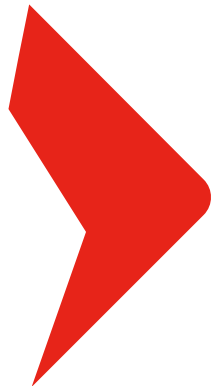


# EASTSPRING INVESTMENTS ISLAMIC CHINA A-SHARES FUND

SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 31 MARCH 2024



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

First and foremost, we would like to take this opportunity to thank you for choosing to invest with Eastspring Investments Berhad.

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2024.**

You may also download these reports from our website at [www.eastspring.com/my](http://www.eastspring.com/my)

Should you require any assistance, please do not hesitate to contact our Client Services at 03-2778 1000.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'YSH' or similar initials, written in a cursive style.

**Yap Siok Hoon**

Non-Independent, Executive Director and Chief Executive Officer

# TABLE OF CONTENTS

Fund Information	1
Key Performance Data	2
Manager’s Report	4
Market Review	8
Rebates and Soft Commissions	9
Securities Lending or Repurchase Transactions	9
Statement by the Manager	12
Trustee’s Report to the Unit Holders of Eastspring Investments Islamic China A-Shares Fund	13
Shariah Adviser’s Report to the Unit Holders of Eastspring Investments Islamic China A-Shares Fund	14
Unaudited Statement of Comprehensive Income	15
Unaudited Statement of Financial Position	16
Unaudited Statement of Changes in Equity	17
Unaudited Statement of Cash Flows	18
Material Accounting Policy Information	19
Notes to the Unaudited Financial Statements	27
Corporate Directory	62
Appendix 1 – List of Changes Eastspring Investments Islamic China A-Shares Fund	64

## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Islamic China A-Shares Fund (the "Fund")
<b>Fund Category/ Type</b>	Equity (Shariah-compliant)/Growth
<b>Fund Objective</b>	<p>The Fund seeks to provide investor with capital appreciation in the long-term.</p> <p><b>ANY MATERIAL CHANGE TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</b></p>
<b>Performance Benchmark</b>	<p>DJIM China A 100 Index</p> <p><b>Source:</b> <a href="http://www.spindices.com">www.spindices.com</a></p> <p><b>Note:</b> The risk profile of the Fund is not same as the risk profile of the performance benchmark.</p>
<b>Fund Income Distribution Policy</b>	Distribution of income, if any, will be incidental, after deduction of taxation and expenses.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	2024	2023	Since commencement 8.10.2021 to 31.3.2022
	(%)	(%)	(%)
<b>Quoted Shariah-compliant securities</b>			
Consumer Discretionary	2.63	3.47	-
Consumer Goods	6.00	5.74	14.90
Consumer Staple	8.89	8.16	2.55
Health Care	9.06	13.68	11.21
Industrial	37.55	33.43	32.34
Information Technology	-	18.35	2.54
Material	1.07	4.28	6.85
Technology	15.44	-	10.31
Utilities	1.95	3.03	4.68
	82.59	90.14	85.38
Islamic exchange-traded funds	3.31	2.73	-
Cash and other assets	14.10	7.13	14.62
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	68,545	99,612	103,030
Units In Circulation (Units '000)	220,012	267,585	241,542
Net Asset Value Per Unit (RM)	0.3116	0.3723	0.4265
Highest Net Asset Value Per Unit (RM)	0.3269	0.4079	0.5367
Lowest Net Asset Value Per Unit (RM)	0.2660	0.3616	0.4115
Total Return (%)			
- Capital Growth	(3.81)	(1.59)	(14.70)
- Income Distribution	-	-	-
Total Return (%)	(3.81)	(1.59)	(14.70)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Total Expense Ratio (TER) (%) <sup>*</sup>	1.08	1.03	1.05
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.79	0.36	1.11

\* There were no significant changes to the TER during the period under review.

<sup>^</sup> There were no significant changes to the PTR during the period under review.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2023 to 31.3.2024	Since commencement 8.10.2021 to 31.3.2024
	(%)	(%)
Average total return	(16.63)	(17.41)

Year ended	1.10.2022 to 30.9.2023	Since commencement 8.10.2021 to 30.9.2022
	(%)	(%)
Annual total return	(14.70)	(24.34)

**Source:** The above total return of the Fund was sourced from Lipper for Investment Management.

**Bases of calculation and assumptions made in calculating returns:**

$$\text{Percentage growth} = \frac{\text{NAV}_t}{\text{NAV}_0} - 1$$

NAV<sub>t</sub> = NAV at the end of the period

NAV<sub>0</sub> = NAV at the beginning of the period

$$\text{Performance annualised} = (1 + \text{Percentage Growth})^{1/n} - 1$$

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

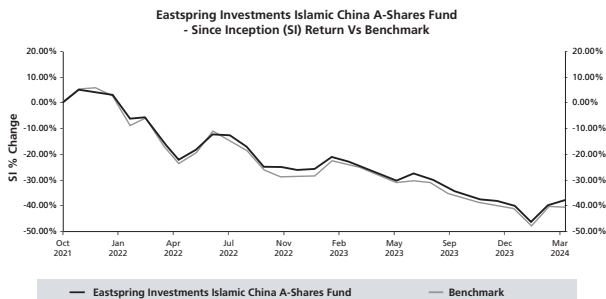
# MANAGER'S REPORT

## Fund Performance

Since inception, the Fund recorded a return of -37.92%, outperforming the benchmark return of -40.61% by 2.69%.

For the period under review, the Fund registered a return of -3.81%, outperforming the benchmark return of -5.91% by 2.10%.

Fund's outperformance was due to overweight stance in Technology and Industrial names that benefitted from AI thematic. Underweight stance in selected Renewable Shariah-compliant stocks also benefitted the fund following concerns of industry overcapacity in selected parts of the renewables supply chain.



**The performance is calculated on NAV-to-NAV basis with gross income or dividend reinvested.**

**Benchmark:** DJIM China A 100 Index

**Source:** Lipper for Investment Management and [www.spindices.com](http://www.spindices.com), as at 31 March 2024.

**Past performance of the Fund is not necessarily indicative of its future performance.**

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

For the financial period ended 31 March 2024:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	(3.81)	(3.81)	(5.91)

\* Capital return components (NAV per unit to NAV per unit).

### Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 31 March 2024.

### Investment Strategy During the Period Under Review

During the period under review, the Fund increased weight in Technology stocks that stand to benefit from AI theme and weight in defensive Shariah-compliant stocks that benefit from SOE thematic such as utilities and power equipment. Towards the end of the period, the Fund increased positions in selected EV and Renewables Shariah-compliant stocks in light of signs that both sectors are bottoming.

The Fund maintains a balance approach and favours Shariah-compliant stocks in defensive sectors that offering quality growth and high yield and SOEs alongside exposure towards structural thematic such as AI, EV, Renewables Energy, and manufacturing upgrades.

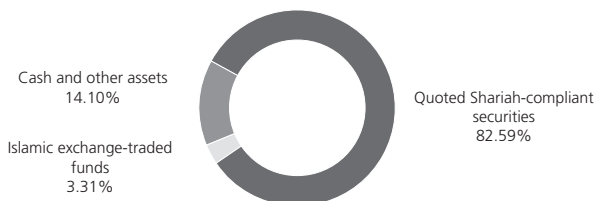


## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	31-Mar 2024 (%)	30-Sep 2023 (%)	Changes (%)
Quoted Shariah-compliant securities	82.59	88.06	(5.47)
Islamic exchange-traded funds	3.31	3.14	0.17
Cash and other assets	14.10	8.80	5.30

### Asset Allocation as at 31 March 2024



There were no significant changes in asset allocation of the Fund for the period under review.

### State of Affairs of the Fund

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

We have issued the Second Supplementary Prospectus dated 2 February 2024 with the following changes:

## MANAGER'S REPORT (CONTINUED)

---

### State of Affairs of the Fund (continued)

- a. To amend the redemption timeline in which if we identify an existing unit holder to be qualified as a U.S. Person, there will be notice to be issued to the unit holder to redeem his/her investment within 30 days or transfer the remaining units to a non-U.S Person. The redemption proceeds will then be made to unit holder no later than seven (7) business days from the date that we repurchase all the units held by the unit holder;
- b. To enhance our disclosure in our prospectus of the Fund to indicate that we will notify Unit Holders by way of letter at least fourteen days (14) prior to any increase in the minimum amounts and number of units to be held by a unit holder of the Fund;
- c. To lower minimum initial and/or additional investments amount, minimum redemption and minimum holding units via our digital platform as well as on our distributor's digital platform; and
- d. To implement auto-reinvestment enhancement for income distributions paid to unit holders should there be unclaimed income distribution payment for the last three (3) consecutive distributions.

With above, unit holders may refer to **Appendix 1** for the detailed list of changes.

## MARKET REVIEW

Global market sentiment in Greater China remained weak in at the start of the period on the back of conflict outbreak in Middle East and surge in US 10-year treasury yields. US Treasury yields reached a decade high of 4.98%. The start of the period also coincided with Beijing's Central Financial Work Conference. China's top leaders held the twice-a-decade Central Financial Work Conference. The Central Financial Work Conference made policy arrangements for market concerns including providing financial services to real economy, constructing capital market, and setting up a long-term mechanism to resolve debt risks tied to local authorities and signaled willingness to expand borrowing. China's Standing Committee of NPC also approved RMB 1.0trn in additional Central Government Bonds ("CGBs") to fund infra projects, in a rare move to adjust the central government fiscal budget in middle of fiscal year. The RMB 1.0trn in Central Government Bonds ("CGBs") will raise on-budget fiscal deficit ratio ("% of GDP") to about 3.8% from 3% previously, for which Beijing in the past has been reluctant to exceed owing to concerns about debt sustainability.

Greater China markets were also encouraged by Biden-Xi meeting. Biden and Xi met for the first time in about a year in San Francisco in November on the sidelines of the Asia-Pacific Economic Cooperation conference. However, sentiment in China turned negative again at the end of 2023 following Moody's downgrade warning on China's credit rating. Moody's lowered the 'outlook' on China's A1 debt rating to "negative" from "stable", citing costs to bail out local governments and state firms and control its property crisis would weigh on the economy. The annual Central Economic Work Conference ("CEWC") held in December laid out key tasks and economic policies in 2024 offered no major surprises and laid out principles for 2024 to seek progress while maintaining stability, to promote high-quality growth.

Coming into 2024, Greater China indices saw a poor start in 2024 with Chinese indices recording their worst declines since October 2022 in January. Poor performance at the start of the year was largely driven by disappointment on continued lack of policy response deemed necessary for lifting business and consumer confidence, new concerns over US-China ties and unwinding of structural products onshore. However, market saw a swift recovery in February after authorities announced further measures to limit short selling, high frequency trading and algorithmic trading strategies and combined with support from China's "National Team" sovereign wealth fund China Huijin, which announced that it will intensify its efforts to increase holdings of the ETF.

Chinese markets held onto their gains in March at the end of the period. March's National People's Congress ("NPC") offered no new surprises and set an ambitious target during its Two Sessions meeting. A GDP growth target of "around 5%", fiscal deficit ratio target at 3% was in line with expectations. However, investors will look for more concrete stimulus measures to roll out before or after the Politburo meeting in late-April. Overall sentiment in China improved towards the end of the period as economic activity in late 1Q2024 showed solid momentum in manufacturing and services activities despite the yet to be seen stabilisation in property sector.

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers.

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

No securities lending or repurchase transaction have been carried out during the financial period under review.

This page is intentionally left blank.

# EASTSPRING INVESTMENTS ISLAMIC CHINA A-SHARES FUND

UNAUDITED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

## STATEMENT BY THE MANAGER

We, Yap Siok Hoon and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 15 to 61 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2024 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**EASTSPRING INVESTMENTS BERHAD**

**YAP SIOK HOON**  
Executive Director/Chief Executive Officer

**JOHN CAMPBELL TUPLING**  
Independent, Non-Executive Director

Kuala Lumpur  
Date: 24 May 2024

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC CHINA A-SHARES FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 March 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
Date: 24 May 2024



## SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC CHINA A-SHARES FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund for the period covered by these financial statements namely, the semi-annual period ended 31 March 2024, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant except for the securities which have been reclassified as Shariah non-compliant by the Shariah Supervisory Board of Dow Jones Islamic Market Index as follows:

No.	Securities	Reclassification Effective Date	Remarks
i.	Hongfa Technology Co., Limited	15 March 2024	These securities have been completely disposed of on 19 March 2024 at a loss, in accordance with the Fund's Shariah investment guidelines as provided in the Fund's deed and disclosed in the Fund's prospectus.

For and on behalf of the Shariah Adviser,  
**BIMB SECURITIES SDN BHD**

**NURUL AQILA SUFIYAH LOKMAN**  
Designated Shariah Officer

Kuala Lumpur  
Date: 24 May 2024

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

	Note	6-months financial period ended 31.3.2024	6-months financial period ended 31.3.2023
		RM	RM
<b>INVESTMENT LOSS</b>			
Gross dividend income		59,839	-
Profit income from Islamic deposits with licensed financial institutions		48,480	48,683
Net loss on financial assets at fair value through profit or loss	6	(1,814,995)	(8,196)
Net foreign currency exchange loss		(16,984)	(155,744)
		<u>(1,723,660)</u>	<u>(115,257)</u>
<b>EXPENSES</b>			
Management fee	3	(603,369)	(850,913)
Custodian fee		(19,855)	(20,763)
Trustee fee	4	(21,788)	(30,727)
Audit fee		(3,400)	(3,390)
Tax agent fee		(2,500)	(1,696)
Transaction cost		(133,936)	(81,808)
Other expenses		(73,653)	(64,602)
		<u>(858,501)</u>	<u>(1,053,899)</u>
<b>LOSS BEFORE TAXATION</b>		(2,582,161)	(1,169,156)
<b>TAXATION</b>	5	<u>(43,566)</u>	<u>(121,765)</u>
<b>LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS</b>		<u>(2,625,727)</u>	<u>(1,290,921)</u>
Loss after taxation is made up of the following:			
Realised amount		(9,812,720)	(5,192,078)
Unrealised amount		7,186,993	3,901,157
		<u>(2,625,727)</u>	<u>(1,290,921)</u>

The accompanying material accounting policy information and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2024

	Note	2024	2023
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	8	9,572,841	7,255,556
Financial assets at fair value through profit or loss	6	58,872,734	92,500,717
Amount due from Manager		173,218	95,069
Tax recoverable		180,697	6,900
<b>TOTAL ASSETS</b>		<u>68,799,490</u>	<u>99,858,242</u>
<b>LIABILITIES</b>			
Accrued management fee		108,012	148,374
Amount due to Manager		124,416	65,870
Amount due to Trustee		3,900	5,358
Other payables and accruals		18,132	26,852
<b>TOTAL LIABILITIES</b>		<u>254,460</u>	<u>246,454</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>68,545,030</u>	<u>99,611,788</u>
<b>EQUITY</b>			
Unit holders' capital		110,753,573	127,076,923
Accumulated losses		(42,208,543)	(27,465,135)
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>68,545,030</u>	<u>99,611,788</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>220,012,382</u>	<u>267,585,015</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.3116</u>	<u>0.3723</u>

The accompanying material accounting policy information and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

	Unit holders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 1 October 2023	113,957,897	(39,582,816)	74,375,081
Movement in unit holders' contribution:			
Creation of units from applications	11,824,525	-	11,824,525
Cancellation of units	(15,028,849)	-	(15,028,849)
Total comprehensive loss for the financial period	-	(2,625,727)	(2,625,727)
Balance as at 31 March 2024	<u>110,753,573</u>	<u>(42,208,543)</u>	<u>68,545,030</u>
Balance as at 1 October 2022	123,796,392	(26,174,214)	97,622,178
Movement in unit holders' contribution:			
Creation of units from applications	21,872,881	-	21,872,881
Cancellation of units	(18,592,350)	-	(18,592,350)
Total comprehensive loss for the financial period	-	(1,290,921)	(1,290,921)
Balance as at 31 March 2023	<u>127,076,923</u>	<u>(27,465,135)</u>	<u>99,611,788</u>

The accompanying material accounting policy information and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

	Note	6-months financial period ended 31.3.2024	6-months financial period ended 31.3.2023
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		56,313,603	29,055,723
Purchase of Shariah-compliant investments		(49,307,012)	(38,318,955)
Dividends received		53,855	-
Profit income received from Islamic deposits with licensed financial institutions		48,480	48,683
Management fee paid		(607,691)	(846,558)
Trustee fee paid		(21,944)	(30,570)
Payment for other fees and expenses		(98,468)	(103,169)
Tax paid		(30,130)	(106,665)
Net realised foreign currency exchange loss		(16,984)	(155,744)
Net cash generated from/(used in) operating activities		<u>6,333,709</u>	<u>(10,457,255)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		11,787,552	21,965,439
Payments for cancellation of units		(15,722,419)	(18,992,101)
Net cash (used in)/generated from financing activities		<u>(3,934,867)</u>	<u>2,973,338</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		2,398,842	(7,483,917)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		<u>7,173,999</u>	<u>14,739,473</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	8	<u>9,572,841</u>	<u>7,255,556</u>

The accompanying material accounting policy information and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

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

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

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including Islamic derivative financial instruments) at fair value through profit or loss.

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

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

a. Standards and amendments to existing standards effective 1 January 2023:

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 October 2023 that have a material effect on the financial statements of the Fund.

b. New standards, amendments and interpretations effective after 1 January 2023 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## **B. INCOME RECOGNITION**

Profit income earned from short-term Islamic deposits with licensed financial institutions is recognised on the accrual basis using the effective profit rate method.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Realised gain or loss on sale of Shariah-compliant securities are accounted for as the difference between the net disposal proceeds and the carrying amount of the Shariah-compliant securities, determined on a weighted average cost basis.

## **C. TAXATION**

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

Tax on dividend income from foreign quoted Shariah-compliant securities is based on the tax regime of the respective countries that the Fund invests in.

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

## **D. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

## E. FOREIGN CURRENCY TRANSLATION

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

## F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### i. Classification

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity<sup>1</sup> securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

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

The Fund classifies accrued management fee, amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

<sup>1</sup> For the purposes of the investments made by the Fund, equity refers to Shariah-compliant equity instruments.



ii. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

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

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

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

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

Quoted Shariah-compliant securities outside Malaysia are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day.

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

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

iii. Impairment for assets carried at amortised costs

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

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of obligor's sources of income or assets to generate sufficient future cash flows to pay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

## G. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of bank balances and Islamic deposit with licensed financial institution with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **H. TRANSACTION COSTS**

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

## **I. UNIT HOLDERS' CAPITAL**

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

## **J. AMOUNT DUE FROM/(TO) BROKERS**

Amount due from and to brokers represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 months expected credit losses. Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

## **K. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

### 1. INFORMATION ON THE FUND

The Unit Trust Fund (the "Fund") was constituted under the name Eastspring Investments Islamic China A-Shares Fund pursuant to the execution of a Deed dated 23 July 2021 (the "Deed") entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") followed by First Supplemental Deed dated 6 April 2022 (collectively referred to as the "Deeds").

The Fund was launched on 13 September 2021 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The main objective of the Fund is to provide investors with long-term capital appreciation by investing in Shariah-compliant investments with exposure in the China A-Shares market.

The Fund seeks to achieve its objective by investing in Shariah-compliant equities and Shariah-compliant equity-related securities, such as Islamic American Depository Receipts (ADRs), Shariah-compliant rights issues and Shariah-compliant warrants listed in the China A-Shares market. The Fund will focus on attractive valuation companies, companies that have a consistent track record of earnings growth or upward earnings revisions and high dividend yielding Shariah-compliant equities in the China A-Shares market. The Fund will invest in equities and equity-related securities which have been classified as Shariah-compliant by the Shariah Supervisory Board of DJIM Indices.

All Shariah-compliant investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

The Manager is a company incorporated in Malaysia and is related to Prudential Plc., a public listed company in the United Kingdom. The principal activity of the Manager is the establishment and management of unit trust funds and asset management.

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, exposure to interest rate risk and foreign exchange/currency risk), fund management risk, capital risk, credit/default risk, liquidity risk, non-compliance risk and Shariah status reclassification risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds.

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2024</u>				
Cash and cash equivalents	8	9,572,841	-	9,572,841
Quoted Shariah-compliant securities	6	-	56,604,734	56,604,734
Islamic exchange-traded funds	6	-	2,268,000	2,268,000
Amount due from Manager		173,218	-	173,218
		<u>9,746,059</u>	<u>58,872,734</u>	<u>68,618,793</u>
<u>2023</u>				
Cash and cash equivalents	8	7,255,556	-	7,255,556
Quoted Shariah-compliant securities	6	-	89,777,092	89,777,092
Islamic exchange-traded funds	6	-	2,723,625	2,723,625
Amount due from Manager		95,069	-	95,069
		<u>7,350,625</u>	<u>92,500,717</u>	<u>99,851,342</u>

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

## Market risk

### i. Price risk

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

The table below shows assets of the Fund as at 31 March which are exposed to price risk:

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
Quoted Shariah-compliant securities	56,604,734	89,777,092
Islamic exchange-traded funds	2,268,000	2,723,625



The following table summarises the sensitivity of the Fund's loss after tax and net asset value to movements in prices of quoted Shariah-compliant securities and Islamic exchange-traded funds at the end of each reporting financial period. The analysis is based on the assumptions that the market price of the quoted Shariah-compliant securities and Islamic exchange-traded funds increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted Shariah-compliant securities and Islamic exchange-traded funds, having regard to the historical volatility of the prices.

% Change in price	Market value	Impact on loss after tax and net asset value
	RM	RM
<u>2024</u>		
+5%	61,816,371	2,943,637
-5%	55,929,097	(2,943,637)
<u>2023</u>		
+5%	97,125,753	4,625,036
-5%	87,875,681	(4,625,036)

ii. Exposure to interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's investments in Islamic deposit with licensed financial institution are short-term in nature. Therefore, exposure to interest rate fluctuations is minimal.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund including placements and deposits are in accordance with Shariah.

## iii. Foreign exchange/Currency risk

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

The following table sets out the foreign exchange/currency risk concentrations and counterparties of the Fund.

	<b>Financial assets at fair value through profit or loss</b>	<b>Cash and cash equivalents</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2024</u>			
CNY	56,604,734	7,062,581	63,667,315
<u>2023</u>			
CNY	89,777,092	2,079,483	91,856,575

The following table summarises the sensitivity of the Fund's loss after tax and net asset value to changes in foreign exchange movements at the end of each reporting financial period. The analysis is based on the assumption that the foreign exchange rate changes by each currency's respective historical volatility, with all variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

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

	Change in foreign exchange rate	Impact on loss after tax	Impact on net asset value
	%	RM	RM
<u>2024</u>			
CNY	4.50	2,865,029	2,865,029
<u>2023</u>			
CNY	5.00	4,592,829	4,592,829

### Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Funds. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interest of unit holders.

## Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM110,753,573 (2023: RM127,076,923) and accumulated losses of RM42,208,543 (2023: RM27,465,135). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

## Credit/Default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit income, principals and proceeds from realisation of Shariah-compliant investments.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA1 or higher.

The credit risk arising from placements of Islamic deposit with licensed financial institution is managed by ensuring the Fund will only place deposit in reputable licensed financial institution. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange.

The credit/default risk is minimal as all transactions in Shariah-compliant securities are settled/paid upon delivery using approved brokers. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM
<u>2024</u>			
Financial Services			
- AAA	2,460,596	-	2,460,596
- AA1	7,112,245	-	7,112,245
Other			
- NR	-	173,218	173,218
	<u>9,572,841</u>	<u>173,218</u>	<u>9,746,059</u>
<u>2023</u>			
Financial Services			
- AAA	5,130,379	-	5,130,379
- AA1	2,125,177	-	2,125,177
Other			
- NR	-	95,069	95,069
	<u>7,255,556</u>	<u>95,069</u>	<u>7,350,625</u>

None of these financial assets are past due or impaired.

### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise bank balances, Islamic deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2024</u>			
Accrued management fee	108,012	-	108,012
Amount due to Manager	124,416	-	124,416
Amount due to Trustee	3,900	-	3,900
Other payables and accruals	-	18,132	18,132
Contractual undiscounted cash outflows	<u>236,328</u>	<u>18,132</u>	<u>254,460</u>
<u>2023</u>			
Accrued management fee	148,374	-	148,374
Amount due to Manager	65,870	-	65,870
Amount due to Trustee	5,358	-	5,358
Other payables and accruals	-	26,852	26,852
Contractual undiscounted cash outflows	<u>219,602</u>	<u>26,852</u>	<u>246,454</u>

### **Non-compliance risk**

Non-compliance risk arises when the Manager and others associated with the Fund are not compliant to the rules set out in the Fund's constitution or the laws that govern the Fund or applicable internal control procedures, or acts fraudulently or dishonestly.

Non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

## Shariah status reclassification risk

### a. Shariah-compliant equity securities

The risk that the currently held Shariah-compliant equity securities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Fund is required:

- i. to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of review ("Review") by the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Review should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser;
- ii. to hold such securities if the value of the said securities is below the investment cost on the effective date of Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser; or
- iii. to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

- b. Islamic money market instruments or Islamic deposits or Islamic collective investment schemes

This risk refers to the risk of a possibility that the currently held Islamic money market instruments or Islamic deposits or Islamic collective investment schemes invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such money market instruments or deposits or collective investment schemes.

### **Fair value estimation**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

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



i. Fair value hierarchy

The following table analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

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

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2024</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	56,604,734	-	-	56,604,734
Islamic exchange-traded funds	<u>2,268,000</u>	-	-	<u>2,268,000</u>
<u>2023</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	89,777,092	-	-	89,777,092
Islamic exchange-traded funds	<u>2,723,625</u>	-	-	<u>2,723,625</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active quoted Shariah-compliant securities and Islamic exchange-traded funds. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note F to the financial statements.

- ii. The carrying value of cash and cash equivalents, amount due from Manager and all liabilities are a reasonable approximation of their fair values due to their short-term nature.

### **3. MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial period ended 31 March 2024, the management fee is recognised at a rate of 1.80% (2023: 1.80%) per annum on the net asset value of the Fund, calculated on daily basis.

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

### **4. TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 31 March 2024, the Trustee fee is recognised at a rate of 0.065% (2023: 00.65%) subject to a minimum fee of RM15,000 per annum on the net asset value of the Fund, excluding foreign custodian fees and charges, calculated on daily basis.

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

## 5. TAXATION

	6-months financial period ended 31.3.2024	6-months financial period ended 31.3.2023
	RM	RM
Tax charged for the financial period:		
Current taxation	43,566	121,765

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

	6-months financial period ended 31.3.2024	6-months financial period ended 31.3.2023
	RM	RM
Loss before taxation	(2,582,161)	(1,169,156)
Tax at Malaysian statutory rate of 24% (2023: 24%)	(619,719)	(280,597)
Tax effects of:		
Shariah-compliant investment loss not deductible for tax purposes	457,244	149,426
Expenses not deductible for tax purposes	60,416	47,903
Restriction on the tax deductible expenses for Unit Trust Funds	145,625	205,033
Taxation	43,566	121,765

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2024	2023
	RM	RM
Financial assets at fair value through profit or loss:		
Quoted Shariah-compliant securities (i)	56,604,734	89,777,092
Islamic exchange-traded funds (ii)	2,268,000	2,723,625
	58,872,734	92,500,717
Net loss on financial assets at fair value through profit or loss:		
Realised loss on disposals	(9,001,988)	(3,909,353)
Change in unrealised fair value gain	7,186,993	3,901,157
	(1,814,995)	(8,196)

 i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2024	Percentage of net asset value of the Fund
				Units
<b>China Securities</b>				
<u>Consumer Discretionary</u>				
Zhejiang Shuanghuan Driveline Co., Limited	119,200	2,160,031	1,802,838	2.63
<u>Consumer Goods</u>				
BYD Company Limited	25,600	3,492,357	3,399,140	4.96
Fuyao Glass Industry Group Co., Limited	25,308	679,891	715,895	1.04
	50,908	4,172,248	4,115,035	6.00

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
(continued)				
<u>Consumer Staple</u>				
Foshan Haitian Flavouring and Food Company Limited	107,384	2,869,818	2,767,265	4.04
Inner Mongolia Yili Industrial Group Co., Limited	182,300	4,208,880	3,325,796	4.85
	<u>289,684</u>	<u>7,078,698</u>	<u>6,093,061</u>	<u>8.89</u>
<u>Health Care</u>				
Jiangsu Hengrui Pharmaceuticals Co., Limited	101,000	2,918,069	3,035,992	4.43
Shenzhen Mindray Bio-Medical Electronics Co., Limited	17,260	3,543,745	3,176,597	4.63
	<u>118,260</u>	<u>6,461,814</u>	<u>6,212,589</u>	<u>9.06</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
(continued)				
<u>Industrial</u>				
Contemporary Amperex Technology Co., Limited	47,280	6,152,867	5,878,971	8.58
Huaming Power Equipment Co., Limited	234,500	2,491,937	2,783,070	4.06
Jiangsu Hengli Hydraulic Co., Limited	89,000	3,455,191	2,917,376	4.26
Nari Technology Co., Limited	173,456	2,705,403	2,760,671	4.03
Ningbo Orient Wires & Cables Co., Limited	105,900	2,978,685	3,066,255	4.47
Shenzhen Inovance Technology Co., Limited	89,000	3,742,815	3,562,772	5.20
Sungrow Power Supply Co., Limited	50,900	3,158,439	3,454,776	5.04
Zhongji Innolight Co., Limited	12,800	1,148,705	1,310,375	1.91
	802,836	25,834,042	25,734,266	37.55
<u>Material</u>				
Hangzhou Oxygen Plant Group Co., Limited	38,900	854,386	736,636	1.07

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
(continued)				
<u>Technology</u>				
Advanced				
Micro-Fabrication Equipment Inc. China	23,848	2,364,770	2,328,180	3.40
Foxconn Industrial Internet Co., Limited	180,700	2,314,077	2,690,455	3.93
Hundsun Technologies Inc.	107,790	2,072,908	1,590,091	2.32
Luxshare Precision Industry Co., Limited	39,398	883,376	757,658	1.11
Will Semiconductor Co., Limited Shanghai	49,870	3,164,882	3,209,100	4.68
	401,606	10,800,013	10,575,484	15.44
<u>Utilities</u>				
Shenzhen Envicool Technology Co., Limited	68,000	1,363,901	1,334,825	1.95



i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>	<u>1,889,394</u>	58,725,133	<u>56,604,734</u>	82.59
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(2,120,399)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>56,604,734</u>	

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
<u>Consumer Discretionary</u>				
Hangzhou Robam Appliances Co., Limited	189,700	3,654,990	3,452,761	3.47
<u>Consumer Goods</u>				
BYD Company Limited	17,600	2,900,548	2,891,875	2.90
Fuyao Glass Industry Group Co., Limited	126,608	3,464,753	2,824,450	2.84
	144,208	6,365,301	5,716,325	5.74
<u>Consumer Staple</u>				
Foshan Haitian Flavours and Food Company Limited	82,078	4,778,318	4,031,885	4.05
Inner Mongolia Yili Industrial Group Co., Limited	218,800	5,365,752	4,089,137	4.11
	300,878	10,144,070	8,121,022	8.16

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
(continued)				
<u>Health Care</u>				
Imeik Technology Development Co., Limited	7,400	2,594,788	2,653,641	2.66
Jiangsu Hengrui Pharmaceuticals Co., Limited	125,500	3,471,630	3,448,922	3.46
Shenzhen Mindray Bio-Medical Electronics Co., Limited	24,160	5,496,022	4,833,265	4.85
Wuxi Apptec Co., Limited	52,900	4,082,381	2,699,080	2.71
	209,960	15,644,821	13,634,908	13.68

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
(continued)				
<u>Industrial</u>				
Contemporary Amperex Technology Co., Limited	29,600	10,292,466	7,713,725	7.74
Estun Automation Co., Limited	177,000	3,016,318	3,188,663	3.20
Han'S Laser Technology Industry Group Co., Limited	127,100	2,897,731	2,475,695	2.49
Hongfa Technology Co., Limited	129,660	3,455,567	2,711,960	2.72
Jiangsu Hengli Hydraulic Co., Limited	108,100	4,479,435	4,594,178	4.61
Nari Technology Co., Limited	186,580	3,561,788	3,246,292	3.26
Ningbo Orient Wires & Cables Co., Limited	61,745	2,935,436	1,954,023	1.96
Shenzhen Inovance Technology Co., Limited	92,700	3,952,154	4,182,424	4.20
Sungrow Power Supply Co., Limited	48,100	3,927,496	3,237,039	3.25
	960,585	38,518,391	33,303,999	33.43

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>China Securities</b>				
(continued)				
<u>Information Technology</u>				
Hangzhou First Applied Material Co., Limited	50,220	2,663,320	1,893,553	1.90
Hundsun Technologies Inc	128,490	3,001,238	4,388,713	4.41
JA Solar Technology Co., Limited	80,600	3,230,702	2,966,099	2.98
Longi Green Energy Technology Co., Limited	28,516	1,065,615	739,555	0.74
Luxshare Precision Industry Co., Limited	160,198	3,664,379	3,116,276	3.13
SG Micro Corp	41,681	5,160,525	4,151,670	4.17
Will Semiconductor Co., Limited Shanghai	17,300	1,015,498	1,011,480	1.02
	507,005	19,801,277	18,267,346	18.35
<u>Material</u>				
Hangzhou Oxygen Plant Group Co., Limited	107,100	2,112,289	2,287,524	2.30
Huaxin Cement Co., Limited [Note 7 (a)(i)]	197,500	2,614,822	1,971,017	1.98
	304,600	4,727,111	4,258,541	4.28
<u>Utilities</u>				
China Yangtze Power Co., Limited	221,600	3,254,436	3,022,190	3.03

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>	<u>2,838,536</u>	102,110,397	<u>89,777,092</u>	90.14
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(12,333,305)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>89,777,092</u>	

ii. Islamic exchange-traded funds

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
VP-DJ Shariah China A-Shares 100 ETF	<u>2,025,000</u>	3,313,103	<u>2,268,000</u>	3.31
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(1,045,103)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>2,268,000</u>	

ii. Islamic exchange-traded funds

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
VP-DJ Shariah China A-Shares 100 ETF	<u>2,025,000</u>	3,313,103	<u>2,723,625</u>	2.73
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(589,478)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>2,723,625</u>	



## 7. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- a. Equity securities listed on foreign markets which have been classified as Shariah-compliant by the Shariah Supervisory Board of Dow Jones Islamic Market Index except for:

No.	Securities	Reclassification Effective Date	Remarks
i.	Huaxin Cement Co., Limited	16 December 2022	These securities have been partially disposed of on 18 April and 9 May 2023 and completely disposed of on 18 May 2023 at a loss.
ii.	Hongfa Technology Co., Limited	15 March 2024	These securities have been completely disposed of on 19 March 2024 at a loss.

The above reclassified Shariah non-compliant securities have been completely disposed of in accordance with the Fund's Shariah investment guidelines as provided in the Fund's deed and disclosed in the Fund's prospectus.

- b. Collective investment schemes which have been verified as Shariah-compliant by the Shariah Adviser; and
- c. Cash placements and liquid assets in local market that are placed in Shariah-compliant instruments.

## 8. CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Bank balances with a licensed bank	7,112,245	2,125,177
Islamic deposits with licensed financial institution	2,460,596	5,130,379
	<u>9,572,841</u>	<u>7,255,556</u>

The currency exposure profile of cash and cash equivalents are as follows:

	2024	2023
	RM	RM
CNY	7,062,581	2,079,483
MYR	2,510,260	5,176,073
	<u>9,572,841</u>	<u>7,255,556</u>

The effective weighted average rate of return of short-term Islamic deposits with licensed financial institution per annum as at the date of the statement of financial position are as follows:

	2024	2023
	%	%
Islamic deposits with licensed financial institution	<u>2.95</u>	<u>2.70</u>

The Islamic deposits have average maturity of 1 day (2023: 2 day).

**9. UNITS IN CIRCULATION**

	<b>2024</b>	<b>2023</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	230,429,111	258,026,511
Creation of units arising from applications during the financial period	39,313,403	57,362,019
Cancellation of units during the financial period	<u>(49,730,132)</u>	<u>(47,803,515)</u>
At the end of the financial period	<u>220,012,382</u>	<u>267,585,015</u>

## 10. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers are as follows:

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2024</u>				
Morgan Stanley and Co., Llc	53,382,833	50.52	48,044	49.61
CLSA Limited	27,061,162	25.61	24,911	25.72
Macquarie Securities Bank Limited	10,685,715	10.11	9,966	10.29
J.P. Morgan Securities (Asia Pacific)	3,845,671	3.64	3,544	3.65
Merrill Lynch International Limited	3,064,080	2.90	2,886	2.98
Goldman, Sachs and Co.	2,142,897	2.03	2,143	2.21
Haitong International Securities Co Ltd	1,974,117	1.87	1,974	2.04
Citigroup Global Markets Limited	1,866,797	1.77	1,751	1.81
China International Capital Corporation Hong Kong Securities Limited	1,632,910	1.55	1,633	1.69
	<u>105,656,182</u>	<u>100.00</u>	<u>96,852</u>	<u>100.00</u>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2023</u>				
Morgan Stanley and Co., Llc	29,404,472	43.63	15,690	34.07
CLSA Limited	18,016,148	26.73	13,098	28.44
Citigroup Global Markets Limited	10,111,450	15.01	6,804	14.78
Macquarie Securities Bank Limited	4,336,658	6.43	2,168	4.71
Haitong International Securities Co Ltd	1,954,491	2.90	2,932	6.37
J.P. Morgan Securities (Asia Pacific)	1,651,011	2.45	2,477	5.38
China International Capital Corporation Hong Kong Securities Limited	705,835	1.05	1,059	2.30
HSBC Holdings Plc CTM	639,276	0.95	959	2.08
UBS Securities Asia Ltd	575,368	0.85	863	1.87
	<u>67,394,709</u>	<u>100.00</u>	<u>46,050</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

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

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

Related parties	Relationship
Director of Eastspring Investments Berhad	Director of the Manager
Eastspring Investments Berhad	The Manager
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
Prudential Plc	Ultimate holding company of the Manager

### Units held by Manager:

	2024		2023	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	2,000	623	2,000	745
Director of Eastspring Investment Berhad	-	-	289,385	107,738

The above units were transacted at the prevailing market price.

The units are held legally and beneficially by the Manager and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.

In addition to the related parties disclosure mentioned in the financial statements, there were no other significant related parties transactions and balances.

**12. TOTAL EXPENSE RATIO (“TER”)**

	<b>2024</b>	<b>2023</b>
	%	%
TER	1.08	1.03

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fees

C = Audit fee

D = Tax agent fee

E = Other expenses (excluding sales and service tax on transaction cost and withholding tax)

F = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM67,724,219 (2023: RM94,734,949).

**13. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2024</b>	<b>2023</b>
PTR (times)	0.79	0.36

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions for the financial period} + \text{total disposals for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisitions for the financial period = RM49,257,827 (2023: RM38,288,067)

total disposals for the financial period = RM56,398,355 (2023: RM29,106,642)

#### **14. APPROVAL OF FINANCIAL STATEMENTS**

The unaudited financial statements have been approved for issue by the Manager on 24 May 2024.



## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 3888

FAX NO.

603-2789 7220

EMAIL

cs.my@eastspring.com

WEBSITE

[www.eastspring.com/my](http://www.eastspring.com/my)

### **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

### **SHARIAH ADVISER**

NAME

BIMB SECURITIES SDN BHD

COMPANY NO.

199401004484 (290163-X)

REGISTERED ADDRESS

32<sup>nd</sup> Floor, Menara Bank Islam

No.22 Jalan Perak

50450 Kuala Lumpur

BUSINESS ADDRESS

Level 34, Menara Bank Islam

No 22, Jalan Perak

50450 Kuala Lumpur

TELEPHONE NO.

603-2613 1600

FAX NO.

603-2613 1799

EMAIL

shariah@bimbsec.com.my

WEBSITE

[www.bimbsec.com.my](http://www.bimbsec.com.my)

**SALE & PURCHASE OF UNITS**

**Eastspring Investments Berhad**

Level 22, Menara Prudential  
Persiaran TRX Barat  
55188 Tun Razak Exchange  
Kuala Lumpur

TELEPHONE NO.  
603-2778 1000

**BRANCHES**

**Petaling Jaya**

Eastspring Investments Berhad  
A-17-P1 & M  
Block A, Jaya One  
72A, Jalan Profesor Diraja Ungku Aziz  
46200 Petaling Jaya, Selangor

TELEPHONE NO.  
603-7948 1288

**Kota Kinabalu**

Eastspring Investments Berhad  
Suite E3, 9<sup>th</sup> Floor  
CPS Tower, Centre Point Sabah  
No. 1, Jalan Centre Point  
88000 Kota Kinabalu, Sabah

TELEPHONE NO.  
6088-238 613

**ENQUIRIES**

CLIENT SERVICES  
603-2778 1000

## APPENDIX 1 – LIST OF CHANGES FOR EASTSPRING INVESTMENTS ISLAMIC CHINA A-SHARES FUND

Unless otherwise stated, the following changes are affected via the Second Supplementary Prospectus dated 2 February 2024.

Section	Current disclosure in the First Prospectus dated 13 September 2021 and the First Supplementary Prospectus dated 1 August 2022	Revised disclosure in the Second Supplementary Prospectus dated 2 February 2024
<b>Transaction Information – Distribution Channels</b>	<p><u>5<sup>th</sup> paragraph</u> If you fail to redeem or transfer your Units within the stipulated period, we shall have the right to compulsorily repurchase all the Units held by you after thirty (30) calendar days from the date of the said notice. The Manager shall pay you the redemption proceeds via e-payment ONLY according to your bank account details as stated in your myEastspring account or in the master account opening form or redemption form, or in such other manner as determined by the Manager on a case to case basis, no later than ten (10) calendar days from the date that the Manager repurchase all the Units held by you.</p>	<p><u>5<sup>th</sup> paragraph</u> If you fail to redeem or transfer your Units within the stipulated period, we shall have the right to compulsorily repurchase all the Units held by you after thirty (30) calendar days from the date of the said notice. The Manager shall pay you the redemption proceeds via e-payment ONLY according to your bank account details as stated in your myEastspring account or in the master account opening form or redemption form, or in such other manner as determined by the Manager on a case to case basis, no later than <del>ten (10) calendar days</del> <u>seven (7) Business Days</u> from the date that the Manager repurchase all the Units held by you.</p>
<b>Transaction Information – Transaction Details</b>	<p><u>5<sup>th</sup> paragraph</u> The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time. Should the Manager decide to increase the minimum amounts and number of units as stipulated under the transaction details section, the Manager shall notify the Unit Holders by way of a letter prior to the effective date of such change.</p>	<p><u>5<sup>th</sup> paragraph</u> The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time. Should the Manager decide to increase the minimum amounts and number of units as stipulated under the transaction details section, the Manager shall notify the Unit Holders by way of a letter <u>at least fourteen (14) days</u> prior to the effective date of such change. <u>Investments made via digital platforms may have a lower minimum initial investment, minimum additional investment amount, minimum redemption and/or minimum holdings of Units of the Fund, subject to the respective digital platforms' terms and conditions, which may be amended from time to time.</u></p>

Section	Current disclosure in the First Prospectus dated 13 September 2021 and the First Supplementary Prospectus dated 1 August 2022	Revised disclosure in the Second Supplementary Prospectus dated 2 February 2024
<b>Transaction Information – Auto Reinvestment Policy</b>		<p><i>(added)</i></p> <p><u>2<sup>nd</sup> paragraph</u></p> <p><u>The Manager reserves the right to change the income distribution instruction to “reinvestment” if the Unit Holder did not claim the income distribution payment for the last three (3) consecutive distributions.</u></p>

Eastspring Investments Berhad 200001028634 (531241-U)  
Level 22, Menara Prudential, Persiaran TRX Barat  
55188 Tun Razak Exchange, Kuala Lumpur  
: (603) 2778 3888 F: (603) 2789 7220  
[eastspring.com/my](http://eastspring.com/my)

Client Services  
T: (603) 2778 1000  
[cs.my@eastspring.com](mailto:cs.my@eastspring.com)