each of the Unit Holders and all persons claiming through or under such Unit Holders as if they had:

- (i) been a party to and had executed the Deed and any such supplemental deed;
- (ii) thereby covenanted for themselves and for all such persons to observe and be bound by all the provisions thereof; and
- (iii) thereby authorised the Trustee and the Manager respectively to do all such acts and things as the Deed or any such supplemental deed may require or authorise the Trustee or the Manager (as the case may be) to do.

Rights of Unit Holders

6.1. A Unit Holder has the right, among others, to the following:

- (i) to inspect the Register, free of charge, at any time during normal working hours at the registered office of the Manager, and obtain such information pertaining to its Units as permitted under the Deed and the ETF Guidelines;
- (ii) to receive distributions declared by the Fund (if any);
- (iii) to exercise any other rights and privileges as set out in the Deed;
- (iv) to vote for the removal of the Trustee or the Manager through a Special Resolution; and
- (v) to receive annual reports or any other reports of the Fund.

Unit Holders' rights may be varied by changes to the Deed, the ETF Guidelines or judicial decisions or interpretation.

6.2. For full details of the rights of a registered Unit Holder of the Fund, please refer to the Deed.

Liabilities and limitations of Unit Holders

6.2.1. Liabilities

- (i) A Unit Holder by reason alone of being a unit holder is not under any obligation to personally indemnify the Trustee or the Manager or any creditor of any one or more of them if there is a deficiency of Fund Assets when compared with Liabilities.
- (ii) The right (if any) of the Trustee or the Manager or any such creditor to seek indemnity is limited to having recourse to the Fund.

6.2.2. Limitations

Units do not entitle the Unit Holder, other than as required by applicable laws, to:

- (i) interfere with the rights or powers of the Manager and/or the Trustee in their dealings with the Fund;
- (ii) assert an interest in any particular part of the Fund Assets;
- (iii) require the transfer to the Unit Holder of any particular part of the Fund Assets;
- (iv) attend meetings whether of shareholders, creditors, ratepayers or otherwise or to take part in or to consent to any action concerning any property, corporation or scheme in connection with the Fund Assets;
- (v) exercise any rights, powers or privileges in respect of any of the Fund Assets;
- (vi) lodge with a government authority or any person any caveat or other notice whether under the provisions of any regulation, legislation, rule or otherwise;

- (a) prohibiting the government authority or person (either conditionally or absolutely) from taking the action specified in the caveat or notice or forbidding (either conditionally or absolutely) the registration of any person as transferee or proprietor of, or of any instrument or thing affecting any particular part of the Fund Assets; or
- (b) claiming any estate or interest in any particular part of the Fund Asset; or
- (vii) interfere in any way with the Fund.

Maximum fees and charges permitted by the Deed

This table describes the maximum fees permitted by the Deed and payable indirectly by investors.

Fees	Maximum rates
6.3. Management Fee	Up to 1.00% per annum, calculated daily on the NAV of the Fund.
Trustee Fee	0.10% per annum, calculated daily on the NAV of the Fund subject to a minimum of MYR12,000 per annum (excluding foreign sub-custodian fees and charges).

A lower fee and/or charges than what is stated in the Deed may be charged; all current fees and/or charges will be disclosed in the Prospectus.

Any increase of the fees and/or charges that is stated in the current Prospectus may be made provided that:

- (i) In relation to the Manager,
 - (a) the higher management fee does not exceed the maximum rate stipulated in the Deed;
 - (b) the Manager has notified the Trustee in writing of the higher management fee and the Trustee agrees after considering the matters required under the ETF Guidelines;
 - (c) the Manager has announced to Bursa Securities of the higher management fee and its effective date;
 - (d) thirty (30) days have elapsed since the date of the announcement in Section 6.3(i)(c) above; and
 - (e) a supplementary or replacement prospectus stating the higher management fee and its effective date, has been registered, lodged and issued.
- (ii) In relation to the Trustee,
 - (a) the higher trustee fee does not exceed the maximum rate stipulated in the Deed;
 - (b) the Trustee has notified the Manager in writing of the higher trustee fee and the Manager agrees after considering the matters required under the ETF Guidelines;
 - (c) the Manager has announced to Bursa Securities of the higher trustee fee and its effective date;
 - (d) thirty (30) days have elapsed since the date of announcement in Section 6.3(ii)(c) above; and
 - (e) a supplementary or replacement prospectus stating the higher trustee fee and its effective date, has been registered, lodged and issued.

- 6.4. Any increase in the maximum rates for the management fee and trustee fee stipulated in the Deed and this Section 6.3 may only be made by way of supplementary deed and in accordance with the requirements of the CMSA.

Expenses permitted by the Deed

The Trustee and/or the Manager shall be entitled to pay the following fees, costs and expenses from the Fund Assets to the extent they have been incurred in relation to the operations and administration of the Fund:

- any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Manager in respect of the Fund;
- the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in

relation thereto including commissions or fees paid to brokers and/or dealers in effecting dealings in the permitted investments of the Fund;

- all fees, charges, expenses and disbursements of any Shariah adviser, legal adviser or counsel, accountant, auditor, valuer, broker, banker, tax adviser or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under the Deed, or otherwise in connection with the Fund;
 - all fees, charges, expenses and disbursements incurred in relation to the safe custody, acquisition, holding, registration, realisation of or other dealing with any foreign investments of the Fund Assets and all transactional fees as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Fund Assets;
 - all charges and expenses incurred for any meeting of Unit Holders other than convened by and for the benefit of the Manager and the Trustee;
 - the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of and quotation for the Units on Bursa Securities and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other applicable laws or regulations;
 - the fees and expenses incurred in connection with depositing and holding Units with Bursa Depository and Bursa Malaysia Securities Clearing Sdn Bhd (and in any other securities depository or clearing system);
 - Establishment Costs of the Fund;
 - all charges, costs and expenses incurred by the Manager and/or the Trustee in respect of and/or in connection with the maintenance of a website or webpages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit Holders, the Registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine;
 - all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
 - all costs incurred in respect of the preparation, publication and distribution of the annual reports and of all cheques, statements, notices and other documents relating to the Fund;
 - all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the auditor of the Fund or the appointment of a new management company, a new trustee or a new auditor other than those for the benefit of the Manager or the Trustee;
 - all expenses incurred in the collection of income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
 - all expenses associated with the distributions declared pursuant to the Deed including without limitation, fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
 - all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
 - fees for the valuation of the Fund by independent valuers for the benefit of the Fund; and
- 6.5. ➤ such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities) as permitted or required (as the case may be) under the applicable laws which the Manager or the Trustee is entitled to charge to the Fund.

Retirement of the Manager

The Manager may retire from the management of the Fund upon giving to the Trustee twelve (12) months' notice in writing of its desire to do so or such lesser time as the Manager and the Trustee may agree upon.

Upon such retirement, the retiring Manager, subject to the approval required by applicable laws, may appoint in writing any other suitably qualified corporation approved by the Trustee and the SC (if required) as the new management company in its stead. If the Manager does not propose a replacement management company by the date which is one (1) month prior to the date of its proposed retirement (or such later date as the Manager and the Trustee may agree), the Trustee may appoint a new management company as of the date of the proposed retirement.

The Trustee shall take reasonable steps to remove and replace the Manager as soon as practicable after becoming aware of any such circumstances as stated under Section 6.6 below.

Power of the Trustee to remove or replace the Manager

The Manager may be removed by the Trustee under certain circumstances as specified in the Deed which include the following events:

- 6.6.
- (i) if the Manager goes into liquidation or provisional liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation or some similar purpose upon terms previously approved in writing by the Trustee) or is placed under official management or ceases to carry on business or if a receiver, or receiver and manager is appointed in relation to all or a substantial portion of the property of the Manager and is not removed or withdrawn within thirty (30) days of appointment or if any encumbrances shall take possession of any of its assets;
 - (ii) if the Trustee is of the reasonable opinion that the Manager has, to the prejudice of the Unit Holders, failed to comply with any provision or covenant under the Deed or contravened any of the provisions of the CMSA and within such period as is specified by the Trustee in a written notice to the Manager, the contravention(s) have not been remedied;
 - (iii) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit Holders for the Trustee to remove the Manager provided that:
 - (a) the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and the Trustee has considered any representations made by the Manager in respect of that opinion;
 - (b) after consultation with the SC; and
 - (c) a Special Resolution has been duly passed by the Unit Holders;
 - (iv) if the Unit Holders by a Special Resolution resolve that the Manager shall be removed; or
 - (v) if the Manager ceases to be an approved management company under the provisions of the CMSA and applicable regulations.

In any of the above said grounds, the Manager for the time being shall upon receipt of a written notice by the Trustee cease to be the management company and the Trustee shall subject to any approval required by applicable laws, is entitled to appoint in writing some other suitably qualified corporation to be the management company for the Fund with the approval of Unit Holders by way of a Special Resolution at a meeting convened in accordance with the Deed.

- 6.7.
- The purported appointment of a new management company has no effect until the new management company executes a deed under which it covenants to act as the management company in accordance with the Deed.

Retirement of the Trustee

The Trustee may retire as trustee of the Fund upon giving to the Manager twelve (12) months' notice in writing of its desire to do so, or such lesser time as the Manager and the Trustee may agree upon.

Upon such retirement, the retiring Trustee, subject to the approval required by applicable laws, may appoint in writing any other suitably qualified corporation approved by the Manager and the SC (if required) as the new trustee in its stead. If the Trustee does not propose a replacement trustee by the date which is one (1) month prior to the date of its proposed retirement (or such later date as the Manager and the Trustee may agree), the Manager is entitled to appoint a new trustee as of the date of the proposed retirement.

The Manager shall take reasonable steps to remove and replace the Trustee as soon as practicable after becoming aware of any such circumstances as stated under Section 6.8 below.

Power of the Manager to remove or replace the Trustee

The Trustee may be removed by the Manager under certain circumstances as specified in the Deed which include the following events:

- 6.8.
- (i) if the Trustee ceased to exist;
 - (ii) if the Trustee has not been validly appointed;
 - (iii) if the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any applicable law;
 - (iv) if the Trustee goes into liquidation or provisional liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation or some similar purpose upon terms previously approved in writing by the Manager) or is placed under official management or ceases to carry on business or if a receiver, or receiver and manager, is appointed in relation to all or a substantial portion of the property of the Trustee and is not removed or withdrawn within thirty (30) days of the appointment or if any encumbrances shall take possession of any of its assets;
 - (v) if the Trustee ceases to be an approved trustee under the provisions of the CMSA and applicable regulations;
 - (vi) if the Unit Holders by Special Resolution resolve that the Trustee should be removed;
 - (vii) if the Trustee has contravened its obligation to the Unit Holders in a manner that, in the reasonable opinion of the Manager, adversely affects those Unit Holders and, within such period as is specified by the Manager in a written notice to the Trustee, the contravention(s) have not been remedied; or
 - (viii) if the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any applicable law.

In any of the above said grounds, the Trustee for the time being shall upon receipt of a written notice by the Manager cease to be the trustee and the Manager, subject to any approval required by applicable laws, is entitled to appoint in writing some other suitably qualified corporation to be the trustee of the Fund with the approval of Unit Holders by way of Special Resolution at a meeting convened in accordance with the Deed.

- 6.9.
- The purported appointment of a new trustee has no effect until the new trustee executes a deed under which it covenants to act as trustee in accordance with the Deed.

Termination of the Fund

- 6.9.1 The Fund may be terminated by the Trustee in accordance with the provisions of the CMSA upon the occurrence of any of the following events:
- (i) if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
 - (ii) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
 - (iii) if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law.

Upon a Special Resolution to terminate the Fund is passed by the Unit Holders at a meeting of Unit Holders summoned by the Trustee pursuant to Sections 6.9.1(i), (ii) or (iii) above, the Trustee shall apply to the court for an order confirming such Special Resolution.

- 6.9.2 The Fund may be terminated by the Trustee or the Manager by notice in writing to the Unit Holders if the Fund ceases to be approved under the CMSA.

- 6.9.3 Notwithstanding Sections 6.9.1 and 6.9.2 above, the Fund may be terminated at any time by Special Resolution of the Unit Holders and such termination shall take effect from the date on which such Special Resolution is passed or such later date (if any) as the Special Resolution may provide.

Unit Holders' meeting

- 6.10.1 The Trustee or the Manager may respectively at any time convene a meeting of Unit Holders at such time or place in Malaysia as the party convening the meeting may think fit.
- 6.10.2 The Manager shall call for a meeting of Unit Holders if not less than fifty (50) Unit Holders or ten per cent (10%) of all Unit Holders, whichever is less, direct the Manager to do so in writing delivered to the registered office of the Manager for the purpose of:
- 6.10. (i) considering the most recent financial statement of the Fund;
- (ii) giving the Trustee such directions as the meeting thinks proper; or
- (iii) considering any other matter related to the Deed.
- 6.10.3 Where the meeting is convened to pass:
- (i) an Ordinary Resolution, at least fourteen (14) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit Holders by the Manager or the Trustee in the manner provided in the Deed; or
- (ii) a Special Resolution, at least twenty one (21) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit Holders by the Manager or the Trustee in the manner provided in the Deed; or
- (iii) where resolution which requires approval by not less than two-thirds (2/3) of all Unit Holders at a Unit Holders' meeting, at least twenty one (21) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit Holders by the Manager or the Trustee in the manner provided in the Deed.

Such notices shall be given to the Unit Holders in the following manner as contemplated under the Deed:

- (i) in writing to the Unit Holder by letter addressed to the Unit Holder at the Unit Holder's address appearing in the Register;
- (ii) by publication in a national language national daily newspaper and in one (1) other newspaper as may be approved by the SC; or
- (iii) by such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine.
- 6.10.4 The notice shall be in the form of a circular and shall specify the place, time of meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed thereat. A copy of the notice shall be sent to the Trustee unless the meeting is convened by the Trustee. The Manager or the Trustee shall publish an advertisement giving the relevant notice of the Unit Holders' meeting in at least one nationally circulated Bahasa Malaysia or English daily newspaper. The Unit Holders' meeting shall be held not later than two (2) months after the notice was given at the place and time specified in the notice and advertisement.
- 6.10.5 At any meeting, at least five (5) Unit Holders present in person or by proxy shall form a quorum for the transaction of business except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution shall be at least five (5) Unit Holders present in person or by proxy registered as holding not less than twenty five per cent (25%) of the Units in issue provided that if there are only five (5) or less than five (5) Unit Holders, the quorum shall be by all the Unit Holders for the time being. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

- 6.10.6 Every Unit Holder (being an individual) who is present in person or by proxy or (being a corporation) is represented by one of its representatives or by proxy shall, on a poll, have one vote for every Unit of which he or it is the Unit Holder and need not cast all the votes to which he or it is entitled in the same way.
- 6.10.7 Each Unit Holder shall be entitled to attend and vote at any meeting of Unit Holders, and shall be entitled to appoint another person (whether or not a Unit Holder) as his proxy to attend and vote. Where the Unit Holder is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a Unit Holder appoints two (2) proxies in accordance with this provision the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Such proxy shall have the same rights as the member to vote, to speak and to be reckoned in a quorum.
- 6.10.8 Any Unit Holder being a corporation may by resolution of its directors or other governing body authorise any person to act as its representative at any meeting of Unit Holders, and a person so authorised shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise as if it were an individual Unit Holder.
- 6.10.9 In the case of an equality of votes the chairman of a meeting of Unit Holders shall have a casting vote in addition to his votes (if any) as a Unit Holder.
- 6.10.10 Every question arising at a general meeting of Unit Holders shall be decided by a poll.
- 6.10.11 Upon any question decided by a poll, each Unit Holder present in person or by proxy shall have one (1) vote for each fully paid Unit.

7. ABOUT THE MANAGER

Corporate Information

Value Partners Asset Management Malaysia Sdn Bhd (Registration No.: 201801020486 (1282505-P)) (“**Value Partners Malaysia**”) is incorporated on 5 June 2018 in Kuala Lumpur and is a wholly owned subsidiary of Value Partners Group Limited (“**Value Partners Group**”), an independent investment management company (not backed by a bank) listed on the Hong Kong Stock Exchange (stock code: 806 HK).

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

Value Partners Group is one of Asia’s most established independent asset managers with assets under management of US\$13.2 billion (as at LPD) across equities, fixed income, ETFs, alternatives and multi-asset portfolios. Investment management is its core business, headquartered in Hong Kong, with offices in Shanghai, Shenzhen, Kuala Lumpur, Singapore and London providing research and client servicing. The Value Partners Group also maintains a representative office in Beijing. Value Partners Group adopts a fundamental investment approach with around 70 investment professionals focusing on Greater China and Asia ex Japan investments conducting over 6,500 due diligence meetings per annum, which has resulted in more than 230 coveted performance awards and prizes won since establishment in 1993.

7.2. Roles, Duties and Responsibilities of the Manager

The roles, duties and responsibilities of the Manager includes but are not limited to:

- observing high standards of integrity and fair dealing in managing the Fund to the best and exclusive interest of the Unit Holders;
 - ensuring that the investments and other assets of the Fund are clearly identified, adequately protected and properly segregated;
 - managing the Fund Assets and Liabilities for the benefit of the Unit Holders;
 - carrying out and conducting its business activities in a proper and diligent manner and manage and administer the Fund in a proper, diligent and efficient manner in accordance with the Deed, CMSA, the securities laws, the ETF Guidelines and other applicable laws at all times;
 - issuing an annual report of the Fund to the Unit Holders within two (2) months of the period covered;
- 7.3.
 - ensuring that the Fund is managed within the ambit of the Deed, the CMSA, the securities laws, the ETF Guidelines and other applicable laws; and
 - ensuring that the Deed and the Prospectus are in compliance with the CMSA, the securities laws, the relevant guidelines and other applicable laws at all times.

Board of Directors

The board of directors is responsible for the overall management of the Manager and its funds. The board of directors will meet up to four (4) times every year, or more should the need arise.

Members of the Board of Directors:

Ms. Durraini binti BAHARUDDIN (37 years old as at LPD)

Ms. Durraini BAHARUDDIN is a Managing Director, Malaysia Business of Value Partners Malaysia, a wholly owned subsidiary of Value Partners Group. She is responsible for leading the product development initiatives for Value Partners Malaysia and the region, and to build up the institutional business of Value Partners in Malaysia, Brunei, Indonesia and the Middle East.

Ms. BAHARUDDIN joined Value Partners Malaysia in November 2018. She has 14 years of experience in the asset management industry, in which she had held various roles from investment management (equity), setting up global offices, operational rationalisation and business development across asset classes including equities, fixed income and alternative investments.

A lawyer by training, Ms. BAHARUDDIN had built up her experience in asset management during her time with Permodalan Nasional Berhad (“PNB”), one of the largest unit trust companies in Malaysia. Under this esteemed organisation, Ms. BAHARUDDIN managed ASEAN and Asia Pacific equity mandates, alongside doing investment research into the global and regional consumer sectors and plantations. She was also tasked with setting up of PNB Global Offices and ended her stint with PNB at its Singapore office in 2016.

Ms. BAHARUDDIN had further enhanced her asset management experience by taking on the Institutional Sales role with a global asset management company, in which she helped raised assets across equity and fixed income mandates and service key institutional clients in Malaysia.

Ms. BAHARUDDIN graduated from King’s College London with a Bachelor of Laws (Honours). She was later on called to the English Bar as a Barrister at Law and is a member of Lincolns Inn. She holds a Master’s degree in Masters Applied Finance from Kaplan Professional, Australia. She is also a Capital Markets Services Representative’s Licence holder.

Mr. HO Man Kei, Norman, CFA (54 years old as at LPD)

Mr. Norman HO is a Senior Investment Director of Value Partners Group. He is a leader in Value Partners Group’s investment process, with a high degree of responsibility over portfolio management.

Mr. HO has over 31 years of asset management and financial industry experience, with a solid track record in research and portfolio management. Mr. HO joined Value Partners Group in November 1995. He was promoted to the roles of Investment Director and Senior Investment Director in 2010 and January 2014, respectively. Prior to joining Value Partners Group, he was an Executive with Dao Heng Securities Limited and had started his career with Ernst & Young.

Mr. HO is a member of the Board of Directors of Value Partners Group, and is also a director of certain subsidiaries of Value Partners Group.

Mr. HO graduated with a Bachelor’s Degree in Social Sciences (majoring in Management Studies) from The University of Hong Kong. He is a Chartered Financial Analyst (“CFA”) charterholder.

Mr. TSANG Tak Ming, Wallace, CFA (44 years old as at LPD)

Mr. Wallace TSANG is Managing Director, Regional Head of Intermediary Business, Asia Pacific of Value Partners Group, where he is responsible for overseeing the management and development of fund distribution business in the Asia Pacific region.

Mr. TSANG brings over 20 years of experience across the asset management and financial services industry. He joined Value Partners Group in July 2008 as a Senior Sales Manager and was appointed as Managing Director, Intermediary Business, in 2012. In December 2019, he was promoted to his current position. Under his leadership, he helped the company extend its reach into the intermediary market and the private banking industry.

Prior to joining Value Partners Group, Mr. TSANG worked at Pioneer Investment Management covering North Asia region’s fund distribution business. He also gained valuable experience at Citibank Hong Kong as an Investment Consultant of Citigold and various wealth management companies.

Mr. TSANG has been a member on the Executive Committee of the Hong Kong Investment Funds Association (“HKIFA”) since September 2018.

Mr. TSANG holds a Bachelor’s Degree in Environment Science from The Chinese University of Hong Kong. He is a CFA charterholder.

Mr. LEE Siang Korn @ LEE Siang Chin (72 years old as at LPD)

Mr. LEE Siang Korn @ LEE Siang Chin was appointed as an independent non-executive director of Value Partners Malaysia since 29 March 2019.

Previously Mr. LEE was an independent non-executive director of Value Partners Group and he served as an independent non-executive director of Maybank Investment Bank Berhad, Maybank Kim Eng Securities (Thailand) Public Limited Company (a company listed on the Stock Exchange of Thailand), Star Media Group Bhd (a company listed on Bursa Securities) and Tune Insurance Malaysia Bhd. He also served as an independent non-executive director of Hilong Holding Ltd (a company listed on The Stock Exchange of Hong Kong Limited), the Social Security Organization of Malaysia and a member of its investment panel. Mr. LEE previously served as chairman and managing director of Surf88.com Sdn Bhd and AmSecurities Sdn Bhd, respectively. He also worked in corporate finance departments of leading investment banks in London, Sydney and Kuala Lumpur. In addition, Mr. LEE held various public offices. He was a board member of the Kuala Lumpur Stock Exchange and the President of the Association of Stock Broking Companies in Malaysia.

Mr. LEE became a member of the Malaysian Institute of Certified Public Accountants in 1975, and a Fellow of the Institute of Chartered Accountants in England and Wales in 1979.

Datuk Mohd Nasir bin ALI (63 years old as at LPD)

Datuk Mohd Nasir bin Ali was appointed as an independent non-executive director of Value Partners Malaysia since 24 July 2019.

He was formerly the Chairman of Amanah Raya Berhad from October 2018 to May 2020. He was also formerly the Group Executive Director of Utusan Melayu (M) Berhad from October 2000 until his retirement from that position in June 2014.

Prior to his time at Utusan Melayu, he was the Executive Director/ Chief Executive Officer of Kuala Lumpur City Securities Sdn. Bhd., General Manager, Dealing & Research with Mayban Securities Sdn. Bhd., Investment Manager with BBMB Unit Trust Management Berhad and Senior Financial & Marketing Executive, Amanah Saham Nasional Berhad & Investment Executive with PNB. He has extensive experience in the unit trust, investment management and stockbroking industry.

Apart from his directorships on the board of E.A Technique (M) Berhad which is listed on Bursa Securities, he is also a director of MIDF Amanah Investment Bank Berhad, Goodyear Malaysia Berhad and some private limited companies.

He graduated from University of Malaya in 1980 with a Bachelor of Economics (Honours). In 1988, he graduated from the University of Strathclyde, United Kingdom with a Master of Science (Financial Studies).

7.4.

Key Personnel & Designated Fund Manager

Key Personnel:

Ms. Durraini binti BAHARUDDIN

Managing Director, Malaysia Business of Value Partners Malaysia

Refer to Section 7.3 above.

Designated Fund Manager:

Mr. Muhammad Kamal bin MUSTADZA, CFA, CAIA, FRM, CPIF
Portfolio Manager of Value Partners Malaysia

Mr. Kamal MUSTADZA joined Value Partners Malaysia in April 2019. He has over 9 years of experience in the investment industry, specialising in equity portfolio management. He was previously an investment manager at Social Security Organization, leading the foreign equity team. He also had stints with the Great Eastern Life Assurance (Malaysia) and was a fund manager of PNB, with a diverse exposure in managing funds in both conventional and Shariah space, with geographic focus ranging from domestic to regional.

Mr. Kamal MUSTADZA graduated with a Bachelor's degree in Commerce (Economics and Finance) from University of Melbourne, and completed the Chartered Islamic Finance Professional Programme from International Center for Education in Islamic Finance (INCEIF) in Kuala Lumpur. He is charter holder of CFA, Chartered Alternative Investment Analyst, Financial Risk Manager (FRM) and

Chartered Professional in Islamic Finance. He is also a Capital Markets Services Representative's Licence holder.

Material Litigation and Arbitration

As at LPD, the Manager is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/ financial position of the Manager.

Direct and Indirect Unit Holding in the Fund

- 7.5. As the Fund has only been established as at the date of this Prospectus, none of the substantial shareholders, directors or the key personnel of the Manager have any direct and indirect Unit holding in the Fund.
- 7.6. The substantial shareholders, directors or the key personnel of the Manager may hold Units, direct or indirect, in the Fund upon the Listing of the Fund.

Sub-investment Manager

- 7.7. The Manager has appointed Value Partners Hong Kong Limited as the Sub-investment Manager of the Fund to manage the Fund together with the Manager.

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

Value Partners Hong Kong Limited is licensed by the Securities and Futures Commission in Hong Kong.

The role and responsibilities of the Sub-Investment Manager includes providing investment management services in respect of the Fund in accordance with the Deed, the Prospectus and the relevant laws.

Designated Fund Manager:

Mr. HUI Kiu Tat, John, CFA

Assistant Portfolio Manager, Quantitative Investment Solutions, Value Partners Hong Kong Limited

Mr. John HUI joined Value Partners Hong Kong Ltd in June 2010 as a quantitative analyst for about 3 years, and re-joined the company in November 2016. He is currently an Assistant Portfolio Manager, Quantitative Investment Solutions.

Mr. HUI is involved in the operations and portfolio management of the company's exchange-traded funds, including a physical gold ETF. Prior to re-joining Value Partners Hong Kong Ltd, he was a quantitative analyst at APAC CIO Office of BNP Paribas Investment Partners from March 2013 to November 2016, where he was responsible for quantitative research and to support the management of a passive mandate that tracks the CSI 300 Index.

Mr. HUI graduated with a Master's degree in Business Administration (MBA) and a Bachelor's degree in Business Administration (Information Systems) from The University of Hong Kong. He is a CFA and FRM charterholders.

Material Litigation and Arbitration

As at LPD, the Sub-investment Manager is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Sub-investment Manager.

Information on the Manager, the Sub-investment Manager and the Shariah Adviser, and any subsequent changes to such information may be obtained from the Fund's website.

8. ABOUT THE TRUSTEE

Corporate Information

CIMB Islamic Trustee Berhad (“**CITB**”) was incorporated on 19 January 1988 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia.

8.1. Experience of the Trustee

CITB has been involved in unit trust industry as trustee since 1990. It acts as trustee to various unit trust funds, real estate investment trusts, wholesale funds, private retirement schemes and exchange-traded funds.

8.2.

Duties and Responsibilities

8.3. CITB’s main functions are to act as trustee and custodian of the Fund Assets and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA, the ETF Guidelines and all relevant laws.

Trustee's Delegate

8.4. CITB has delegated its custodial function to CIMB Islamic Bank Berhad (“**CIMB Islamic Bank**”). CIMB Islamic Bank’s ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Securities. CIMB Islamic Bank provides full-fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit Malaysia assets, they are held through its wholly owned nominee subsidiary, CIMB Islamic Nominees (Tempatan) Sdn Bhd. For foreign non-Ringgit Malaysia assets, CIMB Islamic Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

8.5. All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Islamic Bank acts only in accordance with instructions from the Trustee.

Material Litigation and Arbitration

8.6. As at LPD, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

Trustee’s Responsibility Statement

The Trustee has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, the CMSA, the ETF Guidelines and all relevant laws.

9. RELATED PARTY TRANSACTIONS

Existing and Potential Related Party Transactions

9.1.1. The Manager

The Manager and each of its directors will at all times act in the best interests of the Unit Holders of the Fund and will not conduct itself in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged.

9.1.

In the unlikely event that the Manager faces conflicts in respect of its duties to the Fund and its duties to other investment funds that it manages, the Manager is obliged to act in the best interests of all its investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

The Fund will have dealings with parties related to the Manager. The related parties are Value Partners Hong Kong Limited (“**VPHK**”) and Value Partners Limited (“**VPL**”). VPHK, VPL, and the Manager are ultimately owned by Value Partners Group Limited, a company incorporated in Cayman Islands and listed on The Stock Exchange of Hong Kong Limited.

9.1.2. The Trustee

CIMB Islamic Trustee Berhad is the trustee of the Fund. Where applicable, there may be proposed related party transactions and/or conflict of interest involving or in connection with the Fund in the following events:

- (a) where the Fund invest in instrument(s) offered by CIMB Group; and
- (b) where the assets of the Fund are being custodised by the CIMB Group both as sub-custodian of this Fund (i.e. Trustee's delegate).

9.2. Conflict of Interest

As at LPD, save as disclosed in Sections 9.1 and 9.6, the Manager is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the manager to the Fund.

9.3.

Policies on Dealing with Conflict of Interest Situation

9.3.1. Manager

The Manager has in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, the Manager will not make improper use of its position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interests of Unit Holders. Where the interests of the directors may conflict with that of the Fund, they are to refrain from participating in the decision-making process relating to the matter. Staff of the Manager are required to seek prior approval from the group compliance before dealing in any form of securities. All transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

9.3.2. Trustee

The Trustee has in place policies and procedures to deal with conflicts of interest, if any. The Trustee will not make improper use of its position as the registered owner of the Fund Assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each

other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

Details of the Directors of the Manager's Direct and Indirect Interest in Other Corporations Carrying on a Similar Business

As at LPD, save for the following, none of the directors of the Manager have any direct or indirect interest in other corporations carrying on similar business as the Manager:

- 9.4. ➤ Mr Lee Siang Korn @ Lee Siang Chin is a shareholder of Value Partners Group Limited and has an indirect interest in non-Malaysian corporations within the Value Partners group of companies that are carrying on a similar business as the Manager.

Details of the Substantial Shareholders of the Manager's Direct and Indirect Interest in other Corporations Carrying on a Similar Business

- 9.5. As at LPD, Value Partners Group Limited, the sole shareholder of the Manager has direct and indirect interest in the following non-Malaysian corporations within the Value Partners group of companies that are carrying on a similar business as the Manager:

- Value Partners Hong Kong Limited
- Value Partners Limited
- Sensible Asset Management Limited
- Sensible Asset Management Hong Kong Limited
- Value Partners Private Equity Limited
- Value Partners Asset Management Singapore Pte. Ltd.
- Value Partners Fund Management (Shanghai) Limited
- Value Partners Investment Management (Shanghai) Limited
- Value Partners Private Equity Investment (Shen Zhen) Limited

9.6. **Declaration of Conflict of Interest as at LPD**

- (i) CIMB Islamic Trustee Berhad has confirmed that as at LPD, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest in its capacity to act as trustee in respect of the Fund.
- (ii) Amanie Advisors Sdn Bhd has confirmed that as at LPD, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest in its capacity to act as Shariah adviser in respect of the Fund.
- (iii) PricewaterhouseCoopers PLT has confirmed that as at LPD, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest in its capacity to act as the auditor in respect of the Fund.
- (iv) PricewaterhouseCoopers Taxation Services Sdn Bhd has confirmed that as at LPD, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest in its capacity to act as the tax adviser in respect of the Fund.
- (v) Messrs. Wei Chien & Partners has confirmed that as at LPD, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest in its capacity to act as solicitors in respect of the Fund.

10. SHARIAH PRONOUNCEMENT

SHARIAH PRONOUNCEMENT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*All praise is due to Allah, the Cherisher of the world, and peace and blessing
be upon the Prophet of Allah, on his family and all his companions*



VP-DJ Shariah China A-Shares 100 ETF

PROPOSED ESTABLISHMENT OF A SHARIAH COMPLIANT EXCHANGE-TRADED FUND KNOWN AS “VP-DJ SHARIAH CHINA A-SHARES 100 ETF” (“THE FUND”)

We, Amanie Advisors Sdn Bhd, as the Shariah Adviser for the abovesaid proposed Shariah Compliant Exchange-Traded Fund (ETF) known as VP-DJ Shariah China A-Shares 100 ETF (“the Fund”) managed by Value Partners Asset Management Malaysia Sdn. Bhd. (“VPAMSB” or the “Manager”), has reviewed the proposed structure and mechanism of the Fund to ensure compliance with the Shariah principles.

Except where defined herein, defined terms used in this Shariah Pronouncement have the same meanings given in the relevant documents for the application to the Securities Commission (“SC”) dated 23 September 2019 submitted by Value Partners Asset Management Malaysia Sdn. Bhd (“the Prospectus”).

1.0 The Structure and Mechanism

The Fund will be offered and is to be listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) based on the structure and mechanism as set out below:

1.1 Brief Description

Item	Brief Description
Name of Fund	VP-DJ Shariah China A-Shares 100 ETF
Category of Fund	Islamic equity exchange-traded fund
Type of Fund	Index tracking fund
Initial Approved Fund Size	4,000,000,000 Units
Base Currency	MYR
Benchmark	DJIM China A-Shares 100 Index
Investment Objective	The Fund aims to provide investment results that closely correspond to the performance of the Benchmark.
Investment Strategy	<p>The Manager will primarily use a full replication strategy through investing in Shariah-compliant A-Shares which are included in the Benchmark in substantially the same weightings in which they are included in the Benchmark through the Stock Connects.</p> <p>However, if the Manager believes that the full replication technique is not the most efficient method to track the Benchmark, the Manager may utilise a representative sampling strategy. Under the representative sampling strategy, the Manager will invest in a representative sample of Shariah-compliant securities consisting of the Index Securities and non-Index Securities selected by the Manager using, amongst others, a quantitative analytical model in a technique known as “portfolio sampling”. The non-Index Securities selected shall have a high correlation (i.e. positive correlation coefficient of at least 0.7) with one or more of the Index Securities which it is substituting, and where it is expected to mirror the performance of those of the Index Securities to be substituted, the Manager shall ensure that the non-Index Securities to be selected have passed the necessary Shariah screenings.</p>

Item	Brief Description
	The remaining NAV of the Fund may be invested in Islamic collective investment schemes, Islamic money market instruments and/or Islamic deposits to meet liquidity requirements.
Asset Allocation	<ul style="list-style-type: none"> At least 90% of the Fund's NAV will be invested in Authorised Securities. The remaining NAV of the Fund may be invested in Islamic collective investment schemes, Islamic money market instruments and/or Islamic deposits.
Income Distribution Policy	The Fund may distribute income on an incidental basis.

Investment Objective

- 1.2 The Fund is an Islamic exchange-traded fund which aims to provide investment results that closely correspond to the performance of the Benchmark.
- 1.3 The Fund can only invest in securities and financial instruments under the Permitted Investment as provided in Shariah Investment Guidelines issued for the Fund as stated in the Prospectus.

Construction of Benchmark

- 1.4 Constituents of the Benchmark must be selected from the universe of securities which constitute the underlying index (Dow Jones Islamic Market China A Index), both of which are subject to the Dow Jones Islamic Market Indices Methodology.
- 1.5 In accordance with the Dow Jones Islamic Market Indices Methodology, S&P Dow Jones Indices will screen the constituents of the Benchmark based on the following criteria:

(a) Sector-Based Screens

Companies' income (cumulatively) from the following impure sources must not exceed 5% of revenue:

- Alcohol;
- Tobacco;
- Pork-related products;
- Conventional financial services (banking, insurance, etc.);
- Weapons and defense; and/or
- Entertainment (hotels, casinos/gambling, cinema, pornography, music, etc.)

Companies classified as *Financial* (based on Dow Jones Proprietary Sector Classification System) are considered eligible if the company is incorporated as an Islamic financial institution, such as:

- Islamic banks; and/or
- Takaful insurance companies

Companies classified as *Real Estate* (based on Dow Jones Proprietary Sector Classification System) are considered eligible if the company's operations and properties are conducting business according to Shariah principles.

(b) Accounting-Based Screens

Companies with unacceptable levels of debt or impure interest income are considered Shariah non-compliant and shall be removed from the Benchmark. For a company to be considered Shariah-compliant, each of the following three (3) financial ratios for the company must be less than 33%:

- Total debt divided by trailing 24-month average market capitalization;
- The sum of a company's cash and interest-bearing securities divided by trailing 24-month average market capitalization; and
- Accounts receivables divided by trailing 24-month average market capitalization

Companies deemed Shariah-compliant at the prior evaluation period that exceed the maximum ratio for any accounting-based screen at the current evaluation period remain compliant if the ratio is within two (2) percentage points of the maximum allowed (i.e. if it is between 33% to 35%). However, if the maximum is breached for three (3) consecutive evaluation periods the companies will be deemed Shariah non-compliant. If any of the ratios are above the two (2) percentage point buffer limit (i.e. more than 35%), the company is deemed Shariah non-compliant immediately.

Companies deemed Shariah non-compliant at the prior evaluation period that pass all accounting-based screens at the current evaluation period remain non-compliant if any ratio is within two (2) percentage points of the maximum allowed (i.e. if it is between 31% to 33%). However, if the companies satisfy all the accounting-based screens for three (3) consecutive evaluation periods the companies will be deemed Shariah compliant. If all the accounting-based screens are below the two (2) percentage point buffer limit (i.e. lower than 31%), the company is deemed Shariah-compliant immediately.

Permitted Investment

1.6 As stated in the Shariah Investment Guidelines in the Prospectus, the Fund can only invest in securities and financial instruments as follows:

- **Index Securities**

The Shariah Adviser shall verify all investments made by the Fund into companies that constitute the Benchmark.

- **Non-Index Securities**

The Shariah Adviser shall verify all investments made by the Fund into companies that constitute the underlying index.

However, for companies that are not constituents of the Benchmark and/or the underlying index, the Shariah compliance screens methodology as set out in Item 1.5 above are adopted by the Shariah Adviser in determining the Shariah status of investments of the Fund. In the case it is not applicable to do so or when limitation arises, the Shariah Adviser, upon discussion and consultation with the Manager, will review and determine the Shariah status of the said securities in accordance with the ruling issued by the Shariah Adviser.

- **Local or foreign Islamic collective investment schemes**

The Shariah Adviser shall verify all the investments made by the Fund in local or foreign Islamic collective investment schemes as certified by the appointed Shariah adviser of the local or foreign Islamic collective investment schemes.

- **Islamic money market instruments**

The Fund may also invest into any Islamic money market instruments classified as Shariah-compliant by the SAC of BNM or the Shariah Adviser.

- **Islamic Deposits**

The Fund is also prohibited from investing in interest-bearing deposits and recognizing any interest income.

Other terms and features

1.7 The Unit holders are entitled to redeem Units by way of Cash Redemption through the delivery of existing Units in exchange for the Actual Redemption Amount via Participating Dealer.

1.8 The Creation Applications and Redemption Applications may be made by the Participating Dealer on any Dealing Day. If the Creation Applications and Redemption Applications are received on a day which is not a Dealing Day or received after the Application Deadline of a Dealing Day, such Applications will be treated as having been received on the following Dealing Day.

1.9 The Creation of Units by investors through the Participating Dealer is when the payment made by the investor (via the Participating Dealer) for Cash Creation of new Units through payment of Estimated Creation Amount on a Dealing Day. Similarly, the redemption of Units by Unit holders through the Participating Dealer will be completed in the same manner, i.e. redemption of Units shall only be made or accepted on a Dealing Day.

1.10 The Fund will strictly comply with the Shariah Investment Guidelines which cover the Fund investments as well as its operational and administrative matters from Shariah perspectives in relation to the Fund.

2.0 Shariah Conformity

Based on our review in the end-to-end process of the Fund, below are conformation of the Fund with Shariah rules and principles as guided by the SAC of the SC.

2.1 Permissible Investments for Islamic ETF

Permitted Investment

As stated in the Shariah Investment Guidelines in the Prospectus, the Fund can only invest in securities and financial instruments as follows:

- Index Securities
The Shariah Adviser shall verify all investments made by the Fund into companies that constitute the Benchmark.
- Non-Index Securities
The Shariah Adviser shall verify all investments made by the Fund into companies that constitute the underlying index.

However, for companies that are not constituents of the Benchmark and/or the underlying index, the Shariah compliance screens methodology as set out in Item 1.5 above are adopted by the Shariah Adviser in determining the Shariah status of investments of the Fund. In the case it is not applicable to do so or when limitation arises, the Shariah Adviser, upon discussion and consultation with the Manager, will review and determine the Shariah status of the said securities in accordance with the ruling issued by the Shariah Adviser.

- Local or foreign Islamic collective investment schemes
The Shariah Adviser shall verify all the investments made by the Fund in local or foreign Islamic collective investment schemes as certified by the appointed Shariah adviser of the local or foreign Islamic collective investment schemes.
- Islamic money market instruments
The Fund may also invest into any Islamic money market instruments classified as Shariah-compliant by the SAC of BNM or the Shariah Adviser.
- Islamic Deposits
The Fund is also prohibited from investing in interest-bearing deposits and recognizing any interest income.

This shall be in line with Section 15.01 of the Permissible Investment for Islamic ETF of the Guidelines on Exchange-traded Funds SC-GL/ETF-2005 (R2-2018) which highlights that the Fund Assets may only consist of assets that comply with Shariah principles.

2.2 Construction of Benchmark

Constituents of the Benchmark must be selected from the universe of securities which constitutes the underlying index (Dow Jones Islamic Market China A Index), both of which are subject to Dow Jones Islamic Market Indices Methodology.

Section 15.03 of the Acceptable Indices of the Guidelines on Exchange-traded Funds SC-GL/ETF-2005 (R2-2018) highlights that where the ETF is expressed to be managed and administered in accordance with Shariah principles, the index must be a Shariah index consisting of Shariah-compliant securities.

2.3 Periodic Review

The Shariah Adviser will review the Fund on a quarterly basis to ensure that the Fund's operating procedures and investments comply with Shariah. Upon completion of each review, the Shariah Adviser will deliver its opinion on the Fund's compliance with Shariah. Further, a report on the Fund's

compliance status for the financial period concerned will be prepared by the Shariah Adviser and included in the Fund's annual report.

The periodic review is in line with the **Schedule A of the Guidelines on exchange-traded funds SC-GL/ETF-2005 (R2-2018)**.

11. Where a Shariah adviser is appointed, the following information must be disclosed:
- (d) Frequency of review on the ETF's investments by the Shariah adviser to ensure compliance with Shariah principles or any other relevant principle at all times.

2.4 Cleansing Process for the Fund

a) Wrong Investment

This refers to Shariah non-compliant investment made by the Manager. The said investment will be disposed of/withdrawn with immediate effect or within a month of knowing the Shariah status of the investment. Any gain made in the form of capital gain or dividend received before or after the disposal of the investment has to be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

In line with **Resolutions of the SAC of SC, 31 December 2020** requires that, for unintentional mistake of investing in Shariah non-compliant securities, the SAC of SC had resolved that for investors who invest based on Shariah principles but due to unintentional mistake invest in Shariah non-compliant securities, the following steps must be taken:

- (i) To dispose the Shariah non-compliant securities held within a period of not more than one month after knowing the status of the securities; and
- (ii) In the event that there is any gain made in the form of capital gain or dividend received before or after the disposal of the securities, it has to be channelled to baitulmal and/or charitable bodies. The investors have the right to retain only the investment cost.

The above **Resolutions of the SAC of SC, 31 December 2020** are also applicable to Islamic funds such as Islamic unit trust funds, Islamic wholesale funds and others. If the disposal of the Shariah non-compliant securities causes losses to the Islamic funds, the fund management company must bear the losses by ensuring the loss portion be restored and returned to the funds.

b) Reclassification of Shariah Status of the Fund's Investment

Reclassification of Shariah status refers to securities which are reclassified as Shariah non-compliant by the Shariah Adviser or the Shariah boards of the relevant Islamic Indices. The said securities will be disposed soonest practical.

Any dividends received and capital gains arising from the disposal of the Shariah non-compliant security made at the time of the announcement/ review date can be kept by the Fund. However, any dividends received and excess capital gains derived from the disposal after the announcement/ review date at a market price that is higher than the closing price on the announcement/ review date is to be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser.

Resolutions of the SAC of SC, 31 December 2020 requires that, for Shariah-Compliant Securities which are subsequently reclassified as Shariah non-compliant securities, the SAC of SC had resolved, in respect of Shariah-compliant securities which have been reclassified as Shariah non-compliant securities on the date of the announcement of the List of Shariah-compliant Securities takes effect, the timing for the disposal of such securities are as follows:

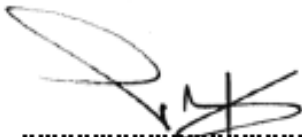
- (i) If the market price of the said securities exceeds or is equal to the investment cost, investors who hold such Shariah non-compliant securities must dispose them off. Any dividends received up to the date of the announcement and capital gains arising from the disposal of Shariah non-compliant securities on the date of the announcement can be kept by the investors. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the date of the announcement should be channelled to baitulmal and/or charitable bodies; and
- (ii) If the market price of the said securities is below the investment cost, the investors are allowed to hold their investment in the Shariah non-compliant securities until the investors receive the investment cost. It is also permissible for the investors to keep the dividends received during the

holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the investors are advised to dispose of their holding. In addition, during the holding period of the Shariah non-compliant securities, the investors are also allowed to subscribe to: (a) any issue of new securities by a company whose Shariah non-compliant securities are held by the investors, for example the investors subscribe to rights issues, bonus issues, special issues and warrants (excluding securities whose nature is Shariah non-compliant e.g. loan stocks); and (b) Shariah-compliant securities of other companies offered by the company whose Shariah non-compliant securities are held by the investors. If by taking the actions as specified in items (a) and (b) above the investors manage to get back the investment cost, they must expedite the disposal of the Shariah non-compliant securities held.

3.0 Approval

This Shariah Pronouncement provided herein is after our review of the Fund's structure, terms and conditions and the abovesaid. We hereby confirm that the Fund's structure and the terms and conditions are in compliance with the Shariah principles, subject to proper implementation by the Client.

Yours faithfully
For and on behalf of Amanie Advisors Sdn Bhd,



.....
Datuk Dr. Mohd Daud Bakar
Executive Chairman

Date: 28 May 2021

11. TAXATION

TAXATION ADVISER'S LETTER ON TAXATION OF THE FUND AND UNIT HOLDERS

PricewaterhouseCoopers Taxation Services Sdn Bhd

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

The Board of Directors

Value Partners Asset Management Malaysia Sdn Bhd
Level 28.03, Integra Tower
The Intermark
No. 348, Jalan Tun Razak
50400 Kuala Lumpur

28 May 2021

Dear Sirs,

TAXATION OF THE FUND OFFERED UNDER VP-DJ SHARIAH CHINA A-SHARES 100 ETF AND UNIT HOLDERS

This letter has been prepared for inclusion in the Prospectus (hereinafter referred to as "the Prospectus") in connection with the offer of units in VP-DJ Shariah China A-Shares 100 ETF ("the Fund").

The taxation of income for both the Fund and the unit holders are subject to the provisions of the Malaysian Income Tax Act, 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

TAXATION OF THE FUND

The Fund will be regarded as resident for Malaysian tax purposes since the trustee of the Fund is resident in Malaysia.

(1) Foreign Investments

Income of the Fund in respect of overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the unit holders. Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. However, any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Fund in Malaysia.

The foreign income exempted from Malaysian tax at the Fund level will also be exempted from tax upon distribution to the unit holders.

(2) Domestic Investments

(i) General taxation

The income of the Fund consisting of dividends, interest or profit¹ (other than interest and profit¹ which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments by the Fund will not be subject to income tax.

(ii) Dividend and other exempt income

All companies would adopt the single-tier system. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refunds available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Fund may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund will not be taxable on such exempt income.

Interest income or profit¹ or discount income derived from the following investments is exempt from tax:

- a) Securities or bonds issued or guaranteed by the Government of Malaysia;
- b) Debentures or sukuk, other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
- c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

As such, provided the investment in structured products is seen to be “debentures” under Capital Markets and Services Act 2007, the income received will be exempted. Otherwise, tax implications could arise.

Interest income or profit¹ derived from the following investments is exempt from tax:

- a) Interest or profit¹ paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013;
- b) Interest or profit¹ paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- d) Interest or profit¹ paid or credited by Malaysia Building Society Berhad².

The interest income or profit¹ or discount income exempted from tax at the Fund level will also be exempted from tax upon distribution to the unit holders.

Exceptions:

With effect from 1 January 2019, the exemption shall not apply to interest income/ profit¹ paid or credited to a unit trust that is a wholesale money market fund.

The Ministry of Finance has communicated that the tax exemptions available to retail money market funds on interest/ profit earned from deposits will no longer apply to corporate investors with effect from 1 July 2021 onwards. This will mean that interest/ profit income which would normally be tax exempted at Fund level will no longer be tax exempted if received by corporate investors.

(3) Hedging Instruments

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain/ loss relating to the principal portion will be treated as capital gain/ loss. Gains/ losses relating to the income portion would normally be treated as revenue gains/ losses. The gain/ loss on revaluation will only be taxed or claimed upon realisation. Any gain/ loss on foreign exchange is treated as capital gain/ loss if it arises from the revaluation of the principal portion of the investment.

¹ Section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah.

The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

² Pursuant to the letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 with effect from year of assessment (“YA”) 2015.

(4) Other Income

The Fund may be receiving income such as exit fee which will be subject to tax at the rate of 24 per cent.

(5) Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages. The deduction is based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

(6) Real Property Gains Tax ("RPGT")

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies³ would be subject to RPGT at the following rates: -

Disposal time frame	RPGT rates
Within 3 years	30%
In the 4 th year	20%
In the 5 th year	15%
In the 6 th year and subsequent years	10%

(7) Sales and Service Tax ("SST")

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable costs to the business.

Generally, the Fund, being a collective investment vehicle, should not be caught under the service tax regime. However, fund management services and trust services are excluded from service tax. In addition, with effect from 1 January 2019, should the Fund acquire imported taxable services from foreign service providers, the Fund will be required to self-impose the 6% service tax and remit the tax to the Royal Malaysian Customs Department in the prescribed form.

With effect from 1 January 2020, service tax on digital services was implemented at the rate of 6 per cent. Under the service tax on digital services, foreign service providers selling digital services to Malaysian consumers are required to register for and charge service tax. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network, cannot be delivered without the use of IT and the delivery of the service is substantially automated.

Furthermore, the provision of digital services has also been prescribed as a taxable service when provided by a local service provider with effect from 1 January 2020. Hence, where the Fund obtains any of the prescribed digital services, those services may be subject to service tax at 6 per cent.

TAXATION OF UNIT HOLDERS

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent of the distributions received from the Fund. The income distribution from the Fund will carry a tax credit in respect of the Malaysian tax paid by the Fund. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Fund.

Non-resident unit holders may also be subject to tax in their respective jurisdictions. Depending on the provisions of the relevant country's tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against the relevant foreign tax.

³ A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

Corporate unit holders, resident⁴ and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Fund. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

Individuals and other non-corporate unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 30⁵ per cent. Individuals and other non-corporate unit holders who are not resident in Malaysia will be subject to income tax at 30 per cent. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

The distribution of exempt income and gains arising from the disposal of investments by the Fund will be exempted from tax in the hands of the unit holders.

Any gains realised by unit holders (other than dealers in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include gains in the form of cash or residual distribution in the event of the winding up of the Fund.

Unit holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax.

Unit splits issued by the Fund are not taxable in the hands of unit holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Fund.

Yours faithfully,

for and on behalf of
PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Jennifer Chang
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as tax adviser in the form and context in which it appears in the Prospectus and have not, before the date of issue of the Prospectus, withdrawn such consent.

⁴ Resident companies with paid up capital in respect of ordinary shares of MYR2.5 million and below will pay tax at 17* per cent for the first MYR500,000 of chargeable income with the balance taxed at 24 per cent, with effect from 1 January 2019.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent of the paid-up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50 per cent of the paid-up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid-up capital in respect of ordinary shares of more than MYR2.5 million at the beginning of the basis period for a YA.

⁵ Pursuant to the Finance Act 2019, with effect from year of assessment 2020.

12. RELEVANT INFORMATION

Keeping abreast with developments of the Fund

The Manager shall deliver a copy of the annual report of the Fund to Unit Holders without charge within two (2) months of the end of the covered financial period. Unit Holders may request for additional copies of the said report during normal business hours subject to the payment of a reasonable sum as may be determined by the Manager and the Trustee.

- 12.1. Where applicable, the Manager will send to Unit Holders their tax vouchers which set out such information that is needed to complete a tax return.

The Manager will publish important news and information with respect to the Fund on the Fund's website and/or as announced/published on Bursa Securities' website from time to time.

Some of the information which will be made available on the Fund's website and/or Bursa Securities' website includes:

- the annual reports and semi-annual reports (if any);
- Estimated Creation Amount and Estimated Redemption Amount;
- NAV per Unit;
- IOPV per Unit;
- fees and charges in relation to the Fund;
- the Fund's portfolio on daily (end of day) basis;
- Prospectus; and
- Benchmark.

Further information on the Manager and Sub-investment Manager may be obtained from the Fund's website.

12.2. Material Agreements

Save as disclosed below, there are no other material agreements which have been entered into in relation to the Fund as at the date of this Prospectus:

- The ETF Master Agreement dated 1 May 2019 entered into between the Manager and Index Licensor;
 - The Participating Dealer Agreement dated 6 January 2021 entered into between the Kenanga Investment Bank Berhad, the Manager and Trustee; and
 - The Participating Dealer Agreement dated 6 January 2021 entered into between Malacca Securities Sdn Bhd, the Manager and Trustee.
- 12.3.

Documents available for Inspection

Copies of the following documents may be inspected at the principal office of the Manager during normal business hours:

- The deed and supplemental deeds (if any);
- The latest annual report of the Fund;
- The material agreements referred to in Section 12.2 of this Prospectus;
- The Tax Adviser's Letter referred to in Section 11 of this Prospectus;
- Each consent given by the parties as disclosed in this Prospectus;
- This Prospectus and supplementary or replacement prospectus (if any);
- The audited financial statements of the Manager and the Fund for the three (3) most recent financial years or such shorter period that the Fund has been in existence, preceding the date of the Prospectus; and
- All reports, letters or other documents, valuation and statements by any expert, any part of which is extracted or referred to in this Prospectus. Where a summary expert's report is included in the Prospectus, the corresponding full expert's report should be made available for inspection.

Statement of Consent

The Trustee, Trustee's delegate (custodian function), Sub-investment Manager, Shariah Adviser, auditor of the Fund and the Manager, solicitor, Participating Dealers, Registrar and Index Licensor have given their consent to the inclusion of their names in the form and context in which they appear in this Prospectus and have not withdrawn such consent before the date of issue of this Prospectus.

- 12.4. The tax adviser has given its consent to the inclusion of its name and the tax adviser's letter in the form and context in which they appear in this Prospectus and have not withdrawn such consent before the date of issue of this Prospectus.