

Manulife China Equity Fund

Interim Report

for the six months financial period ended
30 April 2022

MANULIFE CHINA EQUITY FUND

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MANULIFE CHINA EQUITY FUND

1 GENERAL INFORMATION

1.1 THE TRUST

The Fund commenced operations on 7 January 2010 and will continue its operations until terminated as provided under Clause 12 of the Deed.

1.2 FUND TYPE / CATEGORY

Growth / Feeder Fund (Equity)

1.3 BASE CURRENCY

Ringgit Malaysia (RM)

1.4 OBJECTIVE OF THE FUND

The Fund invests in the Manulife Global Fund - China Value Fund ("MGF-CVF") which aims to achieve long-term capital growth through investment, primarily* in under-valued companies with long-term potential and substantial business interest in the Greater China Region (which includes People's Republic of China (PRC), Hong Kong and Taiwan) which are listed or traded on stock exchanges of Shanghai, Shenzhen, Hong Kong, Taipei or other exchanges.

**Primarily means mainly 70% invested.*

Note: Any material change to the Fund's investment objective would require Unit Holders' approval.

1.5 DISTRIBUTION POLICY

The Fund intends to distribute income, if any, on an annual basis.

1.6 PERFORMANCE BENCHMARK

MSCI Golden Dragon Index, which is also the performance benchmark of the Target Fund. Prior to 17 November 2017, the performance benchmark was FTSE All World Greater China Index.

The benchmark above is only used as a reference for investment performance comparison purpose. The risk profile of the Fund is not the same as the risk profile of this benchmark. The benchmark information is available in www.manulifeinvestment.com.my.

1.7 INVESTMENT STYLE AND STRATEGY

The Fund will invest at least 95% of the Fund's net asset value (NAV) NAV in Share Class A of the Manulife Global Fund - China Value Fund (the "Target Fund"), while the balance of the Fund's NAV will be invested in cash, money market instruments (including fixed income securities which have remaining maturity period of less than 365 days) and/or placement of deposits with financial institutions for liquidity purposes.

Although the Fund is passively managed, the investments of the Fund will be rebalanced from time to time to meet redemptions and to enable the proper and efficient management of the Fund. In all circumstances, the Fund will continue investing at least 95% of its NAV in the Target Fund and as such, the performance of the Target Fund will reflect on the Fund's performance.

Notwithstanding the above, the Manager may, in consultation with the Trustee and with the Unit Holders' approval, replace the Target Fund with another fund of a similar objective if, in the Manager's opinion, the Target Fund no longer meets this Fund's investment objective, or when the Target Fund no longer acts in the interest of the Unit Holders.

During the six months financial period under review, the Fund remained guided by its investment objective, having invested at least 95% of its NAV in the Target Fund, with the balance NAV in cash and money market instruments.

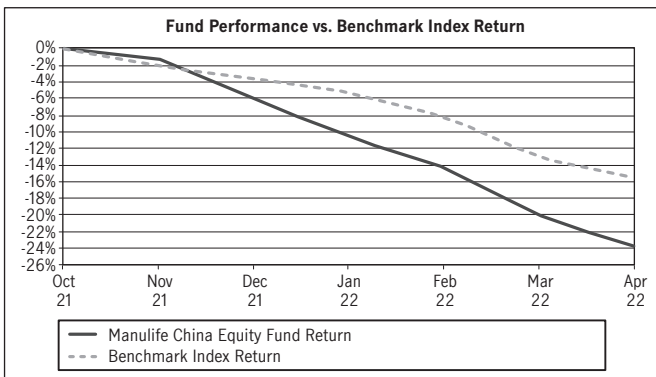
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2 MANAGER'S REPORT

2.1 FUND PERFORMANCE

For the six months financial period ended 30 April 2022, the Feeder Fund fell 23.90% while its benchmark return declined 15.44%. Versus its benchmark, unfavourable stock selection in China was the key detractor. In terms of sector, the Feeder Fund underperformed its benchmark mainly due to unfavourable stock selection in Communication Services, Industrials and Real Estate.

The graph below compares the 6-month performance of the Fund against its benchmark return:



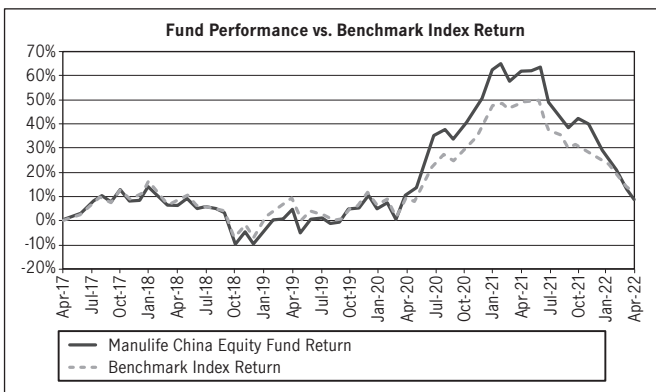
Source: Lipper & Bloomberg L.P.

Fund Size

The Fund's total NAV decreased to RM109.50mil from RM148.59mil during the six-month financial period under review.

Fund Returns

- (a) The graph below compares the 5-year performance of the Fund against its benchmark return:



Source: Lipper & Bloomberg L.P.

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(b) Average Total Return of the Fund:

For the financial period ended 30 April 2022	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(33.14)	(25.08)
3 years	1.05	0.32
5 years	1.59	2.15
Investment Commencement Date: 28 January 2010		

Source: Lipper & Bloomberg L.P.

(c) Annual Total Return of the Fund:

For the financial period ended:	Fund (% p.a.)	Benchmark (% p.a.)
30 April 2022	(33.14)	(25.08)
30 April 2021	46.02	35.38
30 April 2020	5.70	(0.46)
30 April 2019	(1.34)	1.90
30 April 2018	6.27	8.10
Investment Commencement Date: 28 January 2010		

Source: Lipper & Bloomberg L.P.

BASES OF CALCULATION

1. Net Asset Value (NAV)

Net Asset Value of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point.

2. Net Asset Value per unit

Net Asset Value per unit is the Net Asset Value of the Fund divided by the total number of units in circulation, at the valuation point.

3. Fund's Return

Fund's return can be calculated based on the computation methods as follows:

Daily Total Fund's Return = $\frac{\{[\text{End NAV (Ex-distribution)} - \text{Beginning NAV} + \text{Dividend Distribution}] / \text{Beginning NAV}\} \times 100\%}$

Total Fund's Return = Total fund's return for the period is derived from geometrically linking together the daily total fund's returns.

The linking formula is $[(1 + R_1) \times (1 + R_2) \times \dots \times (1 + R_n)] - 1$

where: R_1 is the first daily return for the period,
 R_2 is the second daily return for the period, and
 R_n is the last daily return for the period.

Average Total Return = Annualised Total Return
 $[(1 + \text{Total fund's return for the period})^{\frac{\text{Actual number of days in a year}}{\text{number of days during the year}}} - 1] \times 100\%$

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The following table shows other financial and performance data of the Fund for the past three financial periods:

Fund Data	30 April 2022	30 April 2021	30 April 2020
NAV (RM)	109,496,664	162,057,178	92,549,149
Units in Circulation ('000)	185,390	183,473	106,831
NAV (RM per unit)	0.5906	0.8833	0.8663
Highest / Lowest NAV (RM per unit)	0.8036 / 0.5349	1.4321 / 0.8592	0.8980 / 0.7334
Total Fund Return (%)	(23.90)	17.16	5.70
NAV Return (%)	(23.90)	(18.19)	5.70
Income Return (%)	-	43.21	-
Final Distribution			
Gross (RM)	-	0.3700	-
Net (RM)	-	0.3700	-
Ex-Date	-	29.03.2021	-
Management Expenses Ratio (%)	0.92	0.92	0.22
Portfolio Turnover Ratio (times)	0.13	0.31	0.18

NOTES

(i) Management Expenses Ratio (MER)

MER can be calculated based on the ratio of the sum of fees and the recovered expenses of the unit trust fund to the average value of the unit trust fund calculated on a daily basis.

$$\frac{\text{Fees of the unit trust fund} + \text{Recovered expenses of the unit trust fund}}{\text{Average value of the unit trust fund calculated on a daily basis}} \times 100$$

Where:

Fees = All ongoing fees deducted / deductible directly from the unit trust fund in respect of the period covered by the management expenses ratio, expressed as a fixed amount, calculated on a daily basis. This would include the management fee, the annual trustee fee and any other fees deducted / deductible directly from the fund;

Recovered expenses = All expenses recovered from/ charged to the unit trust fund, as a result of the expenses incurred by the operation of the unit trust fund, expressed as a fixed amount. This should not include expenses that would otherwise be incurred by an individual investor (e.g. brokerage, taxes and levies); and

Average value of the unit trust fund = The NAV of the unit trust fund, including net income value of the unit trust fund, less expenses on an accrued basis, in respect of the period covered by the management expenses ratio, calculated on a daily basis.

The MER for the financial period remains consistent with the previous financial period.

(ii) Portfolio Turnover Ratio (PTR)

PTR can be calculated based on the ratio of the average sum of acquisitions and disposals of the unit trust fund for the financial period to the average value of the unit trust fund for the financial period calculated on a daily basis.

$$\frac{[\text{Total acquisitions of the fund for the period} + \text{Total disposals of the fund for the period}]/2}{\text{Average value of the fund for the period calculated on a daily basis}}$$

The PTR for the financial period is lower than the previous financial period mainly due to the decrease in trading activities.

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The Manager wishes to highlight that past performance of the Fund is not an indication of its future performance.

The price of units and the investment returns may go down as well as up.

The table below shows the impact on NAV arising from distribution distributed for the financial period ended 30 April 2021:

EX-DATE	CUM DISTRIBUTION NAV (RM)	GROSS DISTRIBUTION (RM)	EX DISTRIBUTION NAV (RM)
29.03.2021	1.2240	(0.3700)	0.8540

There was no distribution of income for the financial period ended 30 April 2022.

2.2 ASSET ALLOCATION

Asset allocation of the Fund for the past three financial periods:

Sector Allocation	% of Net Asset Value		
	30 April 2022	30 April 2021	30 April 2020
Collective Investment Scheme	97.04	97.03	97.04
Deposits With Licensed Financial Institutions	2.96	2.98	2.70
Other Assets & Liabilities	-	(0.01)	0.26

As at 30 April 2022, the Fund was 97.04% invested in Collective Investment Scheme and 2.96% in cash and cash equivalents. The Fund remained fully invested and a minimal level of cash was maintained for liquidity purposes.

Asset allocation of the Target Fund for the past three financial periods:

Sector Allocation	% of Net Asset Value		
	30 April 2022	30 April 2021	30 April 2020
Information Technology	25.50	21.70	17.60
Financials	20.70	13.40	14.90
Consumer Discretionary	17.20	24.10	26.30
Telecommunication Services	9.30	16.30	14.00
Industrials	6.80	4.10	3.80
Consumer Staples	4.80	-	4.50
Real Estate	4.40	4.40	5.10
Materials	3.80	6.10	-
Health Care	-	6.10	8.90
Energy	-	-	1.70
Others	5.90	2.60	3.10
Cash	1.60	1.30	0.10

Geographical allocation of the Target Fund for the past three financial periods:

Geographical Name	% of Net Asset Value		
	30 April 2022	30 April 2021	30 April 2020
China	59.80	69.30	67.80
Taiwan	28.60	20.70	19.90
Hong Kong	10.00	8.70	11.00
Cash & cash equivalents	1.60	1.30	1.30

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2.3 MARKET REVIEW

Greater China equities pulled back due to concerns on potential Chinese American depository receipt (ADR) de-listings and the Covid-19 resurgence in Xian towards the end of 2021. Turning to 2022, the US Federal Reserve Board (Fed)'s faster-than-expected interest rate hike, ongoing Russia-Ukraine conflict, widening Covid-19 outbreak in Shenzhen/Shanghai and Beijing as well as renewed fears of China ADR de-listings had negatively impacted Greater China equities from January to April 2022.

To stimulate the economy, the People's Bank of China (PBoC) slashed the banks' reserve requirement ratio (RRR) by 50 basis points (bps) and reduced the one-year prime loan rate by 5 bps in December 2021 and cut another 10 bps for the one-year lending rate and 5 bps for the five-year medium-term lending facility in January 2022. Furthermore, the PBoC reduced the RRR for most banks by 25 bps and reduced the RRR by 50 bps for smaller lenders in mid-April. It also announced 23 measures to support individuals and small businesses, such as encouraging relending programmes, ensuring reasonable financing needs of local government financing vehicles, as well as increasing financial resources to logistics, transportation and courier industries, etc. On the economic front, China's fourth-quarter gross domestic product (GDP) surprised to the upside at 4.8% year-on-year. The manufacturing Purchasing Managers' Index contracted from 50.6 in November 2021 to 47.4 in April 2022 as economic activities dampened due to the Covid-19 lockdown in major cities of China.

Elsewhere in Hong Kong, the HK government imposed strict social distancing measures post-Chinese New Year in February 2022 due to the severe Covid-19 spread and began a phased easing of social distancing measures by lifting bans on private gatherings from two to four people in April 2022 as Covid-19 cases decreased. On the macro front, Hong Kong's first quarter GDP fell by 4% year-on-year as local restrictions slowed down activities in the city.

In Taiwan, Taiwanese equities moved higher in November and December 2021 led by technology sector on the strength in semiconductors and foundries. Industrials also contributed growth on the back of continued robust export numbers and shipping volumes. However, Taiwanese equities moved significantly lower from January to April 2022. Technology was one of the worst-performing sectors due to concerns over prolonged lockdowns in China (particularly personal computer supply chains) and lower estimated global demand for smartphones and consumer electronics. On the economic front, Taiwan's first-quarter GDP outstripped estimates growing by 3.06% year-on-year.

2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

The messages from China's Politburo meeting reinforced our view of "more monetary and fiscal policies" to come for the rest of the year. We continue to expect more fiscal stimulus and monetary easing to be gradually rolled out as China's Politburo urges greater efforts to be made to ensure the economy grows at a reasonable range during their meeting.

On the policy front, China's announcement of 23 measures show its determination to support the local economy through various means. We may see more broad-based infrastructure construction projects kick-off in the fields of transportation, energy and water conservation for the rest of the year. Further relaxation measures may be rolled out as the Politburo pledges to support the housing market and works to meet demand for better quality housing. Furthermore, the State Council has deployed measures to boost consumption, including encouraging electric-appliance and vehicle purchases, especially new energy vehicles. We expect consumption growth to rebound should the Covid-19 situation subside in China.

For Taiwan, foundry capacity remains tight while integrated circuit inventories continue to rise, which erode the gross margins of semiconductor companies. In terms of valuations, the sector has corrected more than 20% year-to-date on the back of global macro and demand concerns. We think the valuation has returned to attractive levels and the sector may re-rate again once fundamentals stabilise in the second half of second quarter. We still favour companies with technology leadership.

We believe active management focusing on bottom-up stock selection will be crucial to identify emerging winners in the current environment for investing in Chinese equities. We remain selective and continue to focus on our key structural investment themes.

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2.5 BREAKDOWN OF UNIT HOLDINGS BY SIZE AS AT 30 APRIL 2022

The following table presents the distribution of the Fund's unit holders according to size of unit holdings:

Size of Holdings	No. of Unit Holders	%	No. of Units Held ('000)	%
5,000 and below	2,717	39.18	63,189	34.08
5,001 to 10,000	2,082	29.98	4,885	2.63
10,001 to 50,000	1,369	19.73	9,949	5.37
50,001 to 500,000	755	10.88	77,240	41.67
Above 500,001	16	0.23	30,127	16.25
Manager's stock	-	-	-	-
Total	6,939	100.00	185,390	100.00

3 POLICY ON STOCKBROKING REBATES AND SOFT COMMISSIONS

It is the Manager's policy not to enter into soft-dollar arrangements. Exceptions have to be assessed on a case-by-case basis in accordance to the Manager's policy prior to entering into any soft-dollar arrangement.

The Manager may retain soft commissions provided by any brokers or dealers if the soft commissions bring direct benefit or advantage to the management of the Fund. Any dealings with the brokers or dealers are executed on terms which are the most favourable to the Fund and there is no churning of trades. Any rebates/shared commissions should be credited to the account of the Fund concerned.

During the period under review, soft commissions have not been received by the Management Company.

4 STATEMENT BY THE MANAGER

We, Edmond Cheah Swee Leng and Chong Soon Min, being two of the Directors of Manulife Investment Management (M) Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the unaudited financial statements comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, summary of significant accounting policies and notes to the financial statements, 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 30 April 2022 and of its financial performance, changes in equity and cash flows of the Fund for the six months financial period ended 30 April 2022 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and the International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

MANULIFE INVESTMENT MANAGEMENT (M) BERHAD

EDMOND CHEAH SWEE LENG

DIRECTOR

CHONG SOON MIN

DIRECTOR

Kuala Lumpur

23 June 2022

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5 TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF MANULIFE CHINA EQUITY FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 April 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Manulife Investment Management (M) 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 Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
23 June 2022

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6 STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2022

	Note	2022 RM	2021 RM
INVESTMENT (LOSS)/INCOME			
Interest income from deposits with licensed financial institutions at amortised cost		34,444	41,160
Net (loss)/gain on financial assets at fair value through profit or loss		(33,452,697)	20,562,540
Net loss on foreign currency exchange		(89,700)	(110,318)
		(33,507,953)	20,493,382
EXPENSES			
Manager's fee	3	1,152,659	1,308,976
Trustee's fee	4	25,615	29,088
Auditors' remuneration		2,876	2,876
Tax agent's fee		1,339	1,339
Other expenses		9,144	7,683
		1,191,633	1,349,962
(LOSS)/PROFIT BEFORE TAXATION		(34,699,586)	19,143,420
TAXATION	5	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME		(34,699,586)	19,143,420
 (Loss)/Profit after taxation is made up as follows:			
Realised		(5,670,206)	7,528,077
Unrealised		(29,029,380)	11,615,343
		(34,699,586)	19,143,420

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

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7 STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2022

	Note	<u>30.04.2022</u>	<u>30.04.2021</u>
		RM	RM
ASSETS			
Cash and cash equivalents	7	3,797,096	4,927,991
Financial assets at fair value through profit or loss	6	106,255,495	157,237,025
Amount due from Manager			
- Creation of units		51,528	337,230
Amount due from manager of Collective Investment Scheme			
- Sale of collective investment scheme		108,099	644,885
Amount due from dealers		647,432	333,453
TOTAL ASSETS		<u>110,859,650</u>	<u>163,480,584</u>
LIABILITIES			
Amount due to Manager			
- Manager's fee		31,397	45,300
- Cancellation of units		640,765	687,572
Amount due to Trustee		3,630	5,264
Amount due to manager of Collective Investment Scheme			
- Purchase of collective investment scheme		27,531	333,453
Amount due to dealers		647,473	335,087
Distribution payable		-	3,883
Other payables	8	12,190	12,847
TOTAL LIABILITIES		<u>1,362,986</u>	<u>1,423,406</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>109,496,664</u>	<u>162,057,178</u>
EQUITY			
Unit holders' capital		127,599,188	125,382,584
(Accumulated losses)/retained earnings		(18,102,524)	36,674,594
		<u>109,496,664</u>	<u>162,057,178</u>
NET ASSETS ATTRIBUTABLE ("NAV") TO UNIT HOLDERS	2	<u>109,496,664</u>	<u>162,057,178</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>185,390,435</u>	<u>183,473,063</u>
NAV PER UNIT		<u>0.5906</u>	<u>0.8833</u>

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

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8 STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2022

	Unit holders' capital	Accumulated losses	Total
	RM	RM	RM
BALANCE AS AT 1 NOVEMBER 2021	131,994,470	16,597,062	148,591,532
Movement in unit holders' contribution:			
Creation of units arising from applications	14,900,125	-	14,900,125
Cancellation of units	(19,295,407)	-	(19,295,407)
Total comprehensive loss	-	(34,699,586)	(34,699,586)
BALANCE AS AT 30 APRIL 2022	127,599,188	(18,102,524)	109,496,664

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
BALANCE AS AT 1 NOVEMBER 2020	83,367,001	31,400,507	114,767,508
Movement in unit holders' contribution:			
Creation of units arising from applications	58,334,577	-	58,334,577
Creation of units arising from distribution	46,068,617	-	46,068,617
Cancellation of units	(30,025,833)	-	(30,025,833)
Total comprehensive income	-	19,143,420	19,143,420
Distribution (Note 16)	(32,361,778)	(13,869,333)	(46,231,111)
BALANCE AS AT 30 APRIL 2021	125,382,584	36,674,594	162,057,178

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

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9 STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of investments		(15,900,580)	(56,462,915)
Sale of investments		19,045,673	33,075,024
Net realised foreign exchange loss		(52,331)	(108,573)
Interest income received		34,444	41,160
Manager's fee paid		(232,849)	(234,913)
Trustee's fee paid		(26,954)	(27,901)
Audit fee paid		(5,800)	(5,800)
Tax agent's fee paid		(8)	(250)
Payment for other fees and expenses		(14,588)	(7,605)
Net cash generated from/(used in) operating activities		2,847,007	(23,731,773)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid		-	(158,611)
Proceeds from creation of units		15,395,341	57,997,347
Payments for cancellation of units		(19,030,964)	(32,979,268)
Net cash (used in)/generated from financing activities		(3,635,623)	24,859,468
Net (decrease)/increase in cash and cash equivalents		(788,616)	1,127,695
Cash and cash equivalents at the beginning of the financial period		4,585,712	3,800,296
Cash and cash equivalents at the end of the financial period	7	3,797,096	4,927,991
Cash and cash equivalents comprise:			
Deposits with licensed financial institutions		3,241,720	4,827,825
Bank balances in licensed banks		555,376	100,166
	7	3,797,096	4,927,991

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

10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2022

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. The policies have been consistently applied to all the financial periods presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Manager to exercise 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. There are no significant areas of judgement or complexity that have significant effect on the amounts recognised in the financial statements. There are no critical accounting estimates and assumptions used in the preparation of the financial statements of the Fund for the six months financial period ended 30 April 2022.

- (i) Standards and amendments to existing standards effective 1 November 2021

There are no standards, amendments to standards or interpretations that are effective for Financial period beginning on 1 November 2021 that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendments and interpretations effective after 1 November 2021 and have not been early adopted.

A number of new standards, amendments to standards or interpretations are effective for financial periods beginning after 1 November 2021, 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 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 collective investment scheme as fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

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

Fund classifies amount due to Manager, amount due to Trustee, amount due to manager of collective investment scheme, amount due to dealers, distribution payable and other payables as other financial liabilities measured at amortised cost.

(ii) Recognition and initial 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 assets. Investments are initially recognised at fair value.

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 financial instrument.

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

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

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Collective investment schemes are valued based on the most recent published net asset value per unit or share of such collective investment schemes or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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

(iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management considers both historical analysis and forward looking information in determining any expected credit loss. The 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 the 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.

MANULIFE CHINA EQUITY FUND

(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 there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flow to repay the amount. The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the six months financial period.

C INCOME RECOGNITION

Interest income from deposits placed with licensed financial institutions is recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest 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 interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income on collective investment scheme is recognised on the ex-dividend date.

Realised gains or losses on disposal of collective investment schemes are calculated based on the differences between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

D EXPENSES

Expenses are accounted for on an accrual basis and charged to the statement of comprehensive income.

E AMOUNT DUE FROM/TO MANAGER OF COLLECTIVE INVESTMENT SCHEMES

Amounts due from and amounts due to manager of collective investment scheme represent receivables for collective investments scheme sold and payables for collective investments scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from manager of collective investment scheme is held for collection.

These amounts are recognised initially at fair value and subsequently measured at the amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from manager of collective investment scheme at an amount equal to lifetime expected credit loss if the credit risk have 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-month expected credit losses.

Significant financial difficulties of the manager of the collective investment scheme, probability that the manager of the collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

F CASH AND CASH EQUIVALENTS

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

MANULIFE CHINA EQUITY FUND

G FOREIGN CURRENCY

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.

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

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial 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 (OCI) as qualifying cash flow hedges.

H DISTRIBUTION

A distribution of the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution to unit holders is recognised in the statement of changes in equity upon approval by the Trustee.

Distribution equalisation is the amount attributable to net realised income that is included in the price of units created or units cancelled by the Fund during the reporting period.

I FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair value as at the date of the statement of financial position.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions has been used in deriving the fair values of the Fund's financial instruments as at the date of statement of financial position. The total fair value of each financial instrument is not materially different from the total carrying value.

The fair values are based on the following methodologies and assumptions:

- (a) Short-term deposits with financial institutions

For deposits and placements with financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of three months and above, the estimated fair value is based on discounted cash flows by using prevailing interbank money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

MANULIFE CHINA EQUITY FUND

(b) Collective investment schemes

The estimated fair value is based on the last published net asset value per unit or share of such collective investment schemes or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included).

(c) Other short-term financial instruments

Other short-term financial instruments comprise amount due to/from Manager, amount due from/to manager of collective investment scheme, amount due to Trustee, amount due from/to dealers, distribution payable and other payables. The carrying values of the assets and liabilities are assumed to approximate their fair values due to the short tenure of less than one year.

J MANAGEMENT FEE REBATE

Management fee rebate is derived from the collective investment scheme held by the Fund on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme.

K TAXATION

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

MANULIFE CHINA EQUITY FUND

11 NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2022

1 INFORMATION ON THE FUND

Manulife China Equity Fund (“the Fund”) was established pursuant to a Master Deed dated 27 October 2009, as amended and supplemented by subsequent Supplemental Deeds (hereinafter referred to as “the Deed”) between Manulife Investment Management (M) Berhad (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The principal activity of the Fund is to invest in “Investments” as defined under Clause 1 of the Deed. The Fund may invest in collective investment schemes, liquid assets consisting of money market instruments (including fixed income securities of not more than 365 days) and deposits with any financial institutions and any other forms of investments as may be permitted by the Securities Commission from time to time. The Fund commenced operations on 7 January 2010 and will continue its operations until terminated as provided under Clause 12 of the Deed.

The Fund invests in Manulife Global Fund-China Value Fund (“MGF-CVF”), which aims to achieve long-term capital growth through investment, primarily in under-valued companies with long term potential and substantial business interest in the Greater China Region (which includes People’s Republic of China (“PRC”), Hong Kong and Taiwan) which are listed or traded on stock exchanges of Shanghai, Shenzhen, Hong Kong, Taipei or other exchanges.

The Manager of the Fund, a company incorporated in Malaysia, is a wholly-owned subsidiary of Manulife Holdings Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia. Its principal activities are the management of unit trusts and private retirement schemes, fund management activities and financial planning.

The financial statements were authorised for issue by the Manager on 23 June 2022.

2 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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 is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over their lifespan 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 holders exercise the right to put the units 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.

3 MANAGER’S FEE

In accordance with the Deed, the Manager is entitled to Manager’s fee at a rate of 1.80% per annum (2021: 1.80% per annum) of the net asset value of the Fund before deducting Trustee’s fee and Manager’s fee for the day, calculated on a daily basis.

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

4 TRUSTEE’S FEE

In accordance with the Deed, the Trustee is entitled to a fee of 0.04% per annum (2021: 0.04% per annum) of the net asset value of the Fund before deducting Trustee’s fee and Manager’s fee for the day, calculated on a daily basis.

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

MANULIFE CHINA EQUITY FUND

5 TAXATION

	2022	2021
	RM	RM
Current taxation	-	-

Numerical reconciliation between (loss)/profit before taxation multiplied by the Malaysian statutory tax rate and tax expenses of the Fund is as follows:

	2022	2021
	RM	RM
(Loss)/profit before taxation	(34,699,586)	19,143,420
Tax calculated at Malaysian tax rate of 24% (2021: 24%)	(8,327,901)	4,594,421
Tax effect in respect of:		
- Expenses not deductible for tax purposes	7,816	8,838
- Restriction on tax deductible expenses for unit trust funds	278,176	315,153
- Investment loss not deductible for tax purposes/ (Investment income not subject to tax)	8,041,909	(4,918,412)
Tax expenses	-	-

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.04.2022	30.04.2021
	RM	RM
Financial assets at fair value through profit or loss		
- Collective investment scheme	106,255,495	157,237,025
	2022	2021
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised	(5,391,646)	7,926,352
- Unrealised	(28,992,338)	11,572,440
- Management fee rebate #	931,287	1,063,748
	(33,452,697)	20,562,540

#In arriving at the fair value of collective investment schemes managed by the Manager, the management fee initially paid to the manager of collective investment schemes has been considered as part of its net asset value. In order to prevent the double charging of management fee, management fee charged on the Fund's investment in collective investment schemes has been refunded to the Fund. Accordingly, any rebate of management fee received from the manager of collective schemes is reflected as increase in the net asset value of the collective investment schemes.

As the Fund invests in a collective investment scheme, the management fee charged by the collective investment scheme is fully refunded to the fund. In accordance with the Fund's Master Prospectus, there is no double charging of management fee to the fund. Rebate is recognised at a rate of 1.50% per annum (2021: 1.50% per annum)

MANULIFE CHINA EQUITY FUND

<u>COLLECTIVE INVESTMENT SCHEME</u>	<u>Quantity</u> Units	<u>Cost of Shares</u> RM	<u>Fair value as at 30.04.2022</u> RM	<u>Fair value as at 30.04.2022 expressed as percentage of value of Fund</u> %
<u>30.04.2022</u>				
Manulife Global Fund - China Value Fund - Class AA	8,481,667	155,952,522	106,255,495	97.04
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>8,481,667</u>	<u>155,952,522</u>	<u>106,255,495</u>	<u>97.04</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(49,697,027)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>106,255,495</u>		

<u>COLLECTIVE INVESTMENT SCHEME</u>	<u>Quantity</u> Units	<u>Cost of Shares</u> RM	<u>Fair value as at 30.04.2021</u> RM	<u>Fair value as at 30.04.2021 expressed as percentage of value of Fund</u> %
<u>30.04.2021</u>				
Manulife Global Fund-China Value Fund- Class A	2,610,615	123,880,649	157,237,025	97.03
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>2,610,615</u>	<u>123,880,649</u>	<u>157,237,025</u>	<u>97.03</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		33,356,376		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>157,237,025</u>		

MANULIFE CHINA EQUITY FUND

7 CASH AND CASH EQUIVALENTS

	<u>30.04.2022</u>	<u>30.04.2021</u>
	RM	RM
Deposits with licensed financial institutions	3,241,720	4,827,825
Bank balances in licensed banks	555,376	100,166
	<u>3,797,096</u>	<u>4,927,991</u>

Weighted average rates of returns are as follows:

	<u>30.04.2022</u>	<u>30.04.2021</u>
	%	%
Short-term deposits with licensed financial institutions	<u>1.75</u>	<u>1.75</u>

The deposits have an average maturity of 7 days (30.04.2021: 4 days).

8 OTHER PAYABLES

	<u>30.04.2022</u>	<u>30.04.2021</u>
	RM	RM
Auditors' remuneration	2,876	2,876
Tax agent's fee	4,031	3,789
Sundry payables and accruals	5,283	6,182
	<u>12,190</u>	<u>12,847</u>

9 UNITS IN CIRCULATION

	<u>30.04.2022</u>	<u>30.04.2021</u>
	No. of units	No. of units
At beginning of the financial period	191,473,276	106,202,272
Add: Creation of units arising from applications	21,981,117	49,172,815
Add: Creation of units arising from distribution	-	53,799,623
Less: Cancellation of units	(28,063,958)	(25,701,647)
At end of the financial period	<u>185,390,435</u>	<u>183,473,063</u>

10 BROKERS'/DEALERS' TRANSACTIONS

There were no transactions with brokers in relation to equities or fixed income securities for the financial periods ended 30 April 2022 and 30 April 2021 respectively.

As at the end of each financial period, there were no transactions with related parties.

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

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

<u>Related parties</u>	<u>Relationship</u>
Manulife Investment Management (M) Berhad	The Manager
Manulife Financial Corporation ("Manulife")	Ultimate holding company of the Manager
Manulife Holdings Berhad	Immediate holding company of the Manager
Manulife Investment Management (Hong Kong) Limited	Subsidiary and associate company of the ultimate holding company of the Manager
Manulife Global Fund - China Value Fund - Class A	Collective investment scheme managed by Manulife Investment Management (Hong Kong) Limited
Director of Manulife Investment Management (M) Berhad	Directors of the Manager
Subsidiaries and associates of Manulife as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

MANULIFE CHINA EQUITY FUND

Units held by Director of the Manager:

As at:	DIRECTOR OF THE MANAGER WONG BOON CHOY**	
	No. of units	RM
30.04.2022	199,936	118,082
30.04.2021	181,518	160,335

** The units are held legally

	2022	2021
	RM	RM
<u>Significant related party transactions</u>		
Purchase of collective investment scheme:		
- Manulife Investment Management (Hong Kong) Limited	15,928,111	56,796,369
Disposal of collective investment scheme:		
- Manulife Investment Management (Hong Kong) Limited	18,914,470	33,398,845
Management fee rebates:		
- Manulife Investment Management (Hong Kong) Limited	931,287	1,063,748
	2022	2021
	RM	RM
<u>Significant related party balances</u>		
Collective investment scheme managed by related party:		
Manulife Global Fund - China Value Fund - Class AA	106,255,495	157,237,025

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

The Manager is of the opinion that all transactions with related companies have been entered into at agreed terms between the related parties.

12 MANAGEMENT EXPENSES RATIO ("MER")

	2022	2021
	%	%
MER	0.92	0.92

MER represents expenses including Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and other expenses (excluding SST on transaction costs and withholding tax) expressed as an annual percentage of the Fund's average net asset value calculated on a daily basis.

13 PORTFOLIO TURNOVER RATIO ("PTR")

	2022	2021
PTR (times)	0.13	0.31

PTR represents the average of total acquisitions and disposals of investments in the Fund for the financial period over the Fund's average net asset value calculated on a daily basis.

MANULIFE CHINA EQUITY FUND

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to all rules and regulations as stipulated by the Securities Commission's Guidelines on Unit Trust Funds.

Market risk

(a) Price risk

Price risk arises mainly from uncertainty about future prices of investments. It represents the potential loss the Fund may 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 the assets of the Fund which are exposed to price risk.

	30.04.2022	30.04.2021
	RM	RM
Financial assets at fair value through profit or loss		
- Collective investment scheme	106,255,495	157,237,025

The table below summarises the sensitivity of the Fund's profit or loss after tax and net asset value to price risk movements of collective investment schemes. The analysis is based on the assumptions that the market price of collective investment schemes fluctuates by 5% with all other variables being held constant, and that fair value of the Fund's investments move according to the historical correlation of the index. Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

As at:	Changes in price	Impact on profit or loss after tax	Impact on net asset value
	%	RM	RM
<u>30.04.2022</u>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	5,312,775	5,312,775
<u>30.04.2021</u>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	7,861,851	7,861,851

(b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to deposits with financial institutions. The Manager overcomes this exposure by way of maintaining deposits on short-term basis. Therefore, the Fund's exposure to interest rate fluctuation is minimal.

MANULIFE CHINA EQUITY FUND

(c) Currency risk

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

The Fund's foreign currency risk concentration is as follows:

<u>As at</u>	Cash and Cash equivalents	Financial assets at fair value through profit or loss	Amount due from manager of collective investment scheme	Amount due from dealers	Amount due to dealers	Amount due to manager of collective investment scheme
	RM	RM	RM	RM	RM	RM
<u>30.04.2022</u>						
USD	539,591	106,255,495	108,099	647,432	(27,531)	647,473
<u>As at</u>						<u>Total</u>
<u>30.04.2022</u>						<u>RM</u>
USD						<u>108,170,559</u>

<u>As at</u>	Financial assets at fair value through profit or loss	Amount due from Manager of collective investment scheme	Amount due from dealers	Amount due to dealers	Amount due to manager of collective investment scheme	Total
	RM	RM	RM	RM	RM	RM
<u>30.04.2021</u>						
USD	157,237,025	644,885	333,453	(335,087)	(333,453)	157,546,823

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

<u>30.04.2022</u>	<u>Changes in foreign exchange</u>	<u>Impact on profit or loss after tax</u>	<u>Impact on net asset value</u>
	%	RM	RM
USD	5	<u>5,408,528</u>	<u>5,408,528</u>
<u>30.04.2021</u>			
USD	5	<u>7,877,341</u>	<u>7,877,341</u>

MANULIFE CHINA EQUITY FUND

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Manager manages the credit risk by undertaking credit evaluation to minimise such a risk.

Credit risk arising from placement of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For amount due from/to manager of collective investment scheme, the Fund will invest with an investment management company of collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

The settlement terms of the proceeds from the creation of units receivable by the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

The maximum exposure to credit risk before any credit enhancements in the carrying amount of the financial assets is set out as below:

	Neither Past Due Nor Impaired				
	Cash and cash equivalents	Amount due from Manager - creation of units	Amount due from manager of collective investment scheme	Amount due from dealers	Total
As at	RM	RM	RM	RM	RM
<u>30.04.2022</u>					
AAA	3,797,096	-	-	-	3,797,096
Not rated	-	51,528	108,099	647,432	807,059
	<u>3,797,096</u>	<u>51,528</u>	<u>108,099</u>	<u>647,432</u>	<u>4,604,155</u>
<u>As at</u>					
<u>30.04.2021</u>					
AAA	4,927,991	-	-	-	4,927,991
Not rated	-	337,230	644,885	333,453	1,315,568
	<u>4,927,991</u>	<u>337,230</u>	<u>644,885</u>	<u>333,453</u>	<u>6,243,559</u>

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining a sufficient level of liquid assets to meet anticipated payments and cancellations of units by unit holders. The liquid assets comprise cash at banks, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

MANULIFE CHINA EQUITY FUND

As at	Within one year	No maturity date	Total
	RM	RM	RM
<u>30.04.2022</u>			
<u>Financial assets</u>			
Cash and cash equivalents	3,241,720	555,376	3,797,096
Financial assets at fair value through profit or loss	-	106,255,495	106,255,495
Amount due from Manager			
- Creation of units	51,528	-	51,528
Amount due from manager of Collective Investment Scheme			
- Sale of collective investment scheme	108,099	-	108,099
Amount due from dealers	647,432	-	647,432
	<u>4,048,779</u>	<u>106,810,871</u>	<u>110,859,650</u>

Financial liabilities

Amount due to Manager			
- Manager's fee	31,397	-	31,397
- Cancellation of units	640,765	-	640,765
Amount due to Trustee	3,630	-	3,630
Amount due to manager of Collective Investment Scheme			
- Purchase of collective investment scheme	27,531	-	27,531
Amount due to dealers	647,473	-	647,473
Other payables	12,190	-	12,190
	<u>1,362,986</u>	<u>-</u>	<u>1,362,986</u>

As at	Within one year	No maturity date	Total
	RM	RM	RM
<u>30.04.2021</u>			
<u>Financial assets</u>			
Cash and cash equivalents	4,827,825	100,166	4,927,991
Financial assets at fair value through profit or loss	-	157,237,025	157,237,025
Amount due from Manager			
- Creation of units	337,230	-	337,230
Amount due from manager of Collective Investment Scheme			
- Sale of collective investment scheme	644,885	-	644,885
Amount due from dealers	333,453	-	333,453
	<u>6,143,393</u>	<u>157,337,191</u>	<u>163,480,584</u>

Financial liabilities

Amount due to Manager			
- Manager's fee	45,300	-	45,300
- Cancellation of units	687,572	-	687,572
Amount due to Trustee	5,264	-	5,264
Amount due to manager of Collective Investment Scheme			
- Purchase of collective investment scheme	333,453	-	333,453
Amount due to dealer	335,087	-	335,087
Distribution payable	3,883	-	3,883
Other payables	12,847	-	12,847
	<u>1,423,406</u>	<u>-</u>	<u>1,423,406</u>

MANULIFE CHINA EQUITY FUND

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM127,599,188 (30.04.2021: RM125,382,584) and accumulated losses of RM18,102,524 (30.04.2021: retained earnings of RM36,674,594). 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.

Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Financial assets at fair value through profit or loss consisting of RM106,255,495 (30.04.2021: RM157,237,025) is classified within level 1.

15 DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2022	2021
	RM	RM
Previous financial years' realised profit	-	16,160,247
Distribution equalisation	-	32,361,778
Less:		
Expenses	-	(2,290,914)
	-	46,231,111
Gross distribution per unit (sen)	-	37.00
Net distribution per unit (sen)	-	37.00
Ex-date	-	29.03.2021

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Included in the distribution for the financial period is an amount of Nil (30.04.2021:RM16,160,247) derived from previous financial years' realised profit.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

12 CORPORATE INFORMATION

MANAGER

Manulife Investment Management (M) Berhad
Registration No: 200801033087 (834424-U)
13th Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur

BOARD OF DIRECTORS

Dato' Dr Zaha Rina Binti Zahari (Independent)
Edmond Cheah Swee Leng (Independent)
Gianni Fiacco (Non-Independent)
Vibha Hamsi Coburn (Non-Independent)
Wong Boon Choy (Non-Independent)
Chong Soon Min (Jason) (Non-Independent Executive)

INVESTMENT COMMITTEE

Dato' Dr Zaha Rina Binti Zahari (Independent)
Edmond Cheah Swee Leng (Independent)
Wong Boon Choy (Non-Independent)
Chong Soon Min (Jason) (Non-Independent Executive)
Wan Shuhaida Binti Wan Zainal (Non-Independent)

INVESTMENT MANAGER

Manulife Investment Management (M) Berhad
Registration No: 200801033087 (834424-U)
10th Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur

TRUSTEE OF THE FUND

HSBC (Malaysia) Trustee Berhad
Registration No: 193701000084 (1281-T)
19th Floor, Menara IQ
Lingkar TRX
55188 Tun Razak Exchange
Kuala Lumpur

AUDITORS

PricewaterhouseCoopers PLT
Registration No: LLP0014401-LCA & AF 1146
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P.O Box 10192
50706 Kuala Lumpur

TAX CONSULTANTS

Deloitte Tax Services Sdn Bhd
Registration No: 197701005407 (36421-T)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

MANULIFE CHINA EQUITY FUND

HEAD OFFICE

Manulife Investment Management (M) Berhad
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13th Floor, Menara Manulife
No. 6, Jalan Gelenggang
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50490 Kuala Lumpur
Tel: (03) 2719-9228 Fax: (03) 2094-7654
Customer Service Hotline: (03) 2719-9271
E-mail : MY_CustomerService@manulife.com
Website: www.manulifeinvestment.com.my

BRANCH OFFICES

Kota Bharu

1st Floor, Lot 10900
Wisma Seri Setia
Jalan Dusun Muda, Sek 26
15200 Kota Bharu
Kelantan
Tel: (09) 747-2388
Fax: (09) 747-2588

Sungai Petani

Lot 88, No. 17, 2nd Floor
Jalan Perdana Heights 2/2
Perdana Heights
08000 Sungai Petani
Kedah Darul Aman
Tel: (04) 423-3233
Fax: (04) 423-3233

Penang

1-2-18, Elit Avenue,
Jalan Mayang Pasir 3,
11950 Bayan Baru,
Penang
Tel: (04) 611-9944 / 618-0044
Fax: (04) 618-0505

Ipoh

No. 1, 1A & 1B
Pusat Perdagangan Canning 2
Pusat Perdagangan Canning
31400 Ipoh
Perak Darul Ridzuan
Tel: (05) 541-6839
Fax: (05) 541-6627

Dataran Sunway

26-2 & 28-2, Jalan PJU 5/8
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 6140-8101 / 6140-8102
Fax: (03) 6140-8103

Shah Alam

30-1, Block 5,
Jalan Setia Prima (S)
U13/S, Setia Alam,
Seksyen U13,
40170 Shah Alam
Selangor Darul Ehsan
Tel: (03) 3362-6668
Fax: (03) 3362-6662

MANULIFE CHINA EQUITY FUND

Klang

No. 3-1 & 3-2,
Jalan Mahogani 5/K507,
Bandar Botanic,
41200 Klang
Selangor Darul Ehsan
Tel: (03) 3318-6088
Fax: (03) 3318-4011

Kuala Lumpur

2nd Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur
Tel: (03) 2719-9204

Seremban

160-2, Taipan Senawang
Jalan Taman Komersil Senawang 1
Taman Komersil Senawang
70450 Seremban
Negeri Sembilan
Tel: (06) 671-5019
Fax: (06) 678-0016

Melaka

No. 87-01 & 87-02
Jalan Melaka Raya 25
Taman Melaka Raya 1
75000 Melaka
Tel: (06) 281-3866
Fax: (06) 282-0587

Johor Bahru

No. 1-01, Jalan Setia Tropika 1/15
Taman Setia Tropika
81200 Johor Bahru
Johor Darul Takzim
Tel: (07) 234-5871
Fax: (07) 234-4620

Kuching

No. 63 & 65, 2nd Floor
Jalan Tun Jugah
93350 Kuching
Sarawak
Tel: (082) 593-380
Fax: (082) 593-382

Miri

Lot. 3554, 1st & 2nd Floor
Block 5 MCLD
Jalan Miri Pujut
101 Commercial Centre
98000 Miri
Sarawak
Tel: (085) 325-770
Fax: (085) 326-262

Bintulu

No. 2, Lot 3288, 1st Floor
Parkcity Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu
Sarawak
Tel: (086) 343-288
Fax: (086) 343-289

MANULIFE CHINA EQUITY FUND

Sibu

No. 1 & 3, 1st Floor, Lorong 1,
Jalan Tun Abang Haji Openg
96000 Sibu
Sarawak
Tel: (084) 320-469
Fax: (084) 320-476

Kota Kinabalu

Lot J-55-2, Block J,
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KK Times Square,
Off Jalan Coastal Highway,
88100 Kota Kinabalu
Sabah
Tel: (088) 486-671 / 486-672
Fax: (088) 486-670

Sandakan

Taman Nasalim Shoplot
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