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INVESTORS' LETTER

Dear Valued Investors,

Happy New Year!

Thank you for your continued support and for the confidence that you have placed in us. We are pleased to share that CIMB-Principal Asset Management Berhad ("CIMB-Principal") Malaysia concluded the year with RM48 billion in Asset Under Management ("AUM") and the CIMB-Principal's Group AUM has increased by 7.6% to RM67.6 billion, for 1-year period ending 31 December 2016. Our AUM for Private Retirement Scheme business has increased by 27% year-on-year ("y-o-y") to RM343 million as at 31 December 2016.

We continue to achieve prestigious recognitions from The Edge | Thomson Reuters Lipper Malaysia, Thomson Reuters Lipper and Morningstar such as:

The Edge | Thomson Reuters Lipper Malaysia Fund Awards 2016

- Best Overall Group
- Best Equity Asia Pacific Ex-Japan, 3 years : CIMB-Principal Asia Pacific Dynamic Income Fund
- Best Equity Global, 3 years & 5 years : CIMB-Principal Global Titans Fund
- Best Equity Asia Pacific Ex-Japan, 5 years : CIMB-Principal Asian Equity Fund
- Best Equity Asia Pacific Ex-Japan - Malaysia Islamic, 3 years : CIMB Islamic Asia Pacific Equity Fund

Thomson Reuters Lipper Fund Award Global Islamic 2016

- Best Equity Asia Pacific Ex-Japan (Islamic), 3 years : CIMB Islamic Asia Pacific Equity Fund

Morningstar Awards Malaysia 2016

- Best Asia-Pacific Equity Fund : CIMB-Principal Asia Pacific Dynamic Income Fund

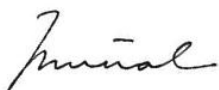
This reflects our consistent fund performance and investment capabilities, in tandem with our commitment to provide the best customer experience to our investors.

Through your support, CIMB-Principal has also managed to garner the **Best Asset and Fund Manager, Malaysia (2007-2016)** award from Alpha Southeast Asia and the **Asset Management Company of the Year, Malaysia** award from The Asset Triple A Investor Awards 2016.

As part of our on-going effort to further expand the payment options offered to our customers, CIMB-Principal has introduced the Virtual Account facility effective 7 December 2016. Please contact your servicing CWA Consultant or our Customer Care Centre at 03-77183000 to find out more.

Thank you once again and we wish you a happy and prosperous new year ahead.

Yours faithfully,
for **CIMB-Principal Asset Management Berhad**



Munirah Khairuddin
Chief Executive Officer/Executive Director

MANAGER'S REPORT**FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund aims to provide investment results that closely correspond to the performance of the Financial Times Stock Exchange ("FTSE") China 50 Index ("Benchmark Index"), regardless of its performance.

Has the Fund achieved its objective?

For the financial period under review, the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund gained 3.41% for the period under review, while the Benchmark Index gained 3.87%.

What are the Fund investment policy and principal investment strategy?

A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy.

Replication Strategy

In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager.

Representative Sampling Strategy

The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

Fund category/type

Exchange-traded fund ("ETF")/Equity/Index tracking

How long should you invest for?

Recommended three (3) to five (5) years

Indication of short-term risk (low, moderate, high)

High

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 31 December 2016?

RM15.10 million (11.05 million units)

What is the Fund's benchmark?

The Benchmark Index or such replacement index as may be determined by the Manager, subject to the approval of the Securities Commission Malaysia ("SC").

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial period from 1 October 2016 to 31 December 2016?

There was no distribution made for the financial period from 1 October 2016 to 31 December 2016.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the last three unaudited financial periods are as follows:

	31.12.2016	31.12.2015	31.12.2014
	%	%	%
Quoted securities			
- Basic Materials	0.69	1.49	3.95
- Consumer Products	3.44	3.83	6.20
- Energy	12.69	11.58	15.35
- Finance	54.04	57.08	50.01
- Health Care	0.94	-	-
- Industrials	6.09	3.80	-
- Technology	9.26	9.04	10.04
- Telecommunications	11.51	11.60	11.09
- Utilities	1.26	1.61	3.02
Cash and other net assets	0.08	(0.03)	0.34
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Performance details of the Fund for the last three unaudited financial periods are as follows:

	31.12.2016	31.12.2015	31.12.2014
Total asset value (RM Million)	15.20	15.22	12.54
Net Asset Value ("NAV") (RM Million)	15.10	15.13	12.49
Units in circulation (Million)	11.05	11.70	10.40
NAV per Unit (RM)	1.3662	1.2929	1.2005
	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015	01.10.2014 to 31.12.2014
Highest NAV per Unit (RM)	1.4319	1.4207	1.2051
Lowest NAV per Unit (RM)	1.3025	1.2529	1.0138
Market Price per Unit (RM)	1.3600	1.2800	1.1900
Highest Market Price per Unit (RM)	1.4200	1.4250	1.2050
Lowest Market Price per Unit (RM)	1.2900	1.2600	1.0150
Total return (%) [^]	3.41	(0.99)	17.56
- Capital growth (%)	3.41	(0.99)	17.56
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) *	0.28	0.27	0.47
Portfolio Turnover Ratio ("PTR") (times) #	0.07	0.10	0.21

[^] based on NAV per unit

* The Fund's MER increased slightly from 0.27% to 0.28% due to the decrease in average NAV during the financial period under review.

For the financial period under review, the Fund's PTR decreased from 0.10 times to 0.07 times as there were less trading activities from portfolio rebalancing within the reporting period.

	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
	%	%	%	%	%
Annual total return	5.68	7.71	18.61	5.34	11.73

(Listing date: 9 July 2010)

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures for the financial period have been extracted from Lipper.

MARKET REVIEW (1 OCTOBER 2016 TO 31 DECEMBER 2016)

China equities fell in the last quarter of 2016 as Donald Trump's surprise victory in the US presidential election saw heightened expectations of a faster pace in interest rate rises by the Fed. The fall in China equities was due to a combination of factors. Firstly, there were concerns over the earnings outlook as the government again looked at measures to rein in the frothy and unsustainable shadow banking and property sectors, both of which drove the second half pick-up in economic activity. Next, currency worries have also resurfaced in China as depleting foreign exchange reserves, ongoing deflationary pressures from overinvestment and slowing economic growth led to pressure on the Chinese Yuan Renminbi ("CNY"). Meanwhile, in Hong Kong, Macau gaming stocks led the declines after authorities lowered UnionPay's ATM withdrawal limit to HKD5,000 from HKD10,000, raising fears of further capital controls from China. Hong Kong property stocks also fell, weighed down after the US hiked interest rates in December 2016.

FUND PERFORMANCE

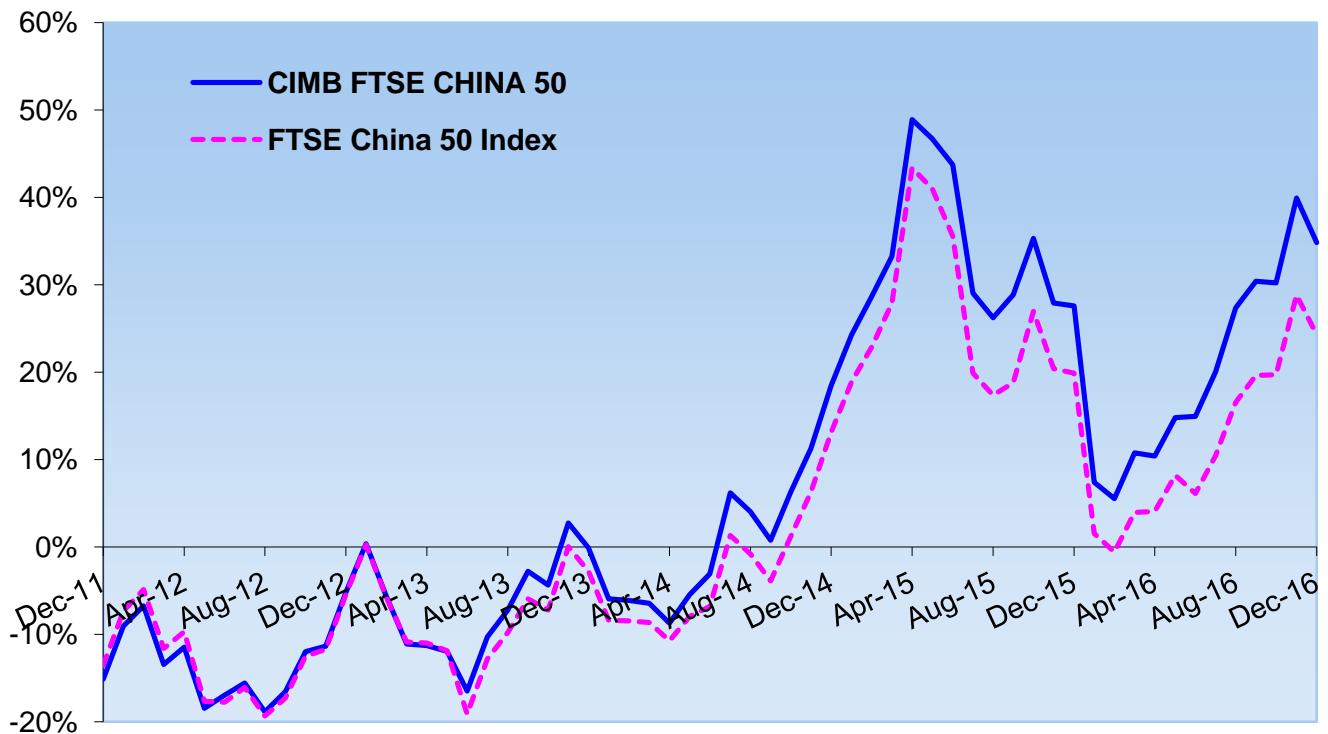
	3 months	6 months	1 year	3 years	5 years	Since
	to	to	to	to	to	inception
	31.12.2016	31.12.2016	31.12.2016	31.12.2016	31.12.2016	31.12.2016
	%	%	%	%	%	%
Income	-	-	-	-	-	-
Capital [^]	3.41	17.31	5.68	35.02	58.91	34.84
Total Return [^]	3.41	17.31	5.68	35.02	58.91	34.84
Average Total						
Return [^]	N/A	N/A	5.68	10.53	9.71	4.72
Benchmark	3.87	17.14	3.66	27.84	44.23	24.28
Changes in						
Market Price						
per Unit	1.87	17.24	6.25	33.99	56.32	32.04

[^] based on NAV per Unit

For the financial period under review, the Fund gained 3.41%, while the benchmark gained 3.87%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.3600. This represents an increase of 1.87% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	31.12.2016	31.12.2015	Changes %
NAV (RM Million)	15.10	15.13	(0.20)
NAV/Unit (RM)	1.3662	1.2929	5.67

For the 1-year period, the total NAV dropped by 0.20%, while the NAV per unit gained by 5.67%. The decrease in total NAV was due to unit redemptions and the increase in NAV per unit was due to investment performance of the Chinese equities as described in the Market Review section.

Performance data represents the combined income and capital return as a result of holding units in the Fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the Fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures for the financial period have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2016	31.12.2015
Quoted securities	99.92	100.03
Cash and other net assets	0.08	(0.03)
TOTAL	100.00	100.00

The Fund remained fully invested during the financial period under review. A minimal level of liquid assets was maintained primarily for liquidity purposes.

MARKET OUTLOOK*

China's economy has shown signs of stabilisation in 2016 on the back of accommodative monetary policy and more proactive fiscal policies. The world's second-largest economy saw Gross Domestic Product ("GDP") expand by 6.7% y-o-y in the third quarter of 2016. Strong credit growth was seen in the last 12 months, alongside acceleration in infrastructure project approvals. Consumer Price Index ("CPI") rose by 2.3% in November 2016 y-o-y. After staying in deflationary territory for 54 consecutive months, the Producer Price Index ("PPI") deflation came to an end in September 2016 and further expanded by 3.3% y-o-y in November 2016.

The end of PPI deflation means better pricing power for upstream corporate, which could lead to improved profit margin from a low base. The ease in deflationary forces was largely due to a rebound in commodity prices on the back of supply-side discipline following 'supply-side reforms'. The Government's aim is to reduce overcapacity in industries such as steel and coal. Measures including mine closures and limiting the working days of coal miners have been put in place, which has brought about a short-term price rebound.

Meanwhile, supportive policy has led to significant improvement in the property markets in tier-1 and tier-2 cities. The risk here is on the downside as the Chinese Government has recently imposed property tightening measures in certain cities that will lead to a slowdown in sales and volume heading into 2017, potentially affecting new start property construction. However, it is expected that Government-led infrastructure investments will remain the key driver to support the economy next year in light of slowing property construction.

The broader weakness in the Chinese economy, tighter capital controls and the continued drop in Mainland Chinese tourists is still having a knock-on impact on Hong Kong economic growth. Cautious remain to be seen on residential property. Given the weak affordability locally, the Government has continued to stamp out speculative demand in the residential property market through heightened stamp duties. This, combined with increasing supply in the coming years, is likely to exert further pressure on the property market in 2017. However, the outlook for commercial properties is more resilient, with rents still rising modestly for Grade-A office buildings.

* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of CIMB-Principal or based on data obtained from sources believed to be reliable by CIMB-Principal. Whilst every care has been taken in preparing this, CIMB-Principal makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

As this is an ETF, the Fund will continue to remain fully invested in the benchmark index stocks with minimal cash kept for liquidity purposes in order to track the performance of the Benchmark.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 December 2016 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	5	0.00	0.00
100 to 1,000	45	0.03	0.29
1,001 to 10,000	121	0.65	5.88
10,001 to 100,000	66	2.07	18.72
100,001 to less than 5% of approved fund size	19	8.30	75.11
5% and above the approved fund size	-	-	-
Total	256	11.05	100.00

SOFT COMMISSIONS AND REBATES

CIMB-Principal Asset Management Berhad (“the Manager”) and the Trustee (including their officers) will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016**

	Note	01.10.2016 to 31.12.2016 RM	01.10.2015 to 31.12.2015 RM
INVESTMENT INCOME/(LOSS)			
Dividend income		2,351	2,625
Net gain/(loss) on financial assets at fair value through profit or loss	8	635,134	(191,186)
Net foreign exchange loss		(504)	(986)
		<u>636,981</u>	<u>(189,547)</u>
EXPENSES			
Management fee	4	24,172	26,945
Trustee's and custodian fees	5	9,460	9,598
Audit fee		6,755	6,285
Tax agent's fee		1,159	1,156
Transaction costs		3,637	5,545
Other expenses	6	3,828	4,414
		<u>49,011</u>	<u>53,943</u>
PROFIT/(LOSS) BEFORE TAXATION		587,970	(243,490)
Taxation	7	(1,023)	(829)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>586,947</u>	<u>(244,319)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		273,166	307,589
Unrealised amount		313,781	(551,908)
		<u>586,947</u>	<u>(244,319)</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2016**

	Note	Year-to-date 31.12.2016 RM	Year-to-date 31.12.2015 RM
INVESTMENT INCOME/(LOSS)			
Dividend income		104,956	144,125
Net gain/(loss) on financial assets at fair value through profit or loss	8	2,515,766	(2,324,116)
Net foreign exchange gain/(loss)		2,470	(2,346)
		<u>2,623,192</u>	<u>(2,182,337)</u>
EXPENSES			
Management fee	4	47,715	54,260
Trustee's and custodian fees	5	16,843	21,090
Audit fee		13,510	12,577
Tax agent's fee		2,318	2,314
Transaction costs		5,366	10,752
Other expenses	6	7,595	8,216
		<u>93,347</u>	<u>109,209</u>
PROFIT/(LOSS) BEFORE TAXATION		2,529,845	(2,291,546)
Taxation	7	(9,278)	(12,787)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>2,520,567</u>	<u>(2,304,333)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		426,336	547,071
Unrealised amount		2,094,231	(2,851,404)
		<u>2,520,567</u>	<u>(2,304,333)</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

		31.12.2016	30.06.2016
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	110,445	45,202
Financial assets at fair value through profit or loss	8	15,086,025	14,096,447
Dividends receivable		-	322,872
TOTAL ASSETS		<u>15,196,470</u>	<u>14,464,521</u>
LIABILITIES			
Accrued management fee		7,844	7,144
Amount due to Trustee		1,069	1,018
Other payables and accruals	10	90,097	71,036
TOTAL LIABILITIES		<u>99,010</u>	<u>79,198</u>
NET ASSET VALUE OF THE FUND		<u>15,097,460</u>	<u>14,385,323</u>
EQUITY			
Unit holders' capital		10,269,614	12,078,044
Retained earnings		4,827,846	2,307,279
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>15,097,460</u>	<u>14,385,323</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>11,050,000</u>	<u>12,350,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.3662</u>	<u>1.1648</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2016	12,078,044	4,240,899	16,318,943
Movement in unit holders' contributions:			
- Cancellation of units from applications	(1,808,430)	-	(1,808,430)
Total comprehensive income for the financial period	-	586,947	586,947
Balance as at 31 December 2016	<u>10,269,614</u>	<u>4,827,846</u>	<u>15,097,460</u>
Balance as at 1 October 2015	13,823,944	4,001,197	17,825,141
Movement in unit holders' contributions:			
- Cancellation of units from applications	(2,453,100)	-	(2,453,100)
Total comprehensive loss for the financial period	-	(244,319)	(244,319)
Balance as at 31 December 2015	<u>11,370,844</u>	<u>3,756,878</u>	<u>15,127,722</u>

FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2016

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2016	12,078,044	2,307,279	14,385,323
Movement in unit holders' contributions:			
- Cancellation of units from applications	(1,808,430)	-	(1,808,430)
Total comprehensive income for the financial period	-	2,520,567	2,520,567
Balance as at 31 December 2016	<u>10,269,614</u>	<u>4,827,846</u>	<u>15,097,460</u>
Balance as at 1 July 2015	13,823,944	6,061,211	19,885,155
Movement in unit holders' contributions:			
- Creation of units from applications	(2,453,100)	-	(2,453,100)
Total comprehensive loss for the financial period	-	(2,304,333)	(2,304,333)
Balance as at 31 December 2015	<u>11,370,844</u>	<u>3,756,878</u>	<u>15,127,722</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016**

	01.10.2016 to 31.12.2016 RM	01.10.2015 to 31.12.2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	1,981,865	3,040,118
Purchase of quoted securities	(279,010)	(581,784)
Dividend income received	41,434	72,449
Management fee paid	(24,542)	(27,397)
Trustee's and custodian fees paid	(9,504)	(9,657)
Payments for other fees and expenses	(2,251)	(2,592)
Net cash generated from operating activities	<u>1,707,992</u>	<u>2,491,137</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	(1,808,430)	(2,453,100)
Net cash used in from financing activities	<u>(1,808,430)</u>	<u>(2,453,100)</u>
Net (decrease)/increase in cash and cash equivalents	(100,438)	38,037
Cash and cash equivalents at the beginning of the financial period	<u>210,883</u>	<u>47,520</u>
Cash and cash equivalents at the end of the financial period	<u>110,445</u>	<u>85,557</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2016

	Year-to-date 31.12.2016 RM	Year-to-date 31.12.2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	2,446,454	4,296,303
Purchase of quoted securities	(925,632)	(2,179,240)
Dividend income received	421,020	481,950
Management fee paid	(47,015)	(55,997)
Trustee's and custodian fees paid	(16,792)	(21,321)
Payments for other fees and expenses	(4,362)	(9,858)
Net cash generated from operating activities	<u>1,873,673</u>	<u>2,511,837</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	(1,808,430)	(2,453,100)
Net cash used in financing activities	<u>(1,808,430)</u>	<u>(2,453,100)</u>
Net increase in cash and cash equivalents	65,243	58,737
Cash and cash equivalents at the beginning of the financial period	<u>45,202</u>	<u>26,820</u>
Cash and cash equivalents at the end of the financial period	<u>110,445</u>	<u>85,557</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE China 50 (the "Fund") is governed by a Deed dated 19 April 2010, a First Supplemental Deed dated 8 December 2010, and a Second Supplemental Deed dated 30 July 2014 (collectively referred to as the "Deeds") between CIMB-Principal Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager. Meanwhile, the Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

All investments are subjected to the SC Guidelines on ETFs, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. The Manager is also an associate of Principal International (Asia) Limited, which is a subsidiary of Principal Financial Group Inc. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period.

It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(k).

Standards, amendments to published standards and interpretations to existing standards that are effective:

The Fund has applied the following amendments for the first time for the financial year beginning 1 July 2016:

- Amendments to MFRS 101 “Presentation of financial statements - Disclosure Initiative” provide clarifications on a number of issues, including:

Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals – line items specified in MFRS 101 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.

Notes – confirmation that the notes do not need to be presented in a particular order.

Other comprehensive income (“OCI”) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss.

Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in MFRS 108 regarding the adoption of new standards/accounting policies are not required for these amendments.

- Annual Improvements to MFRS 2012 – 2014

The adoption of these amendments did not have any impact on the current financial period or any prior financial period and is not likely to affect future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 July 2017

- Amendments to MFRS 107 “Statement of Cash Flows – Disclosure Initiative” (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

The Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund’s financial statements.

(ii) Financial year beginning on/after 1 July 2018

- MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)****(ii) Financial year beginning on/after 1 July 2018 (continued)**

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through OCI. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment—that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Classification

The Fund designates its investments in foreign quoted securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents, and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities.

Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

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

Impairment for assets carried at amortised costs

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in statement of comprehensive income. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent financial period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Foreign currency**Functional and presentation currency

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

Transactions and balances

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

(d) Income recognition

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

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities, determined on a weighted average cost basis.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value.

(f) Taxation

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

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

(g) Transactions costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Unit holders' capital

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

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

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

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

(i) Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(j) Realised and unrealised portions of net income after tax

The analysis of realised and unrealised net income after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on ETFs.

(k) Critical accounting estimates and judgments in applying accounting policies

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on ETFs.

However, the Manager is of the opinion that there are accounting policies which require significant judgment to be exercised.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on ETFs.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in quoted securities will fluctuate because of changes in market prices (other than those arising from currency risk). The value of quoted securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The very nature of an ETF, however, helps mitigate this risk because a fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

(ii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Fund.

The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on ETFs.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

(d) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2016				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>15,086,025</u>	<u>-</u>	<u>-</u>	<u>15,086,025</u>
30.06.2016				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>14,096,447</u>	<u>-</u>	<u>-</u>	<u>14,096,447</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

- (ii) The carrying values of cash and cash equivalents, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial period ended 31 December 2016, the management fee is recognised at a rate of 0.60% per annum (31.12.2015: 0.60% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign sub-custodian fees and charges.

For the financial period ended 31 December 2016, the Trustee's fee is recognised at a rate of 0.08% per annum (31.12.2015: 0.08% per annum).

There will be no further liability to the Trustee in respect of Trustee's and custodian fees other than the amounts recognised above.

6. OTHER EXPENSES

	01.10.2016 to 31.12.2016 RM	01.10.2015 to 31.12.2015 RM
Printing costs	1,749	2,353
Listing fee	2,079	2,061
Other expenses	<u>3,828</u>	<u>4,414</u>
	Year-to-date 31.12.2016 RM	Year-to-date 31.12.2015 RM
Printing costs	3,319	4,334
Listing fee	4,276	3,882
Other expenses	<u>7,595</u>	<u>8,216</u>

7. TAXATION

	01.10.2016 to 31.12.2016 RM	01.10.2015 to 31.12.2015 RM
Tax charged for the financial period:		
- Current taxation	<u>1,023</u>	<u>829</u>

7. TAXATION (CONTINUED)

A numerical reconciliation between the profit/(loss) before taxation multiplied by the Malaysian statutory income tax rate and tax expense of the Fund is as follows:

	01.10.2016 to 31.12.2016 RM	01.10.2015 to 31.12.2015 RM
Profit/(Loss) before taxation	<u>587,970</u>	<u>(243,490)</u>
Taxation at Malaysian statutory rate of 24% (31.12.2015: 25%)	141,113	(60,873)
Tax effects of:		
(Investment income not subject to tax)/Investment loss not deductible for tax purposes	(152,317)	48,043
Expenses not deductible for tax purposes	4,705	5,136
Restriction on tax deductible expenses for ETFs	7,058	8,350
Effect of foreign tax on foreign taxable income	464	12,130
Over provision from previous financial period	-	(11,957)
Taxation	<u>1,023</u>	<u>829</u>
	Year-to-date 31.12.2016 RM	Year-to-date 31.12.2015 RM
Tax charged for the financial period:		
- Current taxation	<u>9,278</u>	<u>12,787</u>

A numerical reconciliation between the profit/(loss) before taxation multiplied by the Malaysian statutory income tax rate and tax expense of the Fund is as follows:

	Year-to-date 31.12.2016 RM	Year-to-date 31.12.2015 RM
Profit/(Loss) before taxation	<u>2,529,845</u>	<u>(2,291,546)</u>
Taxation at Malaysian statutory rate of 24% (31.12.2015: 25%)	607,163	(572,887)
Tax effects of:		
(Investment income not subject to tax)/Investment loss not deductible for tax purposes	(609,250)	577,102
Expenses not deductible for tax purposes	8,462	10,981
Restriction on tax deductible expenses for ETFs	13,941	16,321
Effect of foreign tax on foreign taxable income	(11,038)	(6,773)
Over provision from previous financial period	-	(11,957)
Taxation	<u>9,278</u>	<u>12,787</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2016	30.06.2016
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>15,086,025</u>	<u>14,096,447</u>
	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	320,849	359,736
- Unrealised fair value gain/(loss)	<u>314,285</u>	<u>(550,922)</u>
	<u>635,134</u>	<u>(191,186)</u>
	Year-to-date 31.12.2016	Year-to-date 31.12.2015
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	424,005	524,942
- Unrealised fair value gain/(loss)	<u>2,091,761</u>	<u>(2,849,058)</u>
	<u>2,515,766</u>	<u>(2,324,116)</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2016				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Company Limited	8,500	96,025	103,718	0.69
Consumer Products				
Air China Limited	13,600	52,705	38,931	0.26
BYD Company Limited	5,100	103,129	120,480	0.80
Great Wall Motor Company Limited	23,800	144,648	99,648	0.66
Guangzhou Automobile Group Company Limited	17,000	67,549	92,216	0.61
Hengan International Group Company Limited	5,100	184,671	167,964	1.11
	64,600	552,702	519,239	3.44
Energy				
China Petroleum & Chemical Corporation	180,200	477,050	573,153	3.80
China Shenhua Energy Company Limited	25,500	263,010	215,301	1.43
CNOOC Limited	105,400	572,427	591,243	3.92
Hanergy Thin Film Power Group Limited *	102,900	332,879	-	-
Petrochina Company Limited	159,800	592,176	534,143	3.54
	573,800	2,237,542	1,913,840	12.69
Finance				
Agricultural Bank Of China Limited	197,200	311,734	362,650	2.40
Bank Of China Limited	399,500	658,849	794,746	5.26
Bank Of Communications Company Limited	61,200	167,027	198,549	1.32
China Cinda Asset Management Company Limited	69,700	133,014	113,264	0.75
China Citic Bank Corporation Limited	62,900	138,898	179,329	1.19
China Construction Bank Corporation Limited	418,200	1,157,386	1,443,815	9.56
China Everbright Bank Company Limited	23,800	43,165	48,585	0.32

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2016				
(CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Finance (continued)				
China Huarong Asset Management Company Limited	47,600	74,343	76,801	0.51
China Life Insurance Company Limited	56,100	645,272	715,901	4.74
China Merchants Bank Company Limited	28,900	215,611	303,840	2.01
China Minsheng Banking Corporation Limited	49,300	167,010	236,349	1.56
China Overseas Land & Investment Limited	28,900	304,301	343,450	2.27
China Pacific Insurance (Group) Company Limited	20,400	273,772	319,118	2.11
China Resources Land Limited	20,400	191,296	205,745	1.36
China Vanke Company Limited	10,200	79,761	104,406	0.69
CITIC Securities Company Limited	17,000	175,593	154,938	1.03
Country Garden Holdings Company Limited	54,400	119,544	136,534	0.90
GF Securities Company Limited	11,900	125,480	111,347	0.74
Haitong Securities Company Limited	25,500	218,433	196,131	1.30
Huatai Securities Company Limited	13,600	118,655	116,400	0.77
Industrial And Commercial Bank Of China Limited	368,900	860,778	992,007	6.57
PICC Property And Casualty Company Limited	35,700	207,866	249,395	1.65
Ping An Insurance (Group) Company Of China Limited	28,900	520,045	648,459	4.29
The People's Insurance Company (Group) Of China Limited	62,900	117,960	111,308	0.74
	<u>2,113,100</u>	<u>7,025,793</u>	<u>8,163,067</u>	<u>54.04</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2016 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Health Care				
Sinopharm Group Company Limited	7,650	142,825	141,347	0.94
Industrials				
China Communications Construction Company Limited	34,000	123,875	175,387	1.16
China Railway Construction Corporation Limited	13,600	55,050	78,492	0.52
China Railway Group Limited	28,900	77,344	106,628	0.71
CITIC Limited	37,400	251,840	240,075	1.59
CRRC Corporation Limited	30,600	141,971	123,164	0.81
Fosun International Limited	18,700	152,037	118,740	0.79
Metallurgical Corporation of China Limited	20,400	31,139	35,628	0.24
Shanghai Electric Group Company Limited	20,400	45,712	40,937	0.27
	<u>204,000</u>	<u>878,968</u>	<u>919,051</u>	<u>6.09</u>
Technology				
Tencent Holdings Limited	12,750	585,024	1,398,720	9.26
Telecommunications				
China Mobile Limited	26,350	1,028,537	1,252,580	8.30
China Telecom Corporation Limited	122,400	233,765	253,406	1.68
China Unicom (Hong Kong) Limited	44,200	226,255	230,815	1.53
	<u>192,950</u>	<u>1,488,557</u>	<u>1,736,801</u>	<u>11.51</u>
Utilities				
CGN Power Company Limited	76,500	125,804	94,231	0.62
Huaneng Power International, Inc.	32,300	125,612	96,011	0.64
	<u>108,800</u>	<u>251,416</u>	<u>190,242</u>	<u>1.26</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2016 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>3,286,150</u>	13,258,852	<u>15,086,025</u>	<u>99.92</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,827,173</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>15,086,025</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2016				
Audited				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Company Limited	9,500	107,323	91,806	0.64
Consumer Products				
Air China Limited	13,300	53,394	36,584	0.25
BYD Company Limited	5,700	115,262	137,413	0.96
Great Wall Motor Company Limited	24,700	153,681	82,300	0.57
Guangzhou Automobile Group Company Limited	17,100	64,706	82,093	0.57
Hengan International Group Company Limited	5,700	206,397	191,402	1.33
Qinqin Foodstuffs Group (Cayman) Company Limited	1,140	-	6,508	0.05
	<u>67,640</u>	<u>593,440</u>	<u>536,300</u>	<u>3.73</u>
Energy				
China Petroleum & Chemical Corporation	193,800	509,700	563,260	3.92
China Shenhua Energy Company Limited	28,500	293,953	210,927	1.47
CNOOC Limited	119,700	652,522	597,636	4.15
Hanergy Thin Film Power Group Limited *	102,900	332,879	-	-
Petrochina Company Limited	171,000	645,259	469,482	3.26
	<u>615,900</u>	<u>2,434,313</u>	<u>1,841,305</u>	<u>12.80</u>
Finance				
Agricultural Bank Of China Limited	212,800	335,367	312,554	2.17
Bank Of China Limited	437,000	718,803	700,821	4.87
Bank Of Communications Company Limited	66,500	179,791	168,771	1.17
China Cinda Asset Management Company Limited	74,100	143,146	100,375	0.70
China Citic Bank Corporation Limited	62,700	133,953	153,270	1.07
China Construction Bank Corporation Limited	475,000	1,315,314	1,262,208	8.77

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2016				
(CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Finance (continued)				
China Everbright Bank Company Limited	26,600	48,243	48,871	0.34
China Huarong Asset Management Company Limited	47,500	73,818	75,437	0.52
China Life Insurance Company Limited	58,900	653,900	508,058	3.53
China Merchants Bank Company Limited	30,400	224,120	273,584	1.90
China Minsheng Banking Corporation Limited	53,200	176,331	206,529	1.44
China Overseas Land & Investment Limited	32,300	334,003	410,711	2.86
China Pacific Insurance (Group) Company Limited	20,900	276,767	283,109	1.97
China Resources Land Limited	22,800	213,802	214,181	1.49
China Vanke Company Limited	9,500	73,338	74,943	0.52
CITIC Securities Company Limited	19,000	196,251	167,637	1.17
Dalian Wanda Commercial Properties Company Limited	5,700	143,765	140,815	0.98
GF Securities Company Limited	13,300	140,243	121,488	0.84
Haitong Securities Company Limited	28,500	244,130	192,881	1.34
Huatai Securities Company Limited	13,300	116,254	113,757	0.79
Industrial And Commercial Bank Of China Limited	400,900	932,373	892,608	6.20
New China Life Insurance Company Limited	5,700	84,370	81,501	0.57
PICC Property And Casualty Company Limited	38,000	218,771	239,031	1.66
Ping An Insurance (Group) Company Of China Limited	36,100	649,606	639,831	4.45

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2016 (CONTINUED)				
Audited (Continued) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
The People's Insurance Company (Group) Of China Limited	49,400	95,586	76,147	0.53
	<u>2,240,100</u>	<u>7,722,045</u>	<u>7,459,118</u>	<u>51.85</u>
Health Care				
Sinopharm Group Company Limited	8,550	159,628	163,964	1.14
Industrials				
China Communications Construction Company Limited	36,100	130,023	155,508	1.08
China Railway Construction Corporation Limited	15,200	61,527	76,285	0.53
China Railway Group Limited	30,400	80,179	90,879	0.63
CITIC Limited	39,900	269,688	233,587	1.62
CRRC Corporation Limited	32,300	151,340	115,837	0.81
Fosun International Limited	19,000	157,604	98,610	0.69
Metallurgical Corporation of China Limited	15,200	26,742	18,696	0.13
Shanghai Electric Group Company Limited	19,000	44,832	32,048	0.22
	<u>207,100</u>	<u>921,935</u>	<u>821,450</u>	<u>5.71</u>
Technology				
Tencent Holdings Limited	14,250	593,886	1,302,392	9.05
Telecommunications				
China Mobile Limited	27,550	1,059,836	1,267,557	8.81
China Telecom Corporation Limited	133,000	252,861	238,833	1.66
China Unicom (Hong Kong) Limited	47,500	243,681	197,713	1.37
	<u>208,050</u>	<u>1,556,378</u>	<u>1,704,103</u>	<u>11.84</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2016 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
Utilities				
CGN Power Company Limited	81,700	136,613	91,165	0.63
Huaneng Power International, Inc.	34,200	135,474	84,844	0.60
	<u>115,900</u>	<u>272,087</u>	<u>176,009</u>	<u>1.23</u>
TOTAL QUOTED SECURITIES	<u>3,486,990</u>	<u>14,361,035</u>	<u>14,096,447</u>	<u>97.99</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(264,588)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>14,096,447</u>		

- * Trading in the securities of the counter has been suspended since 20 May 2015. The securities of the counter continued to remain deposited with the central securities depository during the period of suspension as it was not mandatory for the securities to be withdrawn.

9. CASH AND CASH EQUIVALENTS

	31.12.2016	30.06.2016
	RM	Audited RM
Bank balances	<u>110,445</u>	<u>45,202</u>

10. OTHER PAYABLES AND ACCRUALS

	31.12.2016	30.06.2016
	RM	Audited RM
Provision for audit fee	40,309	26,800
Provision for tax agent's fee	6,919	4,600
Other accruals - license fee & Goods and Services Tax ("GST")	<u>42,869</u>	<u>39,636</u>
	<u>90,097</u>	<u>71,036</u>

License fee is payable to FTSE International Limited, the Underlying Index provider.

For the financial period ended 31 December 2016, the license fee was recognised at a rate of 0.04% per annum (31.12.2015: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

There will be no further liability to the FTSE International Limited in respect of license fee other than the amounts recognised above.

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.10.2016 to 31.12.2016	01.07.2015 to 30.06.2016
	No of units	Audited No of units
At the beginning of the financial period/year	12,350,000	13,650,000
Add: Creation of units from applications	-	650,000
Less: Cancellation of units	<u>(1,300,000)</u>	<u>(1,950,000)</u>
At the end of the financial period/year	<u>11,050,000</u>	<u>12,350,000</u>

12. MANAGEMENT EXPENSE RATIO (“MER”)

	01.10.2016 to 31.12.2016 %	01.10.2015 to 31.12.2015 %
MER	<u>0.28</u>	<u>0.27</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee’s and custodian fees
C	=	Audit fee
D	=	Tax agent’s fee
E	=	Other expenses excluding GST on transaction costs
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM15,982,340 (31.12.2015: RM17,864,889).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015
PTR (times)	<u>0.07</u>	<u>0.10</u>

PTR is derived based on the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period	=	RM279,010 (31.12.2015: RM581,799)
total disposal for the financial period	=	RM1,962,775 (31.12.2015: RM3,042,064)

14. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Bhd	The Manager
CIMB-Principal Asset Management (S) Pte. Ltd.	Investment Adviser of the Fund
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Bhd ("CIMB")	Ultimate holding company of the Manager
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager.

Units held by the Manager and parties related to the Manager

There were no units held by the Manager, Directors and parties related to the Manager as at the end of each financial period.

Significant related party transactions and balances

There were no other significant related party transactions and balances during each of the financial period.

15. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with all brokers/dealers for the financial period ended 31 December 2016 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Pacific Limited	1,788,588	79.78	2,900	79.74
Credit Suisse (Hong Kong) Limited	453,196	20.22	737	20.26
	<u>2,241,784</u>	<u>100.00</u>	<u>3,637</u>	<u>100.00</u>

Details of transactions with all brokers/dealers for the financial period ended 31 December 2015 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities (Singapore) Pte. Ltd. #	2,627,539	72.51	4,257	75.23
CLSA Limited	996,323	27.49	1,401	24.77
	<u>3,623,862</u>	<u>100.00</u>	<u>5,658</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte. Ltd, fellow subsidiary of the Manager amounting to Nil (31.12.2015: RM2,627,539). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

16. SEGMENT INFORMATION

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance. In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the NAV of the Fund's portfolio and the Benchmark Index. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income earned from investments and gains on the appreciation in the value of investments, which is derived from the 50 largest and most liquid Chinese stocks (Red Chips, H shares and P Chips) listed and trading on the Hong Kong Exchanges and Clearing Limited ("HKEx"), Hong Kong.

There were no changes in reportable operating segment during the financial period.

17. NON CASH TRANSACTIONS

Creation and cancellation are done by transferring the In-Kind Creation Basket from and to the Participating Dealers respectively. A reconciliation of the cash flows used in creation and cancellation and the total creation and cancellation as presented in the statement of changes in equity is presented below:

	31.12.2016	30.06.2016
	RM	Audited RM
Creation		
- Non cash component	-	-
- Cash component	-	707,200
	<u>-</u>	<u>707,200</u>
Cancellation		
- Non cash component	-	-
- Cash component	(1,808,430)	(2,453,100)
	<u>(1,808,430)</u>	<u>(2,453,100)</u>

18. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Bursa Malaysia Securities Bhd's Listing Requirements and the Guidance on Special Matter No.1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Bhd Listing Requirements", as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by Bursa Malaysia Securities Berhad.

	31.12.2016	30.06.2016
	RM	Audited RM
Total retained earnings of the Fund:		
- Realised amount	(1,371,603)	(551,352)
- Unrealised amount	4,391,019	2,860,431
	<u>3,019,416</u>	<u>2,309,079</u>

The analysis between realised and unrealised retained earnings above is prepared on a different basis as compared to the analysis of realised and unrealised retained earnings as disclosed in the statement of comprehensive income.

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