

# Manulife Dragon Growth Fund

## Annual Report

for the financial year ended 31 December 2023

# MANULIFE DRAGON GROWTH FUND

<b>CONTENTS</b>	<b>PAGE</b>
1 General Information	1
2 Manager's Report	2
3 Policy On Stockbroking Rebates And Soft Commissions	11
4 Statement By The Manager	12
5 Trustee's Report	13
6 Independent Auditors' Report	14
7 Statement Of Comprehensive Income	16
8 Statement Of Financial Position	17
9 Statement Of Changes In Net Assets Attributable To Unit Holders	18
10 Statement Of Cash Flows	19
11 Material Accounting Policy Information	20
12 Notes To The Financial Statements	26
13 Corporate Information	37



# MANULIFE DRAGON GROWTH FUND

## 1 GENERAL INFORMATION

### 1.1 THE TRUST

The Fund commenced operations on 3 November 2016 and will continue its operations until terminated as provided under Clause 25 of the Deed.

### 1.2 FUND TYPE / CATEGORY

Growth / Feeder Fund

*Note: The Fund was launched as a wholesale fund and is subsequently converted to a retail unit trust scheme on 30 September 2021 following the approval obtained from Unit Holders at a Unit Holders' meeting.*

### 1.3 BASE CURRENCY

US Dollar (USD)

### 1.4 OBJECTIVE OF THE FUND

The Fund seeks to achieve capital appreciation over the medium- to long-term period.

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

### 1.5 DISTRIBUTION POLICY

Distribution of income, if any, is incidental

### 1.6 PERFORMANCE BENCHMARK

MSCI AC Zhong Hua NR USD Index

Note: The performance benchmark above is only used as a reference for investment performance comparison purpose. The performance benchmark of the Fund is the same as the benchmark of the Target Fund. The risk profile of the Fund is not the same as the risk profile of this performance benchmark. The performance benchmark information is available at [www.manulifeim.com.my](http://www.manulifeim.com.my).

### 1.7 INVESTMENT STYLE AND STRATEGY

The Fund will invest at least 85% of the Fund's NAV in Share class I3 Acc of the Manulife Global Fund – Dragon Growth Fund (the "Target Fund"), and the remaining NAV of the Fund will be invested in liquid assets such as cash, money market instruments (including fixed income securities which have a remaining maturity period of less than 365 days), placement of deposits with financial institutions for liquidity purposes and/or derivative for hedging purposes.

The Fund's portfolio will be closely monitored and rebalanced from time to time to ensure that the Fund's assets are allocated in accordance with its prescribed asset allocation.

The Fund will not be adopting any temporary defensive strategies during adverse market condition as the Fund adopts a passive strategy of investing a minimum of 85% of the Fund's NAV into the Target Fund at all times. This strategy is to allow the Fund to mirror the performance of the Target Fund and may result in the Fund being exposed to the risk of its NAV declining when the Target Fund's net asset value declines.

During the financial year under review, the Fund remained guided by its investment objective, having invested at least 85% of its NAV in the Target Fund and, with the balance NAV in cash and money market instruments.

# MANULIFE DRAGON GROWTH FUND

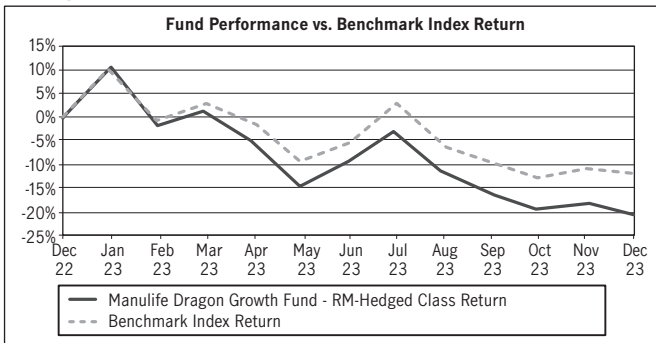
## 2 MANAGER'S REPORT

### 2.1 FUND PERFORMANCE

For the financial year ended 31 December 2023, the Target Fund return decreased 17.42 % while its benchmark return fell 11.82% in USD terms. The portfolio's overweight in consumer discretionary and underweight in utilities detracted from performance, while underweight in consumer staples offset part of the losses. Stock selection in financials and consumer discretionary detracted from performance, while industrials offset part of the losses. The Feeder Fund decreased in tandem, posting a return of -17.69% for its USD Class. The currency hedging costs further dragged on its RM-Hedged Class return, which posted a return of -20.34%

The graph below compares the 12-month performance of the Feeder Fund against its benchmark return for both the share classes:

#### RM-Hedged Class

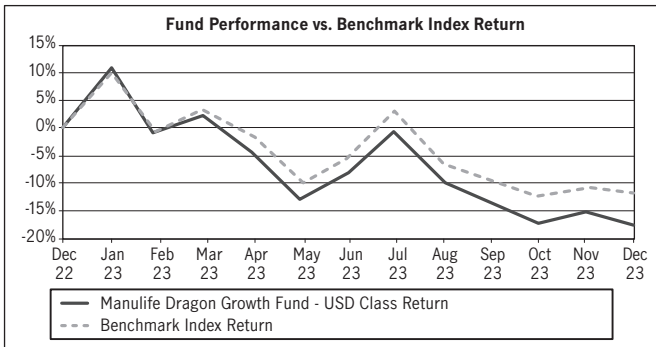


Source: Lipper, Bloomberg & RIMES

Note: The first subscription of the RM-Hedged Class was made on 9 December 2016, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

#### USD Class



Source: Lipper, Bloomberg & RIMES

Note: The first subscription of the USD Class was made on 16 February 2017, being the commencement date

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

# MANULIFE DRAGON GROWTH FUND

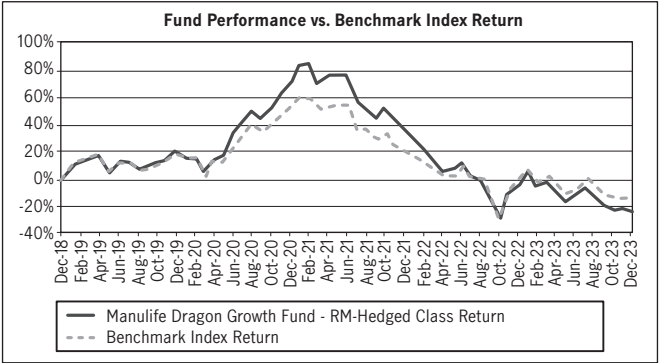
## Fund Size

The Fund's total NAV decreased from USD84.64mil to USD68.05mil during the financial year under review.

## Fund Returns

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

### RM-Hedged Class

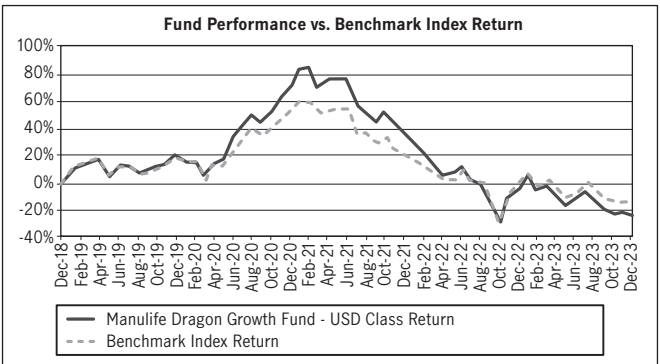


Source: Lipper, Bloomberg & RIMES

Note: The first subscription of the RM-Hedged Class was made on 9 December 2016, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

### USD Class



Source: Lipper, Bloomberg & RIMES

Note: The first subscription of the USD Class was made on 16 February 2017, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

# MANULIFE DRAGON GROWTH FUND

(b) Average Total Return of the Fund:

## RM-Hedged Class

For the financial year ended 31 December 2023	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(20.34)	(11.82)
3 years	(23.08)	(16.85)
5 years	(5.08)	(2.83)
Investment commencement date: 9 December 2016		

Source: Lipper, Bloomberg & RIMES

Note: The first subscription of the RM-Hedged Class was made on 9 December 2016, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

## USD Class

For the financial year ended 31 December 2023	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(17.69)	(11.82)
3 years	(22.27)	(16.85)
5 years	(4.48)	(2.83)
Investment commencement date: 16 February 2017		

Source: Lipper, Bloomberg & RIMES

Note: The first subscription of the USD Class was made on 16 February 2017, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

(c) Annual Total Return of the Fund:

## RM-Hedged Class

For the financial year ended	Fund (% p.a.)	Benchmark (% p.a.)
31 December 2023	(20.34)	(11.82)
31 December 2022	(28.57)	(19.16)
31 December 2021	(20.01)	(19.16)
31 December 2020	40.34	25.13
31 December 2019	20.66	20.71
Investment commencement date: 9 December 2016		

Source: Lipper, Morningstar & RIMES

Note: The first subscription of the RM-Hedged Class was made on 9 December 2016, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

## USD Class

For the period ended	Fund (% p.a.)	Benchmark (% p.a.)
31 December 2023	(17.69)	(11.82)
31 December 2022	(27.97)	(19.16)
31 December 2021	(20.80)	(19.16)
31 December 2020	40.41	25.13
31 December 2019	20.59	20.71
Investment commencement date: 16 February 2017		

Source: Lipper, Morningstar & RIMES

Note: The first subscription of the USD Class was made on 16 February 2017, being the commencement date.

Note: Benchmark performance return has been adjusted in November 2023 retrospectively.

The Fund has not achieved its target of providing capital appreciation as China's economy continued to struggle for momentum in 2023, disappointing hopes for a strong rebound after protracted Covid-19 lockdowns.

# MANULIFE DRAGON GROWTH FUND

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

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

Fund Data	31 December 2023	31 December 2022	31 December 2021
NAV (USD)			
- RM-Hedged Class	61,220,113	75,841,041	101,542,964
- USD Class	6,829,623	8,796,113	13,252,791
Units in Circulation ('000)			
- RM-Hedged Class	354,959	335,722	303,819
- USD Class	8,563	9,076	9,850
NAV (per unit)-in respective currencies			
- RM-Hedged Class	0.7918	0.9940	1.3916
- USD Class	0.7976	0.9691	1.3454
Highest / Lowest NAV (per unit)-in respective currencies			
- RM-Hedged Class	1.1442 / 0.7596	1.4089 / 0.7486	2.5328/1.3533
- USD Class	1.1193 / 0.7643	1.3616 / 0.7245	2.4630/1.3080
Final Distribution -			
- RM-Hedged Class			
Gross (RM per unit)	-	-	0.3800
Net (RM per unit)	-	-	0.3800
Final Distribution-USD Class			
Gross (USD per unit)	-	-	0.3650
Net (USD per unit)	-	-	0.3650
Ex-date	-	-	24.02.2021
Total Fund Return (%)			
- RM-Hedged Class	(20.34)	(28.57)	(20.01)
- Capital Growth (%)	(20.34)	(28.57)	(33.16)
- Income Distribution (%)	-	-	19.67
Total Fund Return (%)			
- USD Class	(17.69)	(27.97)	(20.80)
- Capital Growth (%)	(17.69)	(27.97)	(33.66)
- Income Distribution (%)	-	-	19.39
Total Expense Ratio (%)	1.85	1.85	1.85
Portfolio Turnover Ratio (times)	1.22	0.27	0.47



# MANULIFE DRAGON GROWTH FUND

## NOTES

### (i) Total Expense Ratio (TER)

TER 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 total expense ratio, expressed as a fixed amount, calculated on a daily basis. This would include the annual management fee, the annual trustee fee and any other fees deducted / deductible directly from the unit trust 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 unit trust net income value of the fund, less expenses on an accrued basis, in respect of the period covered by the total expense ratio, calculated on a daily basis.

The TER for the financial year remains consistent with previous financial year.

### (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 year to the average value of the unit trust fund for the financial year calculated on a daily basis.

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

The PTR for the financial year is higher as compared to the previous financial year mainly due to the increase in trading activities.

***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.***

# MANULIFE DRAGON GROWTH FUND

## 2.2 ASSET ALLOCATION

Asset allocation for the financial year ended:

Sector Allocation	% of Net Asset Value		
	31 December 2023	31 December 2022	31 December 2021
Collective Investment Scheme	95.81	96.77	96.11
Deposits With Licensed Financial Institutions	0.22	-	-
Other Assets & Liabilities	3.97	3.23	3.89

As at 31 December 2023, the Fund was 95.81% invested in a Collective Investment Scheme and 4.19% 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 years:

Sector Allocation	% of Net Asset Value		
	31 December 2023	31 December 2022	31 December 2021
Consumer Discretionary	28.21	31.40	26.90
Telecommunication Services	17.47	12.50	12.90
Financials	14.30	17.80	16.40
Industrial Products	13.68	9.70	10.20
Information Technology	8.59	7.90	9.10
Healthcare	4.72	6.40	6.40
Materials	4.71	-	6.20
Real Estate	4.11	4.50	3.90
Others	2.55	4.60	5.70
Consumer Staples	-	3.20	-
Cash	1.66	2.00	2.30

Country Allocation	% of Net Asset Value		
	31 December 2023	31 December 2022	31 December 2021
China	83.64	78.60	85.50
Hong Kong	14.70	19.40	12.20
Cash	1.66	2.00	2.30

Top 10 holdings of the Target Fund for the past three financial years:

Security Name	% of Net Asset Value
	31 December 2023
Tencent Holdings Ltd.	9.07
Alibaba Group Holding Ltd.	7.52
AIA Group Limited	5.76
Meituan	3.01
PDD Holdings Inc. Sponsored ADR	2.96
Hong Kong Exchanges & Clearing Ltd.	2.83
Shenzhou International Group Holdings Limited	2.39
Zijin Mining Group Co., Ltd.	2.37
China Merchants Bank Co., Ltd.	2.35
ASMPT Limited	2.33

# MANULIFE DRAGON GROWTH FUND

Security Name	% of Net Asset Value
	31 December 2022
Tencent Holdings Ltd.	9.30
Meituan	5.82
Alibaba Group Holding Ltd.	5.67
AIA Group Limited	5.64
China Merchants Bank Co., Ltd.	3.03
Hong Kong Exchanges & Clearing Ltd.	2.65
Postal Savings Bank of China Co., Ltd.	2.56
Pinduoduo, Inc. Sponsored ADR	2.54
Wuxi Biologics (Cayman) Inc.	2.36
Kanzhun Ltd. Sponsored ADR	2.28

Security Name	% of Net Asset Value
	31 December 2021
Tencent Holdings Ltd.	8.49
Meituan	4.66
Alibaba Group Holding Ltd.	4.65
AIA Group Limited	4.43
China Merchants Bank Co., Ltd.	2.95
Hong Kong Exchanges & Clearing Ltd.	3.49
Geely Automobile Holdings Limited	2.48
BYD Company Limited	2.27
Hongfa Technology Co. Ltd.	2.21
Mintch Group Limited	2.17

### 2.3 MARKET REVIEW

During the financial year under review (1st January 2023 to 31st December 2023), Chinese equities posted losses.

In the first quarter, Chinese equities posted gains. In January, equities extended its performance on reopening hopes. Going into February and the first half of March, markets corrected amid the heightened Mainland China-US geopolitical tensions and stability concerns over the global banking sector post the bank failures in the US and a Swiss bank merger. However, Chinese equities subsequently rebounded at the end of March, thanks to better-than-expected earnings among tech companies. On the policy front, mainland China highlighted key economic priorities, a growth target at about 5% for 2023, and set up a national financial regulatory administration to oversee all financial sectors except the security industry.

In the second quarter, Chinese equities posted losses. In April and May, the market was impacted by the China-US geopolitical tensions amid potential foreign investment limits on Mainland China's high-tech sectors and export curbs by the US, and concerns over moderating economic recovery. However, Chinese equities subsequently rebounded in June on hopes over policy stimulus. On the policy front, the People's Bank of China (PBoC) cut the 1-year and 5-year loan prime rates by 10 bps. Mainland China also rolled out consumption incentives for household products and new electric vehicles (NEVs). The National Development and Reform Commission (NDRC) released 22 measures for lowering business operating costs, including lending rate reduction, value-added-tax (VAT) exemption, and extension of lower corporate contribution to social security fund, among others.

In the third quarter, Chinese equities further retreated. In July, the market was supported by policy stimulus from the politburo meeting and hopes over the potential end of the US Federal Reserve Board (Fed)'s rate hike cycle. However, equities corrected in August and September on the back of concerns over the property sector, mixed macro data and hawkish commentary of global central banks. On the policy front, Mainland China announced a series of easing measures on property, monetary and fiscal policies. On the monetary side, PBoC lowered the required reserve ratio (RRR) by 25 bps, 1-year loan prime rate (LPR) by 10 bps from 3.55% to 3.45% and 1-year medium-term lending facility rate (MLF) by 15 bps from 2.65% to 2.50%. On the fiscal front, the Ministry of Finance extended several tax relief measures for small businesses to the end of 2027, allowed local governments to accelerate special bond issuance and finish issuing this year's quota by end-September, and increased tax deduction for infant care, children's education spending and elderly care. On consumptions and growth, to support private enterprises, the NDRC announced 28 measures that include tax reduction, backing them in major science and technological breakthroughs, and encouraging them to participate in major national projects, among others.

# MANULIFE DRAGON GROWTH FUND

In the fourth quarter, Chinese equities posted losses on multi-speed macro recovery, despite continuous policy stimulus. On the policy front, the National People's Congress (NPC) meeting approved a RMB1-trillion worth of additional sovereign debt issuance for infrastructure spending, and allowed local governments to frontload part of 2024 bond quotas. In addition, the five biggest state banks have launched the third round of deposit rate cuts in 2023 to support economic growth. To support the property sector, the PBoC is reported to introduce a RMB1-trillion worth of low-cost funding via the pledged supplementary lending (PSL) programme for urban village renovation and affordable public housing. Chinese regulators are also reportedly developing a "whitelist" of 50 developers that can receive preferential funding support.

## 2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

Overall, stabilising consumptions, better-than-expected inventory destocking and increased policy measures suggest potential bottoming of Mainland China's economy. The investment team believes Mainland China's four mega trends, the "4As", remain intact going into 2024: (1) Acceleration: Consumption may further improve with Mainland China's pro-growth policy stance; (2) Abroad: Leading mainland Chinese companies are going abroad (i.e., another growth engine); (3) Advancement: The artificial intelligence (AI) supply chain in Mainland China should continue to see robust growth in 2024; and (4) Automation: Mainland China's aged population should present higher demand for automation.

For policy tailwinds, the concerted rollout of fiscal, monetary and property-related policies may improve Mainland China's economy further in 2024 despite slower-than-expected consumption growth. During the politburo meeting in December 2023, its leadership pledged to "effectively promote economic recovery and achieve reasonable quality growth." Policymakers also emphasised "strengthening counter-cyclical and cross-cyclical adjustments." Throughout 2023, Mainland China's economy has improved, especially the service-oriented sectors, which have offset weaknesses in manufacturing Purchasing Managers' Index (PMI) data and pressure from the property sector. With a positive, pro-growth stance, we think it is supportive of economic growth in 2024.

For innovations, Mainland China should benefit from the following key areas despite macro and geopolitical headwinds: (1) Traditional tech: The global smartphone market is expected to recover in 2024, which could trigger more AI applications; (2) Artificial Intelligence: We believe Mainland China is well-positioned to capture opportunities from the upstream to the downstream semiconductor supply chains (especially packaging and testing) amid central government support; (3) Advanced manufacturing: We are positive on the expected capital expenditure recovery in the industrial general equipment in early 2024, domestic substitution of industrial advanced manufacturing; (4) Electric vehicle (EV): The export growth of EV models is a bright spot while building the EV supply chain overseas is also generating cost efficiencies for leading mainland Chinese EV players; and (5) Healthcare: We believe the sector should see brighter upside on the back of Mainland China's pursuit of innovation ranging from high-tech to healthcare, strong innovative pipelines of domestic biotech companies and potential recovery in global biotech investments as interest rates decline.

For consumptions, we believe consumption may further improve with Mainland China's pro-growth policy stance. Household incomes rebounded in 2023 vs 2022 (i.e., people are growing wealthier). However, the recovery is slightly below trend due to weaker-than-expected income growth and weaknesses from a deflating property market. We expect more targeted measures to be rolled out to support growth.

## 2.5 SECURITIES FINANCING TRANSACTIONS

During the financial year under review, the Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

## 2.6 CROSS TRADE TRANSACTIONS

During the financial year under review, no cross trade transactions have been carried out.

# MANULIFE DRAGON GROWTH FUND

## 2.7 STATE OF AFFAIRS

### NOTIFICATION OF CHANGES

A new Master Prospectus dated 15 May 2023 and First Supplemental Master Prospectus dated 20 October 2023 were issued to make the following general and administrative updates:

- update of Manager's website address to [www.manulifeim.com.my](http://www.manulifeim.com.my).
- replacement of terminology "interim report" with "semi-annual report".
- update to include the definitions of "Investment Manager of the Target Fund", "MGF-DGF", "Share class AA" and "U.S." and amendments to the definition of "Dealing Day", "Share(s)" and "UTCs".
- update the disclosure and designated website address for contact information of the Manager, Trustee and its delegates under Corporate Directory.
- updated disclosure on risk management strategies and techniques on the asset allocation for the Fund and the requirements for investments in derivatives for hedging purpose.
- inclusion of disclosure on termination of Fund without a special resolution being passed at a unit holders' meeting in the event the Fund/class is small as the Manager and Trustee may jointly deem it to be uneconomical for the Manager to continue managing the Fund/class, provided that it is also in the best interests of the unit holders to terminate the Fund/class.
- inclusion of suspension/deferment of redemption risk under general risks for investing in the Fund. In addition, liquidity risk is updated to describe the associated impact of liquidity risk on unit holders. Loan or financing risk disclosure has also been updated for better clarity and accuracy purpose.
- updated to include risk considerations for investing in derivatives and warrants the Fund.
- update on specific risk disclosure for country risk, currency risk and taxation risk/withholding tax risk.
- update Target Fund risk disclosure to be consistent with Target Fund prospectus.
- updated investment limits and restrictions disclosure to streamline with the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia.
- enhanced the disclosure on borrowings and securities lending for better clarity.
- updated the list of supplemental master deed for the Fund that has been registered with the Securities Commission Malaysia. Unit holders may contact the Manager to obtain copies of the Fund's deed for reference on the changes made.
- updated the profile of Manulife Global Fund. The information on the target fund, investment restrictions, risk management of the target fund and fees, charges and expenses of the target fund is updated to be consistent with target fund prospectus.
- updated disclosure on dealing and redemption of the target fund. A new section on redemption policy of the target fund is included to comply with the Prospectus Guidelines for Collective Investment Schemes issued by Securities Commission Malaysia.
- included disclosure to provide clarity to investors who invested through an Institutional Unit Trust Scheme Adviser, updated illustration on how sales charge and unit prices are calculated, disclosure on redemption charge, transfer fee, switching fee and policy on rounding adjustment.
- updated annual trustee fee disclosure, amended list of expenses incurred by the Fund and salient terms of the deed to be consistent with the supplemental master deed.
- updated policy on rebates and soft commissions, valuation basis, handling of incorrect pricing, cooling-off refund and suspension of dealing in units to streamline with the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia.
- updated disclosure on valuation point and computation of NAV per Unit of the Fund. Added the disclosure on requirement of foreign currency account for investment in non-RM currency classes, payment of redemption proceeds to third party account is prohibited and payment of redemption proceeds can only be made in the same currency as per the class of Fund which investors have invested in.
- removal of facsimile as one of the modes of communication available by the Manager.
- updated disclosure on switching and transfer of funds for better clarity. Disclosure on distribution of income and reinvestment policy is enhanced to provide clarity on costs to be borne by unit holders when income distribution is credited into their respective bank accounts.
- updated the corporate information of the Manager and Trustee.
- removal of variation obtained from the Securities Commission Malaysia to vary the period of payment of redemption proceeds.
- updated related-party transactions, removed details of any direct or indirect interest held by the Manager's director under related-party transaction or conflict of interest section and updated cross trade disclosure.
- change of share class of the Target Fund, from Share Class AA to Share Class 13 Acc;
- an update to the changes of fees, charges and expenses of the Target Fund consequential from the revision of share class of the Target Fund, from Share Class AA to Share Class 13 Acc;
- an update to the bases for valuation of the assets of the Fund; and
- the revision to the minimum investment amount of the Fund.

The Master Prospectus dated 15 May 2023 and First Supplemental Master Prospectus dated 20 October 2023 are available on the website: [www.manulifeim.com.my](http://www.manulifeim.com.my).

### **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 financial year under review, soft commissions have not been received by the Management Company.

# MANULIFE DRAGON GROWTH FUND

## 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 accompanying financial statements comprising the statement of comprehensive income, statement of financial position, statement of changes in net assets attributable to unit holders, 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 31 December 2023 and of its financial performance, changes in net assets attributable to unit holders and cash flows of the Fund for the financial year ended 31 December 2023 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  
22 February 2024

# MANULIFE DRAGON GROWTH FUND

## 5 TRUSTEE'S REPORT

### TO THE UNIT HOLDERS OF MANULIFE DRAGON GROWTH FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 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 year 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  
22 February 2024



# MANULIFE DRAGON GROWTH FUND

## 6 INDEPENDENT AUDITORS' REPORT

### TO THE UNIT HOLDERS OF MANULIFE DRAGON GROWTH FUND

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Our Opinion

In our opinion, the financial statements of Manulife Dragon Growth Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the financial year ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

##### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information, as set out on pages 16 to 36.

##### Basis for opinion

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

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

##### *Independence and other ethical responsibilities*

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

##### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

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

# MANULIFE DRAGON GROWTH FUND

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## OTHER MATTER

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
22 February 2024

# MANULIFE DRAGON GROWTH FUND

## 7 STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	<u>2023</u> USD	<u>2022</u> USD
<b>INVESTMENT LOSS</b>			
Interest income from deposits with licensed financial institutions at amortised cost		769	10
Net loss on financial assets at fair value through profit or loss	5	(14,805,253)	(31,130,851)
Net loss on forward foreign currency contracts	6	(5,601,107)	(5,018,514)
Net foreign currency exchange loss		(5,416)	(11,842)
		<u>(20,411,007)</u>	<u>(36,161,197)</u>
<b>EXPENSES</b>			
Manager's fee	2	1,475,516	1,567,867
Trustee's fee	3	32,789	34,842
Auditors' remuneration		1,905	1,393
Tax agent's fee		842	648
Other expenses		2,696	3,429
		<u>1,513,748</u>	<u>1,608,179</u>
<b>LOSS BEFORE TAXATION</b>		(21,924,755)	(37,769,376)
<b>TAXATION</b>	4	-	-
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>(21,924,755)</u>	<u>(37,769,376)</u>
Decrease in net assets attributable to unit holders is made up as follows:			
Realised		(60,873,614)	(15,990,050)
Unrealised		38,948,859	(21,779,326)
		<u>(21,924,755)</u>	<u>(37,769,376)</u>

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

# MANULIFE DRAGON GROWTH FUND

## 8 STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	<u>31.12.2023</u>	<u>31.12.2022</u>
		USD	USD
<b>ASSETS</b>			
Cash and cash equivalents	7	1,879,455	2,113,876
Financial assets at fair value through profit or loss	5	65,197,188	81,901,686
Derivative assets at fair value through profit or loss	6	1,151,353	553,292
Amount due from manager of Collective Investment Scheme			
- Sale of collective investment scheme		162,934	-
Amount due from Manager		-	218,934
Amount due from dealer		179,376	75,514
<b>TOTAL ASSETS</b>		<u>68,570,306</u>	<u>84,863,302</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- Manager's fee		102,184	24,180
- Cancellation of units		186,683	-
Amount due to Trustee		2,271	2,807
Amount due to Manager of Collective Investment Scheme			
- Purchase of collective investment scheme		-	116,933
Amount due to dealer		177,951	75,582
Derivative liabilities at fair value through profit or loss	6	42,440	-
Other payables	8	9,041	6,646
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>520,570</u>	<u>226,148</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>68,049,736</u>	<u>84,637,154</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>68,049,736</u>	<u>84,637,154</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>			
- RM-Hedged Class		61,220,113	75,841,041
- USD Class		6,829,623	8,796,113
		<u>68,049,736</u>	<u>84,637,154</u>
<b>UNITS IN CIRCULATION (UNITS)</b>			
- RM-Hedged Class	9(i)	354,959,007	335,722,178
- USD Class	9(ii)	8,562,657	9,076,256
		<u>363,521,664</u>	<u>344,798,434</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- RM-Hedged Class		<u>0.1725</u>	<u>0.2259</u>
- USD Class		<u>0.7976</u>	<u>0.9691</u>
<b>NET ASSET VALUE PER UNIT PER UNIT IN RESPECTIVE CURRENCIES</b>			
- RM-Hedged Class		<u>0.7918</u>	<u>0.9940</u>
- USD Class		<u>0.7976</u>	<u>0.9691</u>

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

# MANULIFE DRAGON GROWTH FUND

## 9 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD	USD
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	84,637,154	114,795,755
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications		
- RM-Hedged Class	30,301,008	21,002,050
- USD Class	1,374,103	1,000,633
Cancellation of units		
- RM-Hedged Class	(24,491,077)	(12,791,535)
- USD Class	(1,846,697)	(1,600,373)
	<u>89,974,491</u>	<u>122,406,530</u>
Decrease in net assets attributable to unit holders during the financial year	<u>(21,924,755)</u>	<u>(37,769,376)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<u><u>68,049,736</u></u>	<u><u>84,637,154</u></u>

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

# MANULIFE DRAGON GROWTH FUND

## 10 STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Sale of investments		100,427,811	21,792,040
Purchase of investments		(99,802,992)	(25,740,108)
Net realised loss on forward foreign currency contract		(6,158,221)	(4,577,737)
Net realised foreign exchange gain/(loss)		34,607	(31,787)
Interest income received		769	10
Manager's fee paid		(402,952)	(357,272)
Trustee's fee paid		(33,325)	(35,937)
Audit fee paid		(1,296)	(1,373)
Tax agent fee paid		-	(573)
Payment for other fees and expenses		(1,753)	(2,675)
		<u>(5,937,352)</u>	<u>(8,955,412)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		31,894,045	21,885,216
Payments for cancellation of units		(26,151,091)	(14,493,234)
		<u>5,742,954</u>	<u>7,391,982</u>
Net decrease in cash and cash equivalents		(194,398)	(1,563,430)
Currency translation differences		(40,023)	19,945
Cash and cash equivalents at beginning of the financial year		<u>2,113,876</u>	<u>3,657,361</u>
Cash and cash equivalents at end of the financial year	7	<u>1,879,455</u>	<u>2,113,876</u>
Cash and cash equivalents comprise: Bank balance in a licensed bank	7	<u>1,879,455</u>	<u>2,113,876</u>

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

# MANULIFE DRAGON GROWTH FUND

## 11 MATERIAL ACCOUNTING POLICY INFORMATION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 years presented, unless otherwise stated.

### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with 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 derivative financial instruments) 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 year. 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 financial year ended 31 December 2023.

#### (i) Standards and amendments to existing standards effective 1 January 2023

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

#### (ii) New standards, amendments and interpretations effective after 1 January 2023 and have not been early adopted.

A number of new standards, amendments to standards or interpretations are effective for annual periods beginning after 1 January 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 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 quoted equities 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.

# MANULIFE DRAGON GROWTH FUND

The Fund classifies cash and cash equivalents, amount due from Manager of Collective Investment Schemes amount due from Manager and amount due from dealer as financial assets at amortised costs as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to dealer, amount due to Trustee, amount due to manager of collective investment scheme 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 year 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 scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

Derivative investment consists of forward foreign currency contract. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains or losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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 Manager considers both historical analysis and forward looking information in determining any expected credit loss. The Manager 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 Manager as any contractual payment which is more than 30 days past due.



# MANULIFE DRAGON GROWTH FUND

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

## C CREATION AND CANCELLATION OF UNITS

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the RM-Hedged Class and USD Class which are cancelled at the unit holders' option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holders exercise the right to put back the units to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's net asset value per unit of respective classes at the close of business on the relevant dealing day. The Fund's net asset value per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

## D 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 scheme 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.

## E EXPENSES

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

## F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank 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 DRAGON GROWTH FUND

## G AMOUNTS DUE FROM/TO MANAGER OF COLLECTIVE INVESTMENT SCHEME

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 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 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-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.

## H FINANCE COST

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund.

A proposed distribution to unit holders is recognised as a financial liability 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 year.

## I 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 United States Dollar ("USD"), which is the Fund's functional and presentational currency.

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

- (i) Significant portion of the net asset value is invested in the form of cash denominated in USD for the purpose of making settlement of the foreign trades; and
- (ii) Significant portion of the Fund's expenses are denominated in USD; and
- (iii) Significant portion of the Fund's investments are denominated in USD.

### Transactions and balances

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

# MANULIFE DRAGON GROWTH FUND

## J 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 and 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.

### (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 from/to Manager, amount due from/to manager of Collective Investment Scheme, amount due to Trustee, amount due from/to dealers 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.

## K 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 held.

## L 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 year.

## M DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

## MANULIFE DRAGON GROWTH FUND

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at the fair value on the date a derivative contract is entered into and are subsequently re-measured at the fair value.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of statements of financial position with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note B to the financial statements.

# MANULIFE DRAGON GROWTH FUND

## 12 NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1 INFORMATION ON THE FUND

Manulife Dragon Growth Fund (“the Fund”) was established pursuant to a Principal Deed dated 5 October 2016, First Supplemental Deed dated 17 June 2021 and subsequent supplemental Deeds (if any) (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 17 of the Deed, which includes one collective investment scheme having a similar objective, deposits and money market instruments, financial derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes, and any other form of investments as may be agreed between the Manager and the Trustee from time to time as long it is consistent with the Fund's investment objective and are not prohibited by the relevant authorities or any relevant laws. The Fund commenced operations on 3 November 2016 and will continue its operations until terminated as provided under Clause 25 of the Deed.

The main objective of the Fund is to achieve capital appreciation over medium- to long-term period by investing in the Target Fund, that is, Manulife Global Fund-Dragon Growth Fund (MGF-DGF). The Target Fund aims to achieve capital growth by investing in a diversified portfolio of public companies which are listed on the Stock Exchange of Hong Kong Limited (“SEHK”) and/or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM”) and/or, although not incorporated or listed on either stock exchange in Hong Kong, are incorporated or listed on a stock exchange in any other jurisdiction and have substantial business interests in Hong Kong and/or derive a substantial portion of their revenue from their businesses carried in Hong Kong.

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, financial planning and fund management activities.

The financial statements were authorised for issue by the Manager on 22 February 2024.

### 2 MANAGER'S FEE

In accordance with the Deed, the Manager is entitled to Manager's fee at a rate of up to 3.00% 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.

For the financial year, the Manager is entitled to Manager's fee at a rate of 1.80% per annum (2022: 1.80% per annum) for USD Class, while it is recognised at 1.80% per annum (2022: 1.80% per annum) for RM-Hedged Class, of the net asset value of respective classes 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.

### 3 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a fee of up to 0.08% 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, excluding foreign custodian fees and charges.

For the financial year, the Trustee is entitled to a fee of 0.04% per annum (2022: 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, excluding foreign custodian fees and charges.

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

# MANULIFE DRAGON GROWTH FUND

## 4 TAXATION

	<u>2023</u>	<u>2022</u>
	<u>USD</u>	<u>USD</u>
Current taxation	-	-

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

	<u>2023</u>	<u>2022</u>
	<u>USD</u>	<u>USD</u>
Loss before taxation	(21,924,755)	(37,769,376)
Tax calculated at Malaysian tax rate of 24% (2022: 24%)	(5,261,941)	(9,064,650)
Tax effect in respect of:		
- Expenses not deductible for tax purposes	8,283	8,764
- Restriction on tax deductible expenses for unit trust funds	355,016	377,199
- Investment loss not deductible for tax purposes	4,898,642	8,678,687
Tax expenses	-	-

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

	<u>31.12.2023</u>	<u>31.12.2022</u>
	<u>USD</u>	<u>USD</u>
Financial assets at fair value through profit or loss		
- Collective investment scheme	65,197,188	81,901,686
	<u>2023</u>	<u>2022</u>
	<u>USD</u>	<u>USD</u>
Net loss on financial assets at fair value through profit or loss		
- Realised	(54,233,074)	(10,968,974)
- Unrealised	38,433,261	(21,358,446)
- Management fee rebate <sup>#</sup>	994,560	1,196,569
	<u>(14,805,253)</u>	<u>(31,130,851)</u>

<sup>#</sup>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 collective investment schemes, 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. The Manager fee paid to the Manager is net of rebate. Rebate recognised at a rate 0% per annum for Share Class I3 Acc and 1.50% per annum for Class AA (2022: 1.50% per annum) on the Collective Investment Scheme's fair value calculated and accrued daily.

# MANULIFE DRAGON GROWTH FUND

<u>COLLECTIVE INVESTMENT SCHEME</u>	<u>Quantity</u> Units	<u>Cost of shares</u> USD	<u>Fair value as at 31.12.2023</u> USD	<u>Fair value as at 31.12.2023 expressed as percentage of value of Fund</u> %
<b><u>31.12.2023</u></b>				
Manulife Global Fund-Dragon Growth Fund ("MGF-DGF") - Share Class I3 Acc	103,258,137	64,929,059	65,197,188	95.81
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<u>103,258,137</u>	<u>64,929,059</u>	<u>65,197,188</u>	<u>95.81</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>268,129</u>		
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>65,197,188</u>		

<u>COLLECTIVE INVESTMENT SCHEME</u>	<u>Quantity</u> Units	<u>Cost of shares</u> USD	<u>Fair value as at 31.12.2022</u> USD	<u>Fair value as at 31.12.2022 expressed as percentage of value of Fund</u> %
<b><u>31.12.2022</u></b>				
Manulife Global Fund-Dragon Growth Fund ("MGF-DGF") - Class AA	67,292,487	120,066,818	81,901,686	96.77
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<u>67,292,487</u>	<u>120,066,818</u>	<u>81,901,686</u>	<u>96.77</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(38,165,132)</u>		
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>81,901,686</u>		

# MANULIFE DRAGON GROWTH FUND

Top 10 holdings of the Target Fund for the financial year 31 December 2023:

<u>Security Name</u>	<u>Percentage of Target Fund net asset value</u> %
Tencent Holdings Ltd	9.07
Alibaba Group Holdings Ltd.	7.52
AIA Group Limited	5.76
Meituan	3.01
PDD Holdings Inc. Sponsored ADR	2.96
Hong Kong Exchanges & Clearing Ltd.	2.83
Shenzhou International Group Holdings Ltd	2.39
Zijin Mining Group Co., Ltd.	2.37
China Merchants Bank Co., Ltd.	2.35
ASMPT Ltd	2.33
	<u>40.59</u>

Top 10 holdings of the Target Fund for the financial year 31 December 2022:

<u>Security Name</u>	<u>Percentage of Target Fund net asset value</u> %
Tencent Holdings Ltd.	9.30
Meituan	5.82
Alibaba Group Holdings Ltd.	5.67
AIA Group Limited	5.64
China Merchants Bank Co., Ltd.	3.03
Hong Kong Exchanges & Clearing Ltd.	2.65
Postal Savings Bank of China Co., Ltd.	2.56
Pinduoduo, Inc. Sponsored ADR	2.54
Wuxi Biologics (Cayman) Inc.	2.36
Kanzhun Ltd. Sponsored ADR	2.28
	<u>41.85</u>

## 6 DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>31.12.2023</u>	<u>31.12.2022</u>
	<u>USD</u>	<u>USD</u>
<u>Derivative assets</u>		
Forward foreign currency contract	1,151,353	553,292
<u>Derivative liabilities</u>		
Forward foreign currency contract	42,440	-
	<u>2023</u>	<u>2022</u>
	<u>USD</u>	<u>USD</u>
Net realised loss on forward currency contracts	(6,156,728)	(4,577,689)
Net unrealised gain/(loss) on forward currency contracts	555,621	(440,825)
	<u>(5,601,107)</u>	<u>(5,018,514)</u>



# MANULIFE DRAGON GROWTH FUND

(i) Forward foreign currency contracts are as follows:

<u>31.12.2023</u>	Receivables	Payables	Fair value	Percentage
	USD	USD	USD	of net asset value %
HSBC Bank Malaysia Berhad	65,646,397	(64,537,484)	1,108,913	1.63
Total Forward foreign currency contracts	65,646,397	(64,537,484)	1,108,913	1.63
<u><b>31.12.2022</b></u>				
HSBC Bank Malaysia Berhad	72,735,607	(72,182,315)	553,292	0.65
Total Forward foreign currency contracts	72,735,607	(72,182,315)	553,292	0.65

As at 31 December 2023, the notional principal amount of the 5 (2022: 1) outstanding forward foreign currency contract amounted to USD65,646,397 (2022: USD72,735,607). The USD/MYR forward foreign currency contract is entered into during the financial year to minimise the risk of foreign exchange exposure between the USD and the MYR for the Fund.

As the Fund has not adopted hedge accounting, the change in fair value of the forward foreign currency contract is recognised immediately in statement of comprehensive income.

## 7 CASH AND CASH EQUIVALENTS

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD	USD
Deposits with licensed financial institutions	147,095	-
Bank balance in a licensed bank	1,732,360	2,113,876
	<u>1,879,455</u>	<u>2,113,876</u>

Weighted average rates of returns are as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	%	%
Short-term deposits with licened financial institutions	3.00	-

The deposits have an average maturity of 2 days (31.12.2022: Nil)

## 8 OTHER PAYABLES

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD	USD
Auditors' remuneration	2,142	1,533
Tax agent's fee	1,819	977
Sundry payables and accruals	5,080	4,136
	<u>9,041</u>	<u>6,646</u>

## 9 UNITS IN CIRCULATION

(i) RM-Hedged Class	<u>31.12.2023</u>	<u>31.12.2022</u>
	No. of units	No. of units
At beginning of the financial year	335,722,178	303,819,247
Add: Creation of units arising from applications	141,426,567	82,037,352
Less: Cancellation of units	(122,189,738)	(50,134,421)
At end of the financial year	<u>354,959,007</u>	<u>335,722,178</u>

# MANULIFE DRAGON GROWTH FUND

(ii) USD Class	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>No. of units</b>	<b>No. of units</b>
At beginning of the financial year	9,076,256	9,850,233
Add: Creation of units arising from applications	1,409,381	878,608
Less: Cancellation of units	(1,922,980)	(1,652,585)
At end of the financial year	<b>8,562,657</b>	<b>9,076,256</b>

## 10 BROKERS' TRANSACTIONS

There were no transactions with brokers in relation to equities and fixed income securities for the financial year ended 31 December 2023 and 31 December 2022.

As at the end of each financial year ended 31 December 2023 and 31 December 2022, 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
Subsidiaries and associates of Manulife as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

There were no units held by the Manager as at 31 December 2023 and 31 December 2022 respectively.

<u>Significant related party transactions</u>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Purchase of collective investment scheme:		
- Manulife Investment Management (Hong Kong) Limited	29,469,357	25,692,017
- Manulife Investment Management (Ireland) Limited	70,216,702	-
	<b>99,686,059</b>	<b>25,692,017</b>
Disposal of collective investment scheme:		
- Manulife Investment Management (Hong Kong) Limited	95,296,153	21,792,040
- Manulife Investment Management (Ireland) Limited	5,294,592	-
	<b>100,590,745</b>	<b>21,792,040</b>
Management fee rebate:		
- Manulife Investment Management (Hong Kong) Limited	994,560	1,196,569
<u>Significant related party balances</u>		
Collective investment scheme managed by related party:		
Manulife Global Fund-Dragon Growth Fund		
- Class AA	-	81,901,686
- Share Class I3 Acc	65,197,188	-

# MANULIFE DRAGON GROWTH FUND

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

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

## 12 TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u>	<u>2022</u>
	%	%
TER	<u>1.85</u>	<u>1.85</u>

TER 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”)

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>1.22</u>	<u>0.27</u>

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

## 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.

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD	USD
Financial assets at fair value through profit or loss		
- Collective investment scheme	<u>65,197,188</u>	<u>81,901,686</u>

# MANULIFE DRAGON GROWTH FUND

The following table summarises the sensitivity of the Fund's profit or loss after taxation and net asset value to price risk movements of collective investment scheme as at end of reporting period. 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 as shown at in absolute terms, changes and impact could be positive or negative.

<u>As at:</u>	<u>Changes in price</u>	<u>Impact on loss after taxation</u>	<u>Impact on net asset value</u>
	%	USD	USD
<b><u>31.12.2023</u></b>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	3,259,859	3,259,859
<b><u>31.12.2022</u></b>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	4,095,084	4,095,084

#### (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.

#### (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 United States Dollar (USD) 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>	<u>Amount due from/(to) Manager</u>	<u>Amount due from/(to)dealer</u>	<u>Cash and cash equivalents</u>	<u>Net assets attributable to unit holders</u>	<u>Total</u>
	USD	USD	USD	USD	USD
<b><u>31.12.2023</u></b>					
MYR	(196,927)	170,181	171,185	61,220,113	61,364,552
<b><u>31.12.2022</u></b>					
MYR	193,239	(71,533)	2,977	75,841,041	75,965,724

The following table summarises the sensitivity of the Fund's profit or loss after taxation 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 as shown are in absolute terms, changes and impacts could be positive or negative.

# MANULIFE DRAGON GROWTH FUND

<u>As at:</u>	<u>Changes in foreign exchange</u>	<u>Impact on loss after taxation</u>	<u>Impact on net asset value</u>
	%	USD	USD
<b><u>31.12.2023</u></b>			
MYR	5	3,068,228	3,068,228
<b><u>31.12.2022</u></b>			
MYR	5	3,798,286	3,798,286

## **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 credit risk by undertaking credit evaluation to minimise such a risk.

Credit risk arising from placement of deposits with 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 the 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 Malaysia's Guidelines on unit Trust Funds.

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

<u>As at</u>	<u>Neither Past Due Nor Impaired</u>					
	<u>Cash and cash equivalents</u>	<u>Derivative assets at fair value through profit or loss</u>	<u>Amount due from Manager of Collective Investment Scheme</u>	<u>Amount due from Manager</u>	<u>Amount due from dealer</u>	<u>Total</u>
	USD	USD	USD	USD	USD	USD
<b><u>31.12.2023</u></b>						
AAA	1,879,455	1,151,353	-	-	179,376	3,210,184
Not rated	-	-	162,934	-	-	162,934
	<u>1,879,455</u>	<u>1,151,353</u>	<u>162,934</u>	<u>-</u>	<u>179,376</u>	<u>3,373,118</u>
<b><u>31.12.2022</u></b>						
AAA	2,113,876	553,292	-	-	75,514	2,742,682
Not rated	-	-	-	218,934	-	218,934
	<u>2,113,876</u>	<u>553,292</u>	<u>-</u>	<u>218,934</u>	<u>75,514</u>	<u>2,961,616</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 bank, 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 DRAGON GROWTH FUND

<b>As at</b>	<b>Within one year</b>	<b>No maturity date</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b><u>31.12.2023</u></b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	147,095	1,732,360	1,879,455
Financial assets at fair value through profit or loss	-	65,197,188	65,197,188
Derivative assets at fair value through profit or loss	1,151,353	-	1,151,353
Amount due from manager of Collective Investment Scheme			
-Sale of collective investment scheme	162,934	-	162,934
Amount due from dealer	179,376	-	179,376
	<u>1,640,758</u>	<u>66,929,548</u>	<u>68,570,306</u>

## **Financial liabilities**

Amount due to Manager			
- Manager's fee	102,184	-	102,184
- Cancellation of units	186,683	-	186,683
Amount due to Trustee	2,271	-	2,271
Amount due to dealer	177,951	-	177,951
Derivative liabilities at fair value through profit or loss	42,440	-	42,440
Other payables	9,041	-	9,041
Net assets attributable to unit holders*	68,049,736	-	68,049,736
	<u>68,570,306</u>	<u>-</u>	<u>68,570,306</u>

<b>As at</b>	<b>Within one year</b>	<b>No maturity date</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b><u>31.12.2022</u></b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	-	2,113,876	2,113,876
Financial assets at fair value through profit or loss	-	81,901,686	81,901,686
Derivative assets at fair value through profit or loss	553,292	-	553,292
Amount due from Manager	218,934	-	218,934
Amount due from dealer	75,514	-	75,514
	<u>847,740</u>	<u>84,015,562</u>	<u>84,863,302</u>

## **Financial liabilities**

Amount due to Manager			
- Manager's fee	24,180	-	24,180
Amount due to Trustee	2,807	-	2,807
Amount due to dealer	75,582	-	75,582
Amount due to manager of Collective Investment Scheme			
- Purchase of collective investment scheme	116,933	-	116,933
Other payables	6,646	-	6,646
Net assets attributable to unit holders*	84,637,154	-	84,637,154
	<u>84,863,302</u>	<u>-</u>	<u>84,863,302</u>

# MANULIFE DRAGON GROWTH FUND

\* Units are cancelled on demand at the unit holders' option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows as unit holders typically retain their units for the medium to long-term.

## **Capital risk**

The capital of the Fund is represented by net assets attributable to unit holders of USD68,049,736 (2022: USD84,637,154). The amount of net asset attributable to unit holders 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 amounting to USD65,197,188 (2022: USD81,901,686) is classified within level 1 of the fair value hierarchy.

Derivative assets at fair value through profit or loss amounting to USD1,151,353 (2022: USD553,292) is classified within level 2 of the fair value hierarchy.

Derivative liabilities at fair value through profit or loss amounting to USD42,440 (2022: Nil) is classified within level 2 of the fair value hierarchy.

## **13 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 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)  
Level 19, Menara IQ, Lingkaran TRX  
Tun Razak Exchange  
55188 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 DRAGON GROWTH FUND

## HEAD OFFICE

Manulife Investment Management (M) Berhad  
Registration No.: 200801033087 (834424-U)  
13th Floor, Menara Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur  
Tel: (03) 2719-9228 Fax: (03) 2094-7654  
Customer Service Hotline: (03) 2719-9271  
E-mail : [MY\\_CustomerService@manulife.com](mailto:MY_CustomerService@manulife.com)  
Website: [www.manulifeim.com.my](http://www.manulifeim.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 DRAGON GROWTH 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 DRAGON GROWTH 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,  
2nd Floor, Signature Office,  
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  
Lot 88, 1st Floor, Phase 7A  
Jalan Lintas Utara  
90000 Sandakan  
Sabah  
Tel: (089) 220-220 / 229-045  
Fax: (089) 226-868

THIS PAGE IS INTENTIONALLY LEFT BLANK

THIS PAGE IS INTENTIONALLY LEFT BLANK

