

CIMB FTSE CHINA 50

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 20
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
Additional Information	
STATEMENT BY MANAGER	21
TRUSTEE'S REPORT	22
INDEPENDENT AUDITORS' REPORT	23 - 27
STATEMENT OF COMPREHENSIVE INCOME	28
STATEMENT OF FINANCIAL POSITION	29
STATEMENT OF CHANGES IN EQUITY	30
STATEMENT OF CASH FLOWS	31
NOTES TO THE FINANCIAL STATEMENTS	32 - 59
DIRECTORY	60 - 62
Trust Directory	
Corporate Directory	

INVESTORS' LETTER

Dear Valued Investor,

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 has achieved RM55 billion in Asset under Management ("AUM") as at July 2018.

The Edge| Thomson Reuters Lipper Malaysia Fund Awards 2018

- Best Fund Over 5 Years, Equity Global - Malaysia : CIMB-Principal Global Titans Fund
- Best Fund Over 5 Years, Equity Asia Pacific ex Japan - Malaysia : CIMB-Principal Asian Equity Fund
- Best Fund Over 5 Years, Equity Asia Pacific ex Japan - Malaysia : CIMB Islamic Asia Pacific Equity Fund
- Best Fund Over 5 Years, Equity Malaysia Diversified - Malaysia : CIMB-Principal Equity Growth & Income Fund
- Best Fund Over 5 Years, Mixed Asset MYR Bal - Malaysia : CIMB-Principal Income Plus Balance Fund
- Best Fund Over 3 Years, Equity Global - Malaysia : CIMB-Principal Global Titans Fund

In addition, we received recognition from Fundsupermart.com for 'Fund House of the Year' award and Recommended Unit Trust 2018/2019 awards for the following funds:

- CIMB-Principal Global Titans Fund
- CIMB-Principal Asia Pacific Dynamic Income Fund
- CIMB Islamic Asia Pacific Equity Fund
- CIMB-Principal Greater China Equity Fund
- CIMB-Principal PRS Plus Conservative
- CIMB-Principal PRS Plus Growth

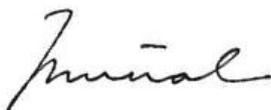
Our latest accomplishment is The Asset Triple A Private Banking, Wealth Management, Investment and Exchange-Traded Fund ("ETF") Awards 2018 where we have been recognized for the Best Wealth Manager in Malaysia.

These prestigious awards are a celebration of the trust that you have placed in us and testament to our capability in bringing potential value to your financial goals and needs. We look forward to serving you for many years to come and to the best of our ability.

Please note that as at June 2018, CIMB-Principal is managing 2 ETFs listed on Bursa Malaysia: CIMB FTSE ASEAN 40 Malaysia and CIMB FTSE China 50.

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

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 year under review, the Fund has met its objective to closely correspond to the performance of the Benchmark Index.

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 30 June 2018?

RM15.17 million (9.75 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 year ended 30 June 2018?

There was no distribution made for the financial year ended 30 June 2018.

PERFORMANCE DATA

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

	30.06.2018	30.06.2017	30.06.2016
	%	%	%
Quoted securities			
- Basic Materials	1.57	0.85	0.64
- Consumer Products	3.55	2.48	3.73
- Energy	12.11	11.50	12.80
- Finance	46.52	56.36	51.85
- Health Care	-	-	1.14
- Industrials	4.38	6.04	5.71
- Real Estate	9.00	-	-
- Technology	11.66	9.25	9.05
- Telecommunications	8.31	10.78	11.84
- Utilities	1.12	1.26	1.23
Cash and other net assets	1.78	1.48	2.01
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2018	30.06.2017	30.06.2016
Total asset value (RM Million)	15.26	14.54	14.46
Net Asset Value ("NAV") (RM Million)	15.17	14.45	14.39
Units in circulation (Million)	9.75	9.75	12.35
NAV per Unit (RM)	1.5559	1.4819	1.1648
Highest NAV per Unit (RM)	1.8292	1.5236	1.4481
Lowest NAV per Unit (RM)	1.4720	1.1531	1.0068
Market Price per Unit (RM)	1.5400	1.4800	1.1600
Highest Market Price per Unit (RM)	1.8450	1.5150	1.4350
Lowest Market Price per Unit (RM)	1.4600	1.1650	1.0150
Total return (%) [^]	5.00	27.21	(20.04)
- Capital growth (%)	5.00	27.21	(20.04)
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) [*]	1.13	1.18	1.23
Portfolio Turnover Ratio ("PTR") (times) [#]	0.14	0.24	0.25

[^] based on NAV per unit

^{*} The Fund's MER decreased from 1.18% to 1.13% due to decreased expenses and increased in NAV during the financial year under review.

[#] For the financial year under review, the Fund's PTR was at 0.14 times, lower as compared to the same period last year which was at 0.24 times. The decrease was due to less trading activities from portfolio rebalancing within the reporting year.

	30.06.2018	30.06.2017	30.06.2016	30.06.2015	30.06.2014
	%	%	%	%	%
Annual total return	5.00	27.21	(20.04)	48.30	16.07

(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 year have been extracted from Lipper.

MARKET REVIEW (1 JULY 2017 TO 30 JUNE 2018)

For the financial year under review, the Benchmark Index gained by 3.55% in Malaysian Ringgit ("MYR") terms.

Despite geopolitical tensions resurfacing, while global equity markets stayed flat, China announced Gross Domestic Product ("GDP") growth of 6.80% year-on-year ("y-o-y") in the third quarter of 2017. A statement from the National Bureau of Statistics ("NBS") painted steady but positive economic development in the first three quarters. It also highlighted challenges in a complex international environment amid structural changes domestically. Exports have been quite buoyant versus last year and this has given China a buffer in terms of reducing the reliance on leverage expansion and fixed asset investment. In terms of liquidity, fund inflows into Chinese equities were strong. In particular, during the week ending August 2017, the Chinese markets recorded the largest weekly inflow since June 2015, around USD990 million.

China's GDP growth for the fourth quarter of 2017 has increased by 6.80% y-o-y again, following the same rate for the third quarter of 2017, ending the year on a positive note. Growth for the 2017 full year picked up to 6.90% for the whole year, the first pick-up in GDP growth rate since 2011, better than market expectation. The annual pickup in growth comes as the Government steps up its crackdown on risky investment and high leverage ratios as well as its fight against pollution. It was helped by rebound in the industrial sector, a resilient property market and strong export growth as well. Following the US Federal Reserve's (the "Fed") December 2017 hike, the People's Bank of China ("PBoC") also raised its interbank policy rates by 5 basis points ("bps"). Economists were of the view the PBoC hikes were a symbolic move meant to signal authorities' commitment to extend their campaign to reduce leverage and curb risky lending.

In the first quarter of 2018, China printed a GDP growth of 6.80%, topped a consensus estimate of 6.70% y-o-y growth for the quarter, marking the third-straight quarter of 6.80% growth. In January 2018 to March 2018, fixed asset investment growth slowed to 7.50% from a year ago, down from 7.90% in the first two months of the year. Economists had expected fixed asset investment to come in at 7.60% over the first three months of 2018. During the World Economic Forum in Davos, attended by world leaders, China's delegation defended global trade and stressed on China's high-quality development, adherence to supply-side reform, tackling shadow banking and hidden local Government debts, commitment to globalisation and inclusiveness. It mentioned reform measures will exceed expectations of the international community.

GDP growth in China lost some steam in the second quarter of 2018, posted 6.70% y-o-y, a notch below the 6.80% rise recorded in the previous three quarters, in line with market expectation and above the Government's target of 6.50% economic growth for 2018. Sequential data shows that GDP in the second quarter of 2018 adjusted for seasonal factors increased 1.80%, up from the 1.40% expansion recorded in the first quarter of 2018. The main headwinds for Chinese economy in this quarter reflecting an aggressive financial deleveraging and authorities' efforts to crack down on shadow banking. While the deceleration came against the context of an escalating trade war with the US, the actual impact of the dispute will only be seen in second half of 2018.

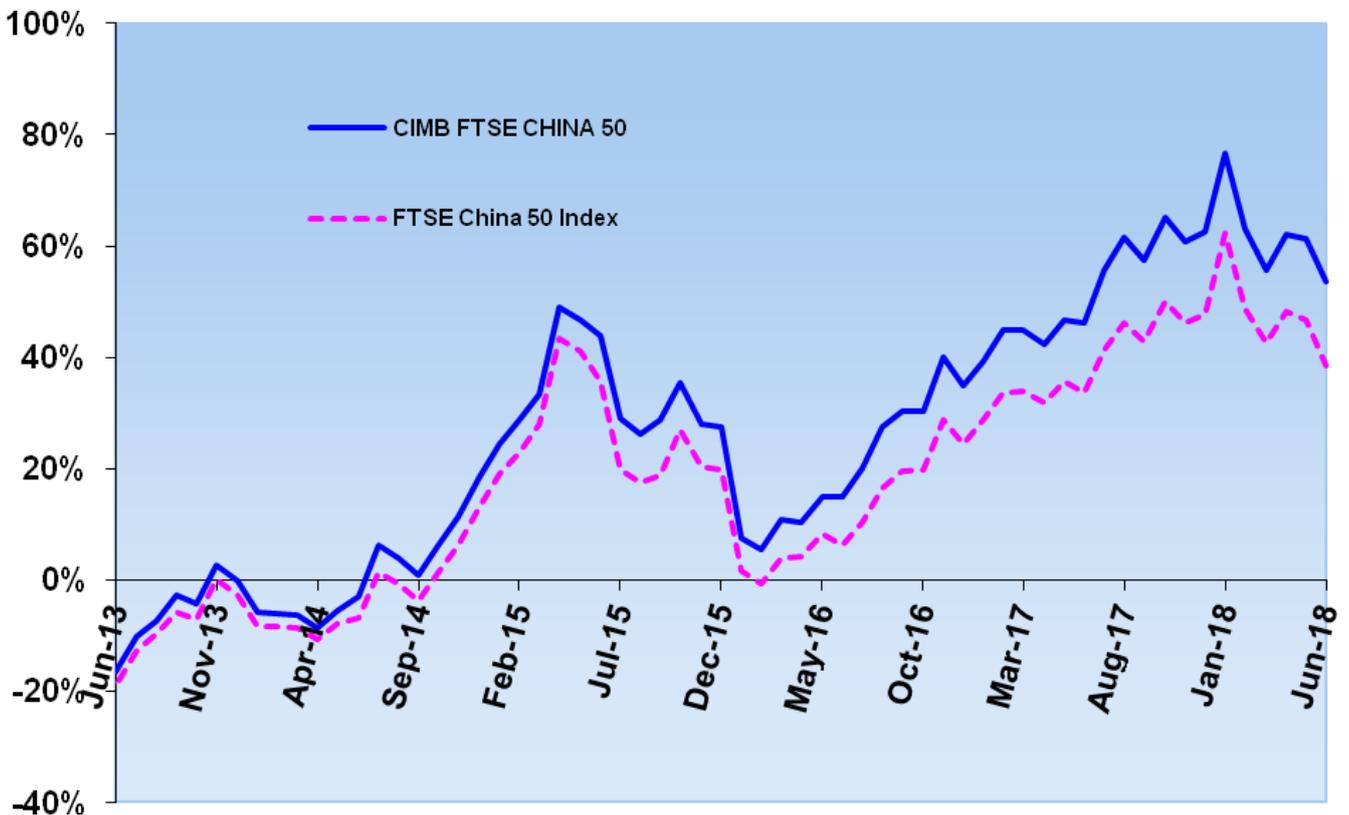
FUND PERFORMANCE

	1 year to 30.06.2018	3 years to 30.06.2018	5 years to 30.06.2018	Since inception to 30.06.2018
	%	%	%	%
Income	-	-	-	-
Capital [^]	5.00	6.81	83.86	53.54
Total Return [^]	5.00	6.81	83.86	53.54
Average Total Return [^]	5.00	2.22	12.95	5.52
Benchmark	3.55	2.10	71.20	38.44
Changes in Market Price per Unit	4.05	5.84	80.12	49.51

[^] based on NAV per Unit

For the financial year under review, the Fund gained by 5.00%, while the benchmark gained by 3.55%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.54 compared to RM1.48 in previous year. This represents an increase of 4.05% for the financial year.



FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	30.06.2018	30.06.2017	Changes %
NAV (RM Million)	15.17	14.45	4.98
NAV/Unit (RM)	1.5559	1.4819	4.99

For the 1-year period, the Fund's total NAV and NAV per unit gained by 4.98% and 4.99% respectively. The gains in the total NAV and NAV per unit were due to investment performance of the Chinese equities as partly described in the Market Review section over the 1-year period.

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 year have been extracted from Lipper.

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	30.06.2018	30.06.2017
Quoted securities	98.22	98.52
Cash and other net assets	1.78	1.48
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

China is currently mitigating the risks in its financial system. The Government has made measureable progress in reducing dependence on shadow banking. There are ongoing attempts at policy fine-tuning. China's capital markets were liberalised further for foreign investors using Qualified Foreign Institutional Investor ("QFII") or Chinese Yuan Renminbi ("CNY") Qualified Foreign Institutional Investor ("RQFII") quotas. Caps of 20% on monthly repatriation of principal and income were removed as was the monthly lock-in period. Investors will also be allowed to undertake onshore foreign exchange ("forex") derivatives through qualified institutions. We believe that Chinese growth will slow down as it balances growth goals with those for leverage and quality of life. It should still grow at 6% real (it reported first quarter 2018 growth of 6.8% y-o-y) and about 9% nominal. We expect Chinese monetary policy to turn less restrictive in coming months as government re-focuses on growth.

* 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 30 June 2018 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	79	0.04	0.41
1,001 to 10,000	150	0.69	7.08
10,001 to 100,000	65	1.94	19.90
100,001 and above	11	7.08	72.61
Total	310	9.75	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 year 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.

ADDITIONAL INFORMATION

Key Personnel of the Manager

There are eight (8) members sitting on the Board of Directors of CIMB-Principal including three (3) Independent Directors. The Board of Directors oversees the management and operations of CIMB-Principal and meets at least once every quarter.

Details of the Directors of the management company are set out as below:

Name:	A.Huzaim Bin Dato' Abdul Hamid*
Age:	53
Nationality:	Malaysian
Designation:	Director of CIMB-Principal Asset Management Berhad
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language, from the Pushkin Institute of Moscow and the Russian Center of Science and Culture, Kuala Lumpur, 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.
Experience:	<p>Has been a Director of CIMB-Principal Asset Management Berhad since 2 May 2013.</p> <p>Huzaim has spent 30 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He has been an independent Investment Committee member for more than 14 years for CIMB-Principal as well as being the same for CIMB-Principal Islamic Asset Management Sdn Bhd and CIMB Wealth Advisors Berhad for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>He is also the Chairman of Kulak Sdn Bhd, a Defense services advisory company.</p> <p>Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies (ISIS) Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks (NEAT).</p> <p>Huzaim speaks and writes in 5 languages.</p>
Date appointed to Board:	2 May 2013
Details of Membership of any Board Committee:	Investment Committee Member
Directorship of other public companies:	None
Family relationship with any Director:	None

ADDITIONAL INFORMATION (CONTINUED)
Key Personnel of the Manager (continued)

Name:	A.Huzaima Bin Dato' Abdul Hamid* (continued)
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	3 of 5
Name:	Alejandro Elias Echegorri Rodriguez
Age:	58
Nationality:	Mexican
Designation:	Chief Executive Officer, ASEAN Region, Executive Director of CIMB-Principal Asset Management Berhad, Director of CIMB-Principal Asset Management (S) Pte Ltd, Director of CIMB-Principal Islamic Asset Management Sdn Bhd, Director of CIMB-Principal Asset Management Company Limited, Komisararis of PT-CIMB Principal Asset Management, Director of i-Wealth Advisors Sdn Bhd and Director of CIMB Wealth Advisors Berhad.
Qualifications:	Degree in Economics from the Universidad Mayor de la Republica, Uruguay and a Master in Economics degree from Universidad Centro de Estudios Macroeconomicos de Argentina.
Experience:	He is the Chief Executive Officer, ASEAN Region of CIMB-Principal. He was appointed as Executive Director of CIMB-Principal Asset Management Berhad on 28 March 2016, Director of CIMB-Principal Asset Management (S) Pte Ltd, Singapore on 4 April 2016, Director of CIMB-Principal Islamic Asset Management Sdn Bhd on 7 April 2016, Director of CIMB-Principal Asset Management Company Limited, Thailand on 1 June 2016, Komisararis of PT-CIMB Principal Asset Management, Indonesia on 14 June 2016, Director of i-Wealth Advisors Sdn Bhd on 29 September 2015 and Director of CIMB Wealth Advisors Berhad on 14 June 2017. He joined CIMB-Principal on 1 March 2015. Previously he was the Chief Investment Officer for Principal International in Latin America, where he was responsible for the overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the region as well as for supporting the overall development of the asset management business in the region. He joined Principal in 2003 as Head of Institutional Asset Management and Chief Investment Officer for Principal Financial Group in Mexico. Prior to that, he was the Senior Investment Officer for Citibank's Pension Fund Business in Latin America. He had also held different positions in the investment area in countries such as Uruguay, Argentina, Chile, Mexico and the United Kingdom.
Date appointed to Board:	28 March 2016
Details of Membership of any Board Committee:	Investment Committee Member

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Alejandro Elias Echegorri Rodriguez (continued)
Directorship of other public companies:	CIMB-Principal Asset Management Company Limited
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	5 of 5
Name:	Effendy Shahul Hamid
Age:	45
Nationality:	Malaysian
Designation:	Chief Executive Officer, Group Asset Management & Investments Chief Executive Officer, Group Commercial Banking
Qualifications:	Honours in Electronic Engineering with Optoelectronics, University College London; Alumni of CIMB-INSEAD Leadership Programme.
Experience:	Effendy oversees all of CIMB Group's asset management and investments business across both public and private markets. This includes CIMB Group's regional asset management business (CIMB-Principal), its private equity fund management business and the Group's strategic investments portfolio in companies such as Touch n Go. Effendy also oversees all of the Group's regional banking businesses for the small and medium enterprise and mid-sized corporate segment, with a key lean on creating differentiated propositions and executing long term growth strategies. Amongst others, he serves as a Director of Touch 'n Go and on the board of several CIMB-Principal companies. Effendy was CIMB Group's Chief Marketing and Communications Officer where he managed the Group's entire marketing and communications initiatives, and lead franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's businesses across the region. Prior to that, he served as a Director in CIMB Group's Investment Banking Division, primarily focusing on corporate advisory and origination. The early years of Effendy's career was spent in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives.
Date appointed to Board:	17 August 2015
Details of Membership of any Board Committee:	None
Directorship of other public companies:	- PT CIMB-Principal Asset Management - CIMB-Principal Asset Management Company (Thailand) Limited - CIMB-Principal Islamic Asset Management Sdn Bhd - Touch n' Go Sdn Bhd

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Effendy Shahul Hamid (continued)
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	4 of 5
Name:	Hisham bin Zainal Mokhtar*
Age:	56
Nationality:	Malaysian
Designation:	Director of CIMB-Principal Asset Management Berhad and Director of CIMB-Principal Islamic Asset Management Sdn Bhd.
Qualifications:	Master in Business Administration, Massachusetts Institute of Technology – Sloan School of Management; Master of Science (MS) Mathematics, Illinois State University; Bachelor of Science (BS) Mathematics, Illinois State University; Chartered Financial Analyst Charterholder.
Experience:	Hisham Zainal Mokhtar is a Director in the Group Managing Director's Office at Malaysia Industrial Development Finance Berhad since July 2018. He is also an Action Learning Business Coach for Asia School of Business since 21 August 2018. He was previously the Chief Operating Officer of Astro Overseas Limited from July 2014 till June 2018. Prior to that he was a Director in the Investments Division of Khazanah from April 2009 to June 2014. He joined Khazanah in May 2005 from Tricubes Berhad where he was an Executive Director and Vice President of Corporate and Financing Planning. He started his career in the insurance industry at Universal Life & General Insurance in 1987 and after that William M Mercer Sdn Bhd in 1988 before becoming an investment analyst initially with Crosby Research (M) Sdn Bhd in 1991 before joining Barings Research (Malaysia) Sdn Bhd in 1994 and subsequently, UBS Research (Malaysia) Sdn Bhd in 1996. In 1998, he became a financial consultant at Sithe Pacific LLC, a regional independent power producer before he ventured out to set up a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd with another partner.
Date appointed to Board:	11 February 2015
Details of Membership of any Board Committee:	Audit Committee Member
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Hisham bin Zainal Mokhtar* (continued)
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	5 of 5
Name:	Munirah binti Khairuddin
Age:	43
Nationality:	Malaysian
Designation:	Chief Executive Officer/Executive Director
Qualifications:	Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK; Chartered Financial Analyst Charterholder; Capital Markets Services Representative's License holder for fund management.
Experience:	She is the Chief Executive Officer of CIMB-Principal since August 2013. She joined CIMB-Principal on 1 November 2006 and was appointed as Deputy Chief Executive Officer in November 2008. She has been an Executive Director of CIMB-Principal since 31 January 2012. Previously worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London. Apart from her Senior Management role, she has been instrumental in helping the company to grow its asset under management, deepening its retail leadership with new focus in private retirement space, and maintaining consistent risk management and investment performance whilst elevating the overall customer experience. Munirah also oversees both the retail and corporate businesses for Singapore. During her tenure as Deputy CEO from November 2008 to July 2013, she was responsible for the development of institutional, corporate and international business opportunities and institutional sales. In Malaysia, she has overseen retail funds marketing, market development and fund operations. Under her ambit, the company has spearheaded an international client base, listed exchange traded funds ("ETF") in Malaysia and Singapore, and developed products for regional distribution. She also played an integral part in strategic business development initiatives of CWA.
Date appointed to Board:	31 January 2012
Details of Membership of any Board Committee:	None
Directorship of other public companies:	CIMB Wealth Advisors Berhad
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Munirah binti Khairuddin (continued)
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	5 of 5
Name:	Paul Wong Chee Kin
Age:	49
Nationality:	Malaysian
Designation:	Regional Head, Consumer Strategic Business Support of CIMB Bank Berhad
Qualifications:	Bachelor of Business (Major in Banking & Finance), Monash University.
Experience:	<p>May 2016 – Present – Regional Head, Consumer Strategic Business Support, CIMB Bank Berhad</p> <p>Apr 2015 – May 2016 – Head, Regional Projects - CIMB Bank Berhad</p> <p>July 2013 – Mar 2015 – Head, Strategy, ASEAN Business Solutions & Projects - CIMB Bank Berhad</p> <p>Sep 2012 – June 2013 – Designate Head, Retail Banking - CIMB Bank/Bank of Commerce, Philippines</p> <p>Oct 2007 – June 2013 – Senior Vice President, Head of Sales Management – Consumer Sales & Distribution - CIMB Bank Berhad</p> <p>May 2007 – Oct 2007 – Vice President/ Regional Sales Manager - Alliance Bank Berhad</p> <p>July 2006 – May 2007 – Senior Manager, Partnership Distribution, Bancassurance - Prudential Assurance Malaysia Berhad</p> <p>July 2005 – July 2006 – Head, Mobile Sales - Overseas-Chinese Banking Corporation (OCBC), Malaysia</p> <p>April 2003 – June 2005 – Head, Sales Development and Coaching –Overseas - Chinese Banking Corporation (OCBC), Malaysia</p> <p>June 1999 – Apr 2003 – Branch Manager - Overseas-Chinese Banking Corporation Limited (OCBC), Singapore</p> <p>Apr 1996 – May 1999 – Assistant Manager - Credit & Marketing Officer - United Overseas Bank Limited (UOB), Singapore</p>
Date appointed to Board:	8 September 2016
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	4 of 5

ADDITIONAL INFORMATION (CONTINUED)**Key Personnel of the Manager (continued)**

Name:	Pedro Esteban Borda
Age:	57
Nationality:	Argentinean
Designation:	President–Southeast Asia & India of Principal International (South Asia) Sdn Bhd.
Qualifications:	Bachelor Degree in Business Administration and a Master Degree in Finance, both from Universidad Argentina de la Empresa (U.A.D.E), Buenos Aires, Argentina.
Experience:	He is the President, Southeast Asia & India of Principal International (South Asia) Sdn Bhd (“PISA”) based in Malaysia. He is also a Director of CIMB-Principal since 20 June 2013. Prior joining PISA, he was Chief Executive Officer, ASEAN Region of CIMB-Principal. In addition, he was the Country Head – Mexico from 2004 to February 2013, Vice President of Principal Financial Group and previously a member of the Board of Directors of Principal Financial Group, Chile.
Date appointed to Board:	20 June 2013
Details of Membership of any Board Committee:	Audit Committee Member
Directorship of other public companies:	- CIMB-Principal Asset Management Limited (Thailand) - PT CIMB-Principal Asset Management - Finansa Asset Management Ltd
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	5 of 5

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Wong Joon Hian*
Age:	69
Nationality:	Malaysian
Designation:	Independent Non-Executive Director and Chairman of Audit Committee of CIMB-Principal Asset Management Berhad.
Qualifications:	Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.
Experience:	<p>Has been an independent non-executive director of CIMB-Principal since 22 August 2007.</p> <p>He has accumulated over 30 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers), Malaysia until 1985. He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Berhad in December 1987. After Mayban Finance Berhad had completed the acquisition of Supreme Finance (Malaysia) Berhad in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined for Advance Synergy Berhad. He was appointed the managing director of United Merchant Group Berhad (now known as Advance Synergy Capital Sdn Bhd) in 1995. During the period from 1995 till 2007 he was a director of Ban Hin Lee Bank Berhad, Southern Investment Bank Berhad and United Merchant Finance Berhad. Currently, he is an independent non-executive director of Advance Synergy Capital Sdn Bhd.</p> <p>In addition, he is a director in several companies under the Advance Synergy Berhad Group and CIMB Group Holdings Berhad Group.</p>
Date appointed to Board:	22 August 2007
Details of Membership of any Board Committee:	Chairman/Member of Audit Committee
Directorship of other public companies:	<ul style="list-style-type: none"> - SFB Auto Berhad - SIBB Berhad - ICONIC Capital Group Limited
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2017 to 30 June 2018):	4 of 5

* Independent Director

ADDITIONAL INFORMATION (CONTINUED)**The Investment Committee**

As required by the ETF Guidelines, the Manager is required to establish an Investment Committee for the Fund whose role is to ensure that the investment management of the Fund is consistent with:

- (a) the Fund's investment objective;
- (b) the Deed;
- (c) the Prospectus;
- (d) the ETF Guidelines and other applicable laws;
- (e) internal investment restrictions and policies; and
- (f) acceptable and efficacious investment management practices within the industry.

The powers and duties of the Investment Committee include formulating and monitoring the implementation by the Manager of appropriate investment management strategies for the Fund and the measurement and evaluation of the performance of the Manager. The Investment Committee generally meets once a month.

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of five (5) members including three (3) independent members.

The following table sets out information on the members of the Investment Committee:

Name:	Mohamad Safri bin Shahul Hamid										
Age:	46										
Nationality:	Malaysian										
Designation:	Deputy Chief Executive Officer/Senior Managing Director of CIMB Islamic Bank Berhad										
Qualifications:	Master of Business Administration (Globalisation) from Maastricht School Of Management, The Netherlands; Bachelor of Accounting (Honours) from International Islamic University Malaysia; Chartered Accountant (CA) with the Malaysian Institute of Accountants (MIA).										
Experience:	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;">2011 - Present</td> <td>Deputy Chief Executive Officer/ Senior Managing Director (since April 2014) – CIMB Islamic Bank Berhad</td> </tr> <tr> <td style="vertical-align: top;">2009 - 2011</td> <td>Deputy Chief Executive Officer – MIDF Amanah Investment Bank, Kuala Lumpur</td> </tr> <tr> <td style="vertical-align: top;">Feb 2008 - Dec 2008</td> <td>Director – Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)</td> </tr> <tr> <td style="vertical-align: top;">2003 – 2008</td> <td>Director & Head – Debt Capital Markets, CIMB Islamic</td> </tr> <tr> <td style="vertical-align: top;">2000 – 2003</td> <td>Senior Analyst – Malaysian Rating Corporation Berhad</td> </tr> </table>	2011 - Present	Deputy Chief Executive Officer/ Senior Managing Director (since April 2014) – CIMB Islamic Bank Berhad	2009 - 2011	Deputy Chief Executive Officer – MIDF Amanah Investment Bank, Kuala Lumpur	Feb 2008 - Dec 2008	Director – Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)	2003 – 2008	Director & Head – Debt Capital Markets, CIMB Islamic	2000 – 2003	Senior Analyst – Malaysian Rating Corporation Berhad
2011 - Present	Deputy Chief Executive Officer/ Senior Managing Director (since April 2014) – CIMB Islamic Bank Berhad										
2009 - 2011	Deputy Chief Executive Officer – MIDF Amanah Investment Bank, Kuala Lumpur										
Feb 2008 - Dec 2008	Director – Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)										
2003 – 2008	Director & Head – Debt Capital Markets, CIMB Islamic										
2000 – 2003	Senior Analyst – Malaysian Rating Corporation Berhad										
Date appointed to Investment Committee:	1 April 2014										
Conflict of interest with the Fund:	None										
List of convictions for offences within the past 10 years other than traffic offences:	None										
Number of Investment Committee meetings attended in the financial year (1 July 2017 to 30 June 2018):	7 of 10										

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	A.Huzaim Bin Dato' Abdul Hamid*
Age:	53
Nationality:	Malaysian
Designation:	Director of CIMB-Principal Asset Management Berhad
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language, from the Pushkin Institute of Moscow and the Russian Center of Science and Culture, Kuala Lumpur, 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.
Experience:	<p>Has been a Director of CIMB-Principal Asset Management Berhad since 2 May 2013.</p> <p>Huzaim has spent 30 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He has been an independent Investment Committee member for more than 14 years for CIMB-Principal as well as being the same for CIMB-Principal Islamic Asset Management Sdn Bhd and CIMB Wealth Advisors Berhad for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>He is also the Chairman of Kulak Sdn Bhd, a Defense services advisory company.</p> <p>Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies (ISIS) Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks (NEAT).</p> <p>Huzaim speaks and writes in 5 languages.</p>
Date appointed to Board:	2 May 2013
Details of Membership of any Board Committee:	Investment Committee Member
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	A.Huzaim Bin Dato' Abdul Hamid* (continued)
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2017 to 30 June 2018):	10 of 10
Name:	Wong Fook Wah*
Age:	63
Nationality:	Malaysian
Designation:	Ex-Deputy Group Chief Executive for RAM Holdings Berhad
Qualifications:	Bachelor of Arts (Economics) from Universiti Malaya (1977) and a Masters degree in Policy Science from Saitama University, Japan (1987)
Experience:	<p>Wong had served 20 years in RAM Holdings Bhd., from its inception as Malaysia's first credit rating agency in 1991. He held several positions over the years including Managing Director/CEO of RAM Rating Services Sdn. Bhd. His last position was that of Deputy Group Executive Officer of RAM Holdings Berhad ("RAM"). He retired from RAM in March 2011.</p> <p>Prior to joining RAM, Wong worked for the Ministry of Finance, Malaysia from 1977 to April 1991. He first served as an economist in the Economics Planning Division for the first 8 years. Then, for 4 years from 1987 to 1991, he worked as an analyst in a special task unit handling rehabilitational and restructuring work on ailing Government-owned enterprises.</p> <p>He was on the Board of Directors of the Malaysia Derivatives Exchange Bhd. (MDEX) from 2001 to May 2004 as an appointee of the Ministry of Finance. He also served on the Board of Directors of RAM Rating Services Bhd., Bond Pricing Agency Sdn. Bhd. and RAM Credit Information Sdn. Bhd., representing the interest of RAM Holdings Bhd. prior to retirement.</p>
Date appointed to Investment Committee:	1 May 2011
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2017 to 30 June 2018):	9 of 10

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Alejandro Elias Echegorri Rodriguez
Age:	58
Nationality:	Mexican
Designation:	Chief Executive Officer, ASEAN Region, Executive Director of CIMB-Principal Asset Management Berhad, Director of CIMB-Principal Asset Management (S) Pte Ltd, Director of CIMB-Principal Islamic Asset Management Sdn Bhd, Director of CIMB-Principal Asset Management Company Limited, Komisararis of PT-CIMB Principal Asset Management, Director of i-Wealth Advisors Sdn Bhd and Director of CIMB Wealth Advisors Berhad.
Qualifications:	Degree in Economics from the Universidad Mayor de la Republica, Uruguay and a Master in Economics degree from Universidad Centro de Estudios Macroeconomicos de Argentina.
Experience:	He is the Chief Executive Officer, ASEAN Region of CIMB-Principal. He was appointed as Executive Director of CIMB-Principal Asset Management Berhad on 28 March 2016, Director of CIMB-Principal Asset Management (S) Pte Ltd, Singapore on 4 April 2016, Director of CIMB-Principal Islamic Asset Management Sdn Bhd on 7 April 2016, Director of CIMB-Principal Asset Management Company Limited, Thailand on 1 June 2016, Komisararis of PT-CIMB Principal Asset Management, Indonesia on 14 June 2016, Director of i-Wealth Advisors Sdn Bhd on 29 September 2015 and Director of CIMB Wealth Advisors Berhad on 14 June 2017. He joined CIMB-Principal on 1 March 2015. Previously he was the Chief Investment Officer for Principal International in Latin America, where he was responsible for the overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the region as well as for supporting the overall development of the asset management business in the region. He joined Principal in 2003 as Head of Institutional Asset Management and Chief Investment Officer for Principal Financial Group in Mexico. Prior to that, he was the Senior Investment Officer for Citibank's Pension Fund Business in Latin America. He had also held different positions in the investment area in countries such as Uruguay, Argentina, Chile, Mexico and the United Kingdom.
Date appointed to Board:	28 March 2016
Details of Membership of any Board Committee:	Investment Committee Member
Directorship of other public companies:	CIMB-Principal Asset Management Company Limited
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2017 to 30 June 2018):	7 of 10

ADDITIONAL INFORMATION (CONTINUED)**The Investment Committee (continued)**

Name:	Kim Teo Poh Jin*
Age:	59
Nationality:	Malaysian
Designation:	Chairman of the Investment Committee. Director and Group Chief Executive Officer, Boardroom Limited. Director, Livet Company Pte. Ltd. Director, Marina Yacht Services Pte. Ltd.
Qualifications:	Bachelor of Arts (Hons) in Economics from the Heriot-Watt University of Edinburgh
Experience:	He has about 25 years of experience in the financial industry, having worked in senior positions of major financial institutions.
Date appointed to Investment Committee:	3 January 2008
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2017 to 30 June 2018):	9 of 10

*Independent member

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50**

We, being the Directors of CIMB-Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 28 to 59 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2018 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager
CIMB-Principal Asset Management Berhad
(Company No.: 304078-K)

ALEJANDRO ECHEGORRI
Executive Director

PEDRO ESTEBAN BORDA
Director

Kuala Lumpur
24 August 2018

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50**

We have acted as Trustee for CIMB FTSE China 50 (the "Fund") for the financial year ended 30 June 2018. To the best of our knowledge, for the financial year under review, CIMB-Principal Asset Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deeds, the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation/pricing for the Fund has been carried out in accordance with the Deeds of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deeds of the Fund and applicable regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Wong Mun Loong
Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
24 August 2018

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Our opinion

In our opinion, the financial statements of CIMB FTSE CHINA 50 (the "Fund") give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then 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 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 to 59.

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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Fund. In particular, we considered where the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to Note 2(b), Note 3(e) and Note 9 to the financial statements.</p> <p>The investment portfolio at the year-end comprised listed equity investments valued at RM14,901,531.</p> <p>We focused on the valuation and existence of investments because investments represent the most significant element of the net asset recognised in the financial statements.</p>	<p>We have tested the valuation of all the listed equity investments as at year-end by agreeing the prices used in the valuation to the quoted prices published by the stock exchange.</p> <p>We have tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation.</p>

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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 auditor's 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 cease operations, or has no realistic alternative but to do so.

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.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**Auditors' responsibilities for the audit of the financial statements (continued)

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 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.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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

WILLIAM MAH JIN CHIEK
03085/07/2019 J
Chartered Accountant

Kuala Lumpur
24 August 2018

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	2018 RM	2017 RM
INVESTMENT INCOME			
Dividend income		526,406	378,625
Net gain on financial assets at fair value through profit or loss	9	444,632	3,639,359
Net foreign exchange (loss)/gain		<u>(14,958)</u>	<u>21,126</u>
		<u>956,080</u>	<u>4,039,110</u>
EXPENSES			
Management fee	4	95,852	92,935
Trustee's and custodian fees	5	35,438	39,993
Audit fee		27,300	27,300
License fee	6	6,870	6,196
Tax agent's fee		4,000	4,600
Transaction costs		6,785	11,245
Other expenses	7	<u>10,954</u>	<u>12,787</u>
		<u>187,199</u>	<u>195,056</u>
PROFIT BEFORE TAXATION		768,881	3,844,054
Taxation	8	<u>(47,438)</u>	<u>(33,823)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>721,443</u>	<u>3,810,231</u>
Profit after taxation is made up as follows:			
Realised amount		576,005	1,337,852
Unrealised amount		<u>145,438</u>	<u>2,472,379</u>
		<u>721,443</u>	<u>3,810,231</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 RM	2017 RM
ASSETS			
Cash and cash equivalents	10	219,579	77,103
Financial assets at fair value through profit or loss	9	14,901,531	14,235,194
Dividends receivable		142,531	223,201
TOTAL ASSETS		<u>15,263,641</u>	<u>14,535,498</u>
LIABILITIES			
Accrued management fee		7,949	7,249
Amount due to Trustee		1,079	1,021
Other payables and accruals	11	83,696	77,754
TOTAL LIABILITIES		<u>92,724</u>	<u>86,024</u>
NET ASSET VALUE OF THE FUND		<u>15,170,917</u>	<u>14,449,474</u>
EQUITY			
Unit holders' capital		8,331,964	8,331,964
Retained earnings		6,838,953	6,117,510
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>15,170,917</u>	<u>14,449,474</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>9,750,000</u>	<u>9,750,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.5559</u>	<u>1.4819</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2017	8,331,964	6,117,510	14,449,474
Total comprehensive income for the financial year	-	721,443	721,443
Balance as at 30 June 2018	<u>8,331,964</u>	<u>6,838,953</u>	<u>15,170,917</u>
Balance as at 1 July 2016	12,078,044	2,307,279	14,385,323
Movements in unit holders' contributions:			
- Cancellation of units	(3,746,080)	-	(3,746,080)
Total comprehensive gain for the financial year	-	3,810,231	3,810,231
Balance as at 30 June 2017	<u>8,331,964</u>	<u>6,117,510</u>	<u>14,449,474</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		2,065,160	5,514,424
Purchase of quoted securities		(2,293,371)	(2,011,709)
Dividend income received		560,720	447,094
Management fee paid		(95,152)	(92,830)
Trustee's and custodian fees paid		(35,380)	(39,990)
Net realised foreign exchange gain		19,931	3,097
Payments for other fees and expenses		(43,461)	(44,165)
Net cash generated from operating activities		<u>178,447</u>	<u>3,775,921</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Payments for cancellation of units		-	(3,746,080)
Net cash used in financing activity		<u>-</u>	<u>(3,746,080)</u>
Net increase in cash and cash equivalents		178,447	29,841
Effects of foreign exchange differences		(35,971)	2,060
Cash and cash equivalents at the beginning of the financial year		<u>77,103</u>	<u>45,202</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>219,579</u></u>	<u><u>77,103</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		<u>219,579</u>	<u>77,103</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>219,579</u></u>	<u><u>77,103</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

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 jointly owned by CIMB Group Sdn Bhd and Principal International (Asia) Limited. 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 MFRS and 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 year.

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 2017:

- Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative” introduce an additional disclosure on changes in liabilities arising from financing activities.

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 2018

- 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 other comprehensive income (“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 (“ECL”) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Financial year beginning on/after 1 July 2018 (continued)

The Fund has reviewed its financial assets and liabilities and has assessed the following impact from the adoption of the new standard on 1 July 2018:

There will be no impact on the Fund's accounting for financial assets as the Fund's equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.

There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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 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.

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 year 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

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 year, 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.

(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.

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

- i) Units of the Funds are denominated in MYR.
- ii) Significant portion of the Fund's expenses are denominated in MYR.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 year.

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.

(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 year 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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 profit or loss 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 in applying this accounting policy, no significant judgment was required.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 10)	-	219,579	219,579
Quoted securities (Note 9)	14,901,531	-	14,901,531
Dividends receivable	-	142,531	142,531
	<u>14,901,531</u>	<u>362,110</u>	<u>15,263,641</u>
2017			
Cash and cash equivalents (Note 10)	-	77,103	77,103
Quoted securities (Note 9)	14,235,194	-	14,235,194
Dividends receivable	-	223,201	223,201
	<u>14,235,194</u>	<u>300,304</u>	<u>14,535,498</u>

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

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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

The Fund's overall exposure to price risk was as follows:

	2018	2017
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>14,901,531</u>	<u>14,235,194</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of the Benchmark Index. The analysis is based on the assumptions that the Benchmark Index fluctuates by 17.05% (2017: 14.47%), which is the standard deviation of the daily fluctuation of the Benchmark Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Benchmark Index. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

% Change in Benchmark Index	Benchmark Index	Market value RM	Impact on profit or loss/ NAV RM
2018			
-17.05%	9,610	12,360,820	(2,540,711)
0%	11,585	14,901,531	-
17.05%	<u>13,560</u>	<u>17,442,242</u>	<u>2,540,711</u>
2017			
-14.47%	15,176	12,175,361	(2,059,833)
0%	17,743	14,235,194	-
14.47%	<u>20,310</u>	<u>16,295,027</u>	<u>2,059,833</u>

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(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.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currency:

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Dividends receivable RM	Total RM
2018				
HKD	<u>217,742</u>	<u>14,901,531</u>	<u>142,531</u>	<u>15,261,804</u>
2017				
HKD	<u>76,499</u>	<u>14,235,194</u>	<u>223,201</u>	<u>14,534,894</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements for the Fund. The analysis is based on the assumption that the foreign exchange rate fluctuates by 3.69% (2017: 6.73%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

	Change in foreign exchange rate %	Impact on profit or loss/ NAV RM
2018		
HKD	<u>+/- 3.69</u>	<u>+/- 563,161</u>
2017		
HKD	<u>+/- 6.73</u>	<u>+/- 978,198</u>

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 following table sets out the credit risk concentration of the Fund at the end of each financial year:

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2018			
Basic Materials			
- Not Rated	-	1,040	1,040
Consumer Products			
- Baa3	-	4,927	4,927
- Not Rated	-	411	411
Energy			
- A1	-	33,010	33,010
Finance			
- Deutsche Bank (M) Bhd (AA1)	219,579	-	219,579
- A1	-	16,489	16,489
- Baa1	-	13,454	13,454
- Baa2	-	1,709	1,709
- Baa3	-	1,706	1,706
- Not Rated	-	23,846	23,846
Industrials			
- A1	-	2,381	2,381
- A3	-	3,778	3,778
- Baa1	-	4,344	4,344
- Ba2	-	2,838	2,838
- Not Rated	-	789	789
Real Estate			
- Baa1	-	14,450	14,450
- Baa3	-	3,163	3,163
- Ba1	-	7,922	7,922
Technology			
- Not Rated	-	991	991
Telecommunications			
- Not Rated	-	5,283	5,283
	<u>219,579</u>	<u>142,531</u>	<u>362,110</u>

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2017			
Consumer Products			
- Not Rated	-	455	455
Energy			
- A1	-	57,533	57,533
Finance			
- Deutsche Bank (M) Bhd (AA1)	77,103	-	77,103
- A1	-	69,731	69,731
- A2	-	8,553	8,553
- A3	-	3,999	3,999
- BAA1	-	29,022	29,022
- BAA2	-	8,119	8,119
- BBB	-	6,220	6,220
- Not Rated	-	13,624	13,624
Industrials			
- A1	-	3,290	3,290
- A3	-	7,759	7,759
- BA3	-	1,819	1,819
- Not Rated	-	729	729
Telecommunications			
- A1	-	5,730	5,730
Utilities			
- Not Rated	-	6,618	6,618
	<u>77,103</u>	<u>223,201</u>	<u>300,304</u>

All financial assets of the Fund as at the end of each financial year are neither past due nor impaired.

3. FINANCIAL INSTRUMENTS AND 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 asset comprises bank balances 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.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2018			
Accrued management fee	7,949	-	7,949
Amount due to Trustee	1,079	-	1,079
Other payables and accruals #	-	83,518	83,518
Contractual undiscounted cash flows	<u>9,208</u>	<u>83,518</u>	<u>92,546</u>
2017			
Accrued management fee	7,249	-	7,249
Amount due to Trustee	1,021	-	1,021
Other payables and accruals #	625	76,990	77,615
Contractual undiscounted cash flows	<u>8,895</u>	<u>76,990</u>	<u>85,885</u>

Excluding Goods and Services Tax ("GST") reverse charge payable amounting to RM178 (2017: RM139).

(d) Capital Risk Management

The capital of the fund is represented by equity consisting of unit holders' capital of RM8,331,964 (2017: RM8,331,964) and retained earnings of RM6,838,953 (2017: RM6,117,510). The amount of capital 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 to 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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) 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 year 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.

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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

2018	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>14,901,531</u>	<u>-</u>	<u>-</u>	<u>14,901,531</u>
 2017				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>14,235,194</u>	<u>-</u>	<u>-</u>	<u>14,235,194</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 year ended 30 June 2018, the management fee is recognised at a rate of 0.60% per annum (2017: 0.60% per annum).

There is 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. However, the fee is revised to RM12,000 per annum effective from 1 June 2012 based on the agreement between the Trustee and the Manager, excluding foreign sub-custodian fees and charges.

For the financial year ended 30 June 2018, the Trustee's fee is recognised at a rate of 0.08% per annum (2017: 0.08% per annum).

5. TRUSTEE'S AND CUSTODIAN FEES (CONTINUED)

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

6. LICENSE FEE

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

For the financial year ended 30 June 2018, the license fee was recognised at a rate of 0.04% per annum (2017: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

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

7. OTHER EXPENSES

	2018	2017
	RM	RM
Printing costs	110	138
GST	9,253	10,117
Other expenses	1,591	2,532
	<u>10,954</u>	<u>12,787</u>

8. TAXATION

	2018	2017
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>47,438</u>	<u>33,823</u>

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

	2018	2017
	RM	RM
Profit before taxation	<u>768,881</u>	<u>3,844,054</u>
Taxation at Malaysian statutory rate of 24% (2017: 24%)	184,531	922,573
Tax effects of:		
Investment income not subject to tax	(229,459)	(969,387)
Expenses not deductible for tax purposes	13,337	15,859
Restriction on tax deductible expenses for ETFs	31,591	30,955
Investment income subject to withholding tax	47,438	33,823
Taxation	<u>47,438</u>	<u>33,823</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 RM	2017 RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>14,901,531</u>	<u>14,235,194</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	262,140	1,189,111
- Unrealised fair value gain	<u>182,492</u>	<u>2,450,248</u>
	<u>444,632</u>	<u>3,639,359</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	8,250	96,808	191,120	1.26
China Molybdenum Co Ltd	<u>24,000</u>	<u>79,608</u>	<u>46,950</u>	<u>0.31</u>
	<u>32,250</u>	<u>176,416</u>	<u>238,070</u>	<u>1.57</u>
Consumer Products				
BYD Co Ltd	5,100	107,224	124,842	0.82
Geely Automobile Holdings Ltd	31,500	350,413	330,000	2.18
Guangzhou Automobile Group Co Ltd	<u>21,000</u>	<u>59,602</u>	<u>82,919</u>	<u>0.55</u>
	<u>57,600</u>	<u>517,239</u>	<u>537,761</u>	<u>3.55</u>
Energy				
China Petroleum and Chemical Corporation	155,400	420,517	560,800	3.70
China Shenhua Energy Co Ltd	23,100	237,764	221,427	1.46
CNOOC Ltd	91,350	490,523	636,746	4.20
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	<u>135,600</u>	<u>494,576</u>	<u>416,747</u>	<u>2.75</u>
	<u>508,350</u>	<u>1,976,259</u>	<u>1,835,720</u>	<u>12.11</u>
Finance				
Agricultural Bank Of China Ltd	205,500	340,546	388,255	2.56
Bank Of China Ltd	342,000	574,671	684,880	4.51
Bank Of Communications Co Ltd	48,000	132,051	148,510	0.98

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Citic Bank Corporation Ltd	51,000	113,739	128,911	0.85
China Construction Bank Corporation	359,100	1,026,040	1,340,270	8.83
China Everbright Bank Co Ltd	16,500	30,467	28,625	0.19
China Life Insurance Co Ltd	48,750	547,272	508,205	3.35
China Merchants Bank Co Ltd	25,800	199,823	384,510	2.53
China Minsheng Banking Corporation Ltd	40,500	116,970	116,965	0.77
China Pacific Insurance (Group) Co Ltd	17,250	235,454	269,517	1.78
CITIC Securities Co Ltd	15,750	162,218	127,135	0.84
GF Securities Co Ltd	10,500	110,718	61,838	0.41
Guotai Junan Securities Co Ltd	4,500	41,510	38,641	0.25
Haitong Securities Co Ltd	20,100	166,182	82,056	0.54
Huatai Securities Co Ltd	12,000	104,696	77,097	0.51
Industrial And Commercial Bank Of China Ltd	429,000	1,082,190	1,296,386	8.55
New China Life Insurance Co Ltd	6,150	99,749	103,371	0.68
PICC Property and Casualty Co Ltd	42,750	165,943	186,405	1.23
Ping An Insurance (Group) Company Of China Ltd	24,150	468,077	897,622	5.92
Postal Savings Bank Of China Co Ltd	34,500	93,292	90,757	0.60
The People's Insurance Company (Group) Of China Ltd	51,000	95,988	96,880	0.64
	<u>1,804,800</u>	<u>5,907,596</u>	<u>7,056,836</u>	<u>46.52</u>
Industrials				
Air China Ltd	12,000	46,505	46,826	0.29
China Communications Construction Co Ltd	27,300	102,267	106,530	0.70

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrials (continued)				
China Railway Construction Corporation Ltd	11,550	51,887	47,270	0.31
China Railway Group Ltd	21,450	60,578	65,371	0.43
CITIC Ltd	30,750	206,780	175,081	1.15
Country Garden Services Holdings Co Ltd	5,741	12,102	29,732	0.20
CRRC Corporation Ltd	24,750	114,676	77,595	0.51
Fosun International Ltd	15,750	128,052	119,676	0.79
	<u>149,291</u>	<u>722,847</u>	<u>668,081</u>	<u>4.38</u>
Real Estate				
China Evergrande Group	19,500	148,613	200,772	1.32
China Overseas Land and Investment Ltd	26,250	281,862	349,324	2.30
China Resources Land Ltd	17,250	164,128	234,884	1.55
China Vanke Co Ltd	9,000	70,377	127,182	0.84
Country Garden Holdings Co Ltd	49,950	170,563	354,857	2.34
Longfor Group Holdings Ltd	9,000	107,003	97,992	0.65
	<u>130,950</u>	<u>942,546</u>	<u>1,365,011</u>	<u>9.00</u>
Technology				
Sunny Optical Technology (Group) Co Ltd	4,500	324,156	338,224	2.23
Tencent Holdings Ltd	6,900	364,338	1,398,826	9.22
ZTE Corporation	5,250	77,064	32,216	0.21
	<u>16,650</u>	<u>765,558</u>	<u>1,769,266</u>	<u>11.66</u>
Telecommunications				
China Mobile Ltd	25,050	986,257	898,834	5.92
China Telecom Corporation Ltd	87,150	166,910	164,654	1.09
China Unicom (Hong Kong) Ltd	39,000	199,637	196,757	1.30
	<u>151,200</u>	<u>1,352,804</u>	<u>1,260,245</u>	<u>8.31</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Utilities				
China Gas Holdings Ltd	<u>10,500</u>	<u>172,114</u>	<u>170,541</u>	<u>1.12</u>
TOTAL QUOTED SECURITIES	<u>2,861,591</u>	<u>12,533,379</u>	<u>14,901,531</u>	<u>98.22</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,368,152</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>14,901,531</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	8,250	96,808	123,191	0.85
Consumer Products				
BYD Co Ltd	5,100	107,224	134,357	0.93
Great Wall Motor Co Ltd	21,000	127,631	111,340	0.77
Guangzhou Automobile Group Co Ltd	15,000	59,602	113,023	0.78
	41,100	294,457	358,720	2.48
Energy				
China Petroleum & Chemical Corporation	155,400	411,396	520,503	3.60
China Shenhua Energy Co Ltd	24,600	253,203	235,147	1.63
CNOOC Ltd	109,350	587,178	514,209	3.56
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	149,100	546,415	391,977	2.71
	541,350	2,131,071	1,661,836	11.50
Finance				
Agricultural Bank of China Ltd	183,450	293,955	372,305	2.58
Bank of China Ltd	354,600	586,376	746,951	5.17
Bank of Communications Co Ltd	55,500	152,684	168,190	1.16
China Cinda Asset Management Co Ltd	65,250	124,229	104,431	0.72
China Citic Bank Corporation Ltd	57,000	127,120	149,850	1.04
China Construction Bank Corporation	369,600	1,026,914	1,229,822	8.51
China Everbright Bank Co Ltd	22,500	41,546	45,168	0.31
China Evergrande Group	21,000	160,045	161,928	1.12
China Galaxy Securities Co Ltd	25,500	111,137	98,173	0.68
China Huarong Asset Management Co Ltd	42,750	66,935	71,242	0.49

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Life Insurance Co Ltd	41,250	455,685	541,087	3.74
China Merchants Bank Co Ltd	27,300	211,441	353,597	2.45
China Minsheng Banking Corporation Ltd	33,750	115,270	144,599	1.00
China Overseas Land & Investment Ltd	27,750	297,968	348,742	2.41
China Pacific Insurance (Group) Co Ltd	18,750	255,928	328,963	2.28
China Resources Land Ltd	18,750	178,401	234,605	1.62
China Vanke Co Ltd	9,000	70,377	109,393	0.76
CITIC Securities Co Ltd	15,750	162,218	139,810	0.97
Country Garden Holdings Co Ltd	37,950	83,395	188,893	1.31
GF Securities Co Ltd	10,500	110,718	90,550	0.63
Haitong Securities Co Ltd	24,600	207,153	170,746	1.18
Huatai Securities Co Ltd	12,000	104,696	98,998	0.69
Industrial and Commercial Bank of China Ltd	360,000	857,707	1,043,441	7.22
New China Life Insurance Co Ltd	5,700	87,522	124,457	0.86
PICC Property and Casualty Co Ltd	31,500	183,411	225,914	1.56
Ping An Insurance (Group) Company of China Ltd	22,800	418,631	645,171	4.47
Postal Savings Bank of China Co Ltd	42,000	113,573	103,948	0.72
The People's Insurance Company (Group) of China Ltd	57,000	106,941	102,826	0.71
	<u>1,993,500</u>	<u>6,711,976</u>	<u>8,143,800</u>	<u>56.36</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrials				
Air China Ltd	12,000	46,505	53,129	0.37
China Communications Construction Co Ltd	31,800	119,124	175,946	1.22
China Railway Construction Corporation Ltd	14,550	65,364	81,464	0.56
China Railway Group Ltd	27,450	77,523	92,848	0.64
CITIC Ltd	35,250	237,040	227,605	1.58
CRRC Corporation Ltd	27,750	128,577	107,141	0.74
Fosun International Ltd	15,750	128,052	105,681	0.73
Metallurgical Corporation of China Ltd	19,500	30,123	28,313	0.20
	<u>184,050</u>	<u>832,308</u>	<u>872,127</u>	<u>6.04</u>
Technology				
Tencent Holdings Ltd	<u>8,700</u>	<u>399,193</u>	<u>1,335,948</u>	<u>9.25</u>
Telecommunications				
China Mobile Ltd	24,300	956,937	1,107,270	7.66
China Telecom Corporation Ltd	99,150	189,892	202,312	1.40
China Unicom (Hong Kong) Ltd	39,000	199,637	248,815	1.72
	<u>162,450</u>	<u>1,346,466</u>	<u>1,558,397</u>	<u>10.78</u>
Utilities				
CGN Power Co Ltd	80,250	126,421	96,218	0.67
Huaneng Power International, Inc.	28,500	110,834	84,957	0.59
	<u>108,750</u>	<u>237,255</u>	<u>181,175</u>	<u>1.26</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>3,048,150</u>	12,049,534	<u>14,235,194</u>	<u>98.52</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,185,660</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>14,235,194</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.

10. CASH AND CASH EQUIVALENTS

	2018 RM	2017 RM
Bank balances	<u>219,579</u>	<u>77,103</u>

11. OTHER PAYABLES AND ACCRUALS

	2018 RM	2017 RM
Provision for audit fee	27,300	27,300
Provision for tax agent's fee	8,600	4,600
Other accruals	47,796	45,854
	<u>83,696</u>	<u>77,754</u>

12. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2018	2017
	No of units	No of units
At the beginning of the financial year	9,750,000	12,350,000
Less: Cancellation of units	-	(2,600,000)
At the end of the financial year	<u>9,750,000</u>	<u>9,750,000</u>

13. MANAGEMENT EXPENSE RATIO ("MER")

	2018	2017
	%	%
MER	<u>1.13</u>	<u>1.18</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on daily basis is RM15,974,717 (2017: RM15,479,599).

14. PORTFOLIO TURNOVER RATIO ("PTR")

	2018	2017
PTR (times)	<u>0.14</u>	<u>0.24</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	=	RM2,289,940 (2017: RM2,009,564)
total disposal for the financial year	=	RM2,068,235 (2017: RM5,510,176)

15. 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
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Berhad	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of CIMB Group Holdings Berhad, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the Manager
CIMB-Principal Asset Management (S) Pte Ltd	Investment Adviser of the Fund
CIMB Securities (Singapore) Pte Ltd	Fellow related party to 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 year.

Significant related party transactions and balances

There were no significant related party transactions and balances during each of the financial year, other than those already disclosed elsewhere in the financial statements.

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers/dealers for the financial year ended 30 June 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JPMorgan Securities (Asia Pacific)	1,413,253	32.43	424	25.06
Citigroup Global Markets Limited	1,025,347	23.53	308	18.20
CIMB Securities (Singapore) Pte Ltd #	970,975	22.28	486	28.72
Credit Suisse (Hong Kong) Limited	948,600	21.76	474	28.02
	<u>4,358,175</u>	<u>100.00</u>	<u>1,692</u>	<u>100.00</u>

Details of transactions with all brokers/dealers for the financial year ended 30 June 2017 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CLSA Ltd (Hong Kong)	2,606,089	35.41	782	25.29
Instinet Pacific Ltd	1,791,488	24.34	896	28.98
CIMB Securities (Singapore) Pte Ltd #	1,240,573	16.85	621	20.08
JP Morgan Securities (Asia Pacific) Ltd	1,164,574	15.82	358	11.58
Credit Suisse (Hong Kong) Ltd	453,030	6.16	226	7.31
Citigroup Global Markets Inc.	104,629	1.42	209	6.76
	<u>7,360,383</u>	<u>100.00</u>	<u>3,092</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte Ltd, fellow related party to the Manager amounting to RM970,975 (2017: RM1,240,573). 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.

17. 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 Stock Exchange ("HKEx"), Hong Kong.

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

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 24 August 2018.

DIRECTORY**TRUST DIRECTORY****Manager***Registered Address*

CIMB-Principal Asset Management Berhad
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Business address

10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Postal address

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
P.O.Box 10571,
50718 Kuala Lumpur, MALAYSIA.

Website

www.cimb-principal.com.my

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 7718 3100

TRUST DIRECTORY (CONTINUED)**Board of Directors**

Pedro Esteban Borda
 Effendy Shahul Hamid
 Paul Wong Chee Kin
 Alejandro Elias Echegorri Rodriguez
 Munirah binti Khairuddin
 Wong Joon Hian*
 A.Huzaima bin Dato' Abdul Hamid*
 Hisham bin Zainal Mokhtar*

* *Independent director*

Investment Committee

Mohamad Safri bin Shahul Hamid
 Alejandro Elias Echegorri Rodriguez
 A.Huzaima Bin Dato' Abdul Hamid*
 Wong Fook Wah*
 Kim Teo Poh Jin*

* *Independent member*

Audit Committee

Wong Joon Hian*
 Pedro Esteban Borda
 Hisham bin Zainal Mokhtar*

* *Independent member*

Company Secretaries

Datin Rossaya Mohd Nashir (LS 0007591)
 Halimah binti Habib (LS 0007999)
 13th Floor, Menara CIMB
 Jalan Stesen Sentral 2
 Kuala Lumpur Sentral
 50470 Kuala Lumpur, Malaysia.
 Tel: (03) 2261 8888

Investment Adviser

CIMB-Principal Asset Management (S) Pte Ltd
 50 Raffles Place
 Singapore Land Tower, #26-05,
 Singapore 048623
 Tel: (+65) 6210 8488 Fax: (+65) 6210 8489

CORPORATE DIRECTORY**Fund Administration and Fund Accounting Service Provider**

Deutsche Bank (Malaysia) Berhad

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad

Registered/Business Address

Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Custodian (Trustee's Delegate)*Registered Address*

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788 Fax: (03) 2031 9822

Auditors of the Manager and of the Fund

PricewaterhouseCoopers Chartered Accountants
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd
PricewaterhouseCoopers Chartered Accountants
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.