

CIMB FTSE CHINA 50

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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INVESTORS' LETTER

Dear Valued Investors,

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

We continue to achieve prestigious recognitions from The Edge | Thomson Reuters Lipper Fund Awards:

The Edge| Thomson Reuters Lipper Malaysia Fund Awards 2017

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

Thomson Reuters Lipper Fund Award Global Islamic 2016

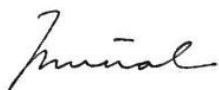
- Best Equity Asia Pacific Ex-Japan (Islamic), 3 years : CIMB Islamic Asia Pacific Equity Fund

These awards reflect our consistent fund performance, in tandem with our commitment to provide the best customer experience to you.

CIMB-Principal was also awarded **Fund House of the Year in Malaysia** by AsianInvestor for its Asset Management Awards 2017, its second consecutive win and The Employees' Provident Fund ("EPF") External Portfolio Managers Awards 2017 for the **Best Global Bond Portfolio Manager**. These industry recognitions reflect our success in scaling up our investment capabilities while building a solid track record and earning the trust of our clients over time.

Thank you.

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



Munirah Khairuddin
Chief Executive Officer/Executive Director

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

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

Has the Fund achieved its objective?

For the financial year under review, the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund gained 27.21% for the financial year under review, while the Benchmark Index gained 26.01%.

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 2017?

RM14.45 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 2017?

There was no distribution made for the financial year ended 30 June 2017.

PERFORMANCE DATA

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

| | 30.06.2017 | 30.06.2016 | 30.06.2015 |
|---------------------------|-------------------|-------------------|-------------------|
| | % | % | % |
| Quoted securities | | | |
| - Basic Materials | 0.85 | 0.64 | 0.70 |
| - Consumer Products | 2.48 | 3.73 | 3.98 |
| - Energy | 11.50 | 12.80 | 13.93 |
| - Finance | 56.36 | 51.85 | 51.91 |
| - Health Care | - | 1.14 | - |
| - Industrials | 6.04 | 5.71 | 3.94 |
| - Technology | 9.25 | 9.05 | 11.03 |
| - Telecommunications | 10.78 | 11.84 | 10.74 |
| - Utilities | 1.26 | 1.23 | 2.23 |
| Cash and other net assets | 1.48 | 2.01 | 1.54 |
| | <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:

| | 30.06.2017 | 30.06.2016 | 30.06.2015 |
|---|-------------------|-------------------|-------------------|
| Total asset value (RM Million) | 14.54 | 14.46 | 19.96 |
| Net Asset Value ("NAV") (RM Million) | 14.45 | 14.39 | 19.89 |
| Units in circulation (Million) | 9.75 | 12.35 | 13.65 |
| NAV per Unit (RM) | 1.4819 | 1.1648 | 1.4567 |
| Highest NAV per Unit (RM) | 1.5236 | 1.4481 | 1.5804 |
| Lowest NAV per Unit (RM) | 1.1531 | 1.0068 | 0.9813 |
| Market Price per Unit (RM) | 1.4800 | 1.1600 | 1.4550 |
| Highest Market Price per Unit (RM) | 1.5150 | 1.4350 | 1.5750 |
| Lowest Market Price per Unit (RM) | 1.1650 | 1.0150 | 0.9900 |
| Total return (%) [^] | 27.21 | (20.04) | 48.30 |
| - Capital growth (%) | 27.21 | (20.04) | 48.30 |
| - Income distribution (%) | - | - | - |
| Management Expenses Ratio ("MER") (%) [*] | 1.18 | 1.23 | 1.28 |
| Portfolio Turnover Ratio ("PTR") (times) [#] | 0.24 | 0.25 | 0.50 |

[^] based on NAV per unit

^{*} The Fund's MER decreased from 1.23% to 1.18% due to decrease in expenses during the financial year under review.

[#] For the financial year under review, the Fund's PTR was slightly lower at 0.24 times from 0.25 times as there were less trading activities from portfolio rebalancing within the reporting year.

| | 30.06.2017 | 30.06.2016 | 30.06.2015 | 30.06.2014 | 30.06.2013 |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | % | % | % | % | % |
| Annual total return | 27.21 | (20.04) | 48.30 | 16.07 | 0.56 |

(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 2016 TO 30 JUNE 2017)

For the financial year under review, the FTSE China 50 Index surged 26.01%.

China equities delivered strong returns in the third quarter of 2016. Chinese equities finished the quarter up strongly as market sentiment was buoyed by broad-based improvement in macro activities and strong southbound flow of the Shanghai-Hong Kong Stock Connect scheme. Meanwhile, Hong Kong equities finished up strongly on positive policy sentiment from China and as attractive valuations tempted mainland investors into the market. Over the quarter, China Insurance Regulatory Commission ("CIRC") allowed Chinese insurance funds to invest in Hong Kong stocks through the Shanghai-Hong Kong Stock Connect scheme.

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

China equities rebounded strongly from the fourth quarter of 2016 to post strong positive returns in the first quarter of the new year, spurred by the broader "Trump bump" rally seen in global stock markets. China equities gained strongly and had their best first quarter in over 10 years, driven by continued positive news for the world's second-largest economy. Better-than-expected data and a stabilising CNY led to improved sentiment among investors. Ongoing restrictions on the property market and a tightening on capital outflows also saw liquidity diverted into equities.

Chinese stocks continued on their strong run in 2017 to record another period of solid gains in the second quarter. These came on the back of improving data for the Chinese economy and a broader risk-on approach from global investors. Chinese stocks saw robust gains over the period as better economic data and a landmark decision in mid-June 2017, by Index provider Morgan Stanley Capital International ("MSCI"), to include Chinese A-shares in a range of its benchmark indices supported sentiment. The CNY also finished up strongly as the currency rebounded over the period to finish up 1.6% against the US Dollar ("USD").

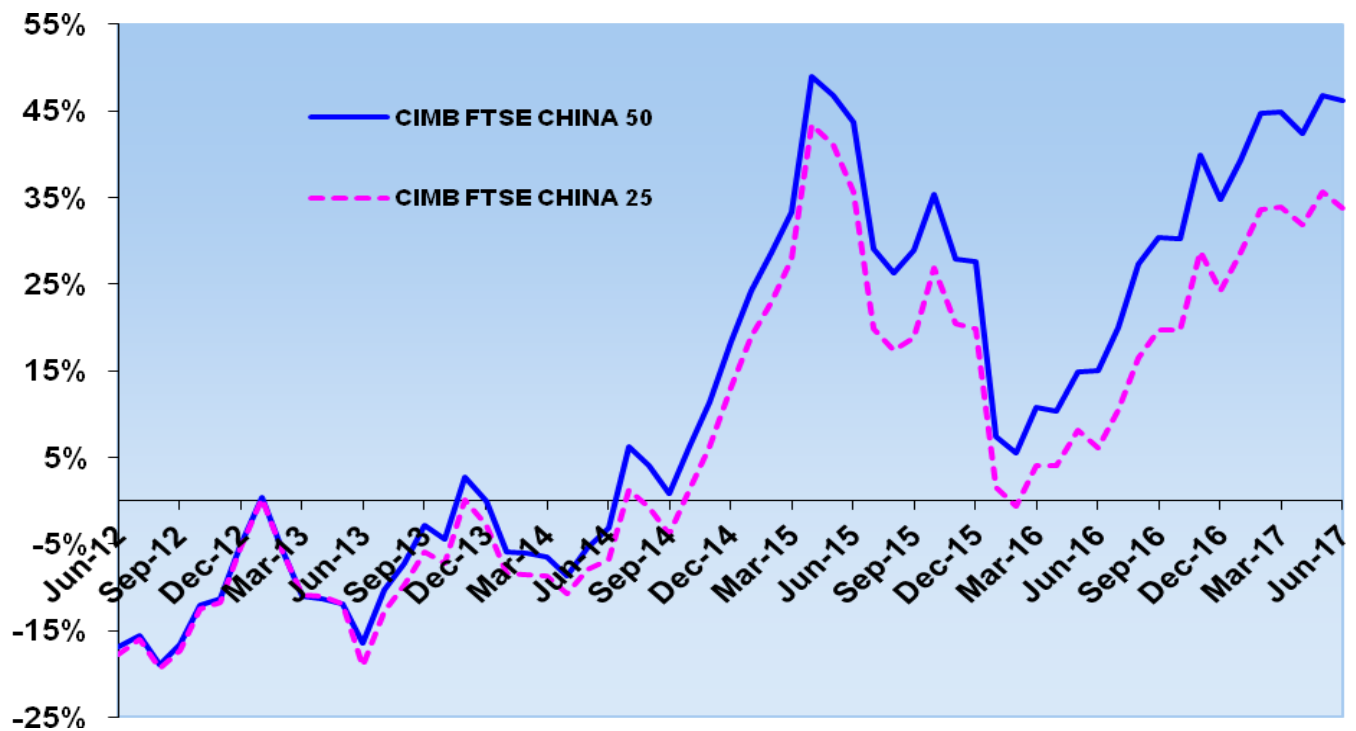
FUND PERFORMANCE

| | 1 year to 30.06.2017 | 3 years to 30.06.2017 | 5 years to 30.06.2017 | Since inception to 30.06.2017 |
|-----------------------------------|---------------------------------|----------------------------------|----------------------------------|--|
| | % | % | % | % |
| Income | - | - | - | - |
| Capital [^] | 27.21 | 50.86 | 76.08 | 46.23 |
| Total Return [^] | 27.21 | 50.86 | 76.08 | 46.23 |
| Average Total Return [^] | 27.21 | 14.69 | 11.98 | 5.59 |
| Benchmark | 26.01 | 43.49 | 62.57 | 33.70 |
| Changes in Market Price per Unit | 27.59 | 50.25 | 76.19 | 43.69 |

[^] based on NAV per Unit

For the financial year under review, the Fund gained 27.21%, while the benchmark gained 26.01%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.4800. This represents an increase of 27.59% for the period.



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

| | 30.06.2017 | 30.06.2016 | Changes % |
|------------------|-------------------|-------------------|----------------------|
| NAV (RM Million) | 14.45 | 14.39 | 0.42 |
| NAV/Unit (RM) | 1.4819 | 1.1648 | 27.22 |

For the 1-year period, the total NAV rose by 0.42%, while the NAV per unit gained by 27.22%. The increase in total NAV and the increase in NAV per unit were due to investment performance of the Chinese equities as described in the Market Review section.

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

PORTFOLIO STRUCTURE**Asset allocation**

| (% of NAV) | 30.06.2017 | 30.06.2016 |
|---------------------------|-------------------|-------------------|
| Quoted securities | 98.52 | 97.99 |
| Cash and other net assets | 1.48 | 2.01 |
| 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*

While the China equity markets have rallied quite substantially so far this year, we remain positive on the outlook. We are still positive on Finance as so far share prices do not reflect the improving economic situation or lower risk premium (which we have already seen in tightening credit default swap spreads for Chinese Government bonds). Technology, as a sector, has done very well and has seen some small profit taking of late. We believe Technology stocks will continue to outperform going forward so long as liquidity conditions do not see much tightening which would impact valuation multiples.

On 20 June 2017, MSCI decided to include 222 A-shares into their Emerging Market ("EM") Index, contributing about 0.35% of EM Index by May 2018 and 0.70% by August 2018. The A-share weight is expected to increase in future with more development in capital account and more number of shares included.

* 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 2017 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 | 49 | 0.03 | 0.33 |
| 1,001 to 10,000 | 108 | 0.58 | 5.95 |
| 10,001 to 100,000 | 66 | 2.04 | 20.89 |
| 100,001 to less than 5% of approved fund size | 18 | 7.10 | 72.83 |
| 5% and above the approved fund size | - | - | - |
| Total | 246 | 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 eleven (11) members sitting on the Board of Directors of CIMB-Principal including four (4) 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: | Dato' Robert Cheim Dau Meng |
| Age: | 66 |
| Nationality: | Malaysian |
| Designation: | Chairman/Non-Independent Non-Executive Director of CIMB Investment Bank Berhad, Vice Chairman of CIMB Thai Bank Public Company Limited, Trustee of CIMB Foundation, Chairman and Independent Non-Executive Director of Tanjong Plc and Trustee of Yu Cai Foundation |
| Qualifications: | Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants. |
| Experience: | He was appointed as Chairman/Non-Independent Non-Executive Director of CIMB Investment Bank Berhad on 1 July 2015. He retired from CIMB Group and relinquished his executive position in the various entities in the Group and resigned as Adviser for the Investment Banking Division of the Group on 27 February 2015. Dato' Robert Cheim joined Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank) in 1984 and held the position of Head of Corporate Finance, General Manager and Executive Director, before assuming the position of Chief Executive Officer from 1993 to 1999. From 1999 to 2006, he was an Executive Director of CIMB Investment Bank. Prior to joining CIMB Investment Bank, Dato' Robert Cheim served in various management positions with the former United Asian Bank Berhad (now known as CIMB Bank) between 1977 and 1984. He has also worked in various accounting firms in London. |
| Date appointed to Board: | 2 November 2015 |
| Details of Membership of any Board Committee: | None |
| Directorship of other public companies: | <ul style="list-style-type: none"> - CIMB Investment Bank Berhad - Tanjong PLC - CIMB Thai Bank PLC - Yu Cai Foundation - CIMB Foundation - RC Capital Sdn Bhd |
| 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: | 4 of 4 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|--|---|
| Name: | Dato' Anwar bin Aji* |
| Age: | 67 |
| Nationality: | Malaysian |
| Designation: | Chairman of Zelan Berhad, Director of Konsesi Pusat Asasi Gambang Sdn Bhd, Director of SKS PARS Refining Company Sdn. Bhd., Director of Sistem Transit Aliran Ringan Sdn. Bhd. and Independent Director of CIMB-Principal |
| Qualifications: | None None Master of Arts, International Studies, Ohio University USA (1981 - 1982) and Bachelor of Economics (Hons.), University of Malaya (1970 - 1973). |
| Experience: | Has been a Director of CIMB-Principal since 24 April 2007. Re-designated w.e.f. Chairman - Zelan Berhad 1 January 2012 Re-designated w.e.f. Executive Chairman - Zelan Berhad 19 January 2011 Appointed w.e.f. Chairman - Zelan Berhad 11 December 2008 2001-2008 Chairman - Faber Group Berhad 1994-2004 Managing Director - Khazanah Nasional Berhad 1993-1994 Special Assistant - The Secretary General of Ministry of Finance 1991-1993 Principal Assistant Secretary - Finance Division, Federal Treasury, Ministry of Finance 1986-1991 Deputy Director - Petroleum Development Division, Prime Minister's Department 1984-1985 Principal Assistant Secretary - Investment Division of the Malaysian Tobacco Company Bhd under the British Malaysia Industry and Trade Association training scheme 1982-1984 Principal Assistant Secretary - Foreign Investment Committee, Economic Planning Unit, Prime Minister's Department 1980-1981 Principal Assistant Secretary - Economic and International Division, Federal Treasury, Ministry of Finance 1978-1980 Principal Assistant Secretary - Budget Division, Federal Treasury, Ministry of Finance 1973-1978 Assistant Director - Industries Division, Ministry of International Trade & Industry |
| Date appointed to Board: | 24 April 2007 |
| Details of Membership of any Board Committee: | Audit Committee Member |
| Directorship of other public companies: | - Sistem Transit Aliran Ringan Sdn Bhd - SKS Pars Refinery Company Sdn Bhd - Zelan Berhad - Konsesi Pusat Asasi Gambang Sdn Bhd |

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

Name: **Dato' Anwar bin Aji* (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: 2 of 4

Name: **Wong Joon Hian***

Age: 68

Nationality: Malaysian

Designation: Independent Non-Executive Director and Chairman of Audit Committee of CIMB-Principal

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: Has been an independent non-executive director of CIMB-Principal since 22 August 2007. 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 and continues to hold that position to date. 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 designated as the Chief Operating Officer-Financial Services of Advance Synergy Berhad.

In addition, he is a director in several companies under the Advance Synergy Berhad Group and CIMB Group Holdings Berhad Group.

Date appointed to Board: 22 August 2007

Details of Membership of any Board Committee: Chairman/Member of Audit Committee

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

| | |
|---|--|
| Name: | Wong Joon Hian* (continued) |
| Directorship of other public companies: | <ul style="list-style-type: none"> - CIMB-Principal Islamic Asset Management Sdn Bhd - SFB Auto Berhad - SIBB Berhad - SFB Development Sdn Bhd - Perdana Nominees (Tempatan) Sdn Bhd - Advance Synergy Capital Sdn Bhd - ASC Equities Sdn Bhd - ASC Credit Sdn Bhd - Triton-K Sdn Bhd - AESBI Power Systems Sdn Bhd - Synergy Cards Sdn Bhd - Marketing and Event Management Integrated Sdn Bhd - OET Money Service Sdn Bhd - 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: | 4 of 4 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|---|--|
| Name: | A.Huzaim Bin Dato' Abdul Hamid* |
| Age: | 52 |
| Nationality: | Malaysian |
| Designation: | Director of CIMB-Principal |
| Qualifications: | Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988. |
| Experience: | <p>Has been a Director of CIMB-Principal since 2 May 2013. He has spent 27 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 was an independent Investment Committee member for 6 years for CIMB-Principal as well as being the same for CIMB-Principal Islamic Asset Management 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. He 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, thinks, 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: | - Ingenium Advisors Sdn Bhd |
| 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: | 4 of 4 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|---|---|
| Name: | Cheong Wee Yee, Thomas |
| Age: | 49 |
| Nationality: | Singaporean |
| Designation: | Vice President, Head of North Asia of Principal Financial Group |
| Qualifications: | Bachelor of Science (Economics), First Class Honours, London School of Economics, University of London, (1987-1990); Masters of Business Administration, Washington University in St. Louis (WUSTL) – Fudan University Joint Programme (2012); Graduated with Beta Gamma Sigma; INSEAD's Asia International Executive Programme (March 2009) |
| Experience: | <p>Since 2015 Vice President, Head of North Asia - Principal Financial Group</p> <p>2013 - 2015 Chief Executive Officer & Executive Director, Manulife Asset Management (Taiwan) - Manulife Financial Corporation</p> <p>2009 - 2013 Vice President, China Asset Management - Manulife Financial Corporation</p> <p>2000 - 2009 Various Positions - Prudential Corporation Asia</p> <p>1999 - 2000 Chief Financial Officer & Vice President, Business Development - Lycos Asia Pte Ltd</p> <p>1997 - 1999 Director, Business Development - Singapore Telecom International Ltd</p> <p>1992 - 1997 Deputy Director - The Singapore Administrative Service, Public Service Commission</p> |
| Date appointed to Board: | 14 June 2017 |
| 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: | None |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|--|---|
| Name: | Effendy Shahul Hamid |
| Age: | 44 |
| Nationality: | Malaysian |
| Designation: | Chief Executive Officer, Group Asset Management & Investments |
| 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 and Bank of Yingkou. Amongst others, he serves as Chairman of CIMB-Mapletree and CIMB-TrustCapital Advisors Singapore Pte Ltd, is a Director on the board of several CIMB-Principal companies, and also a Director of Touch 'n Go and the R.E.A.L Education Group. Most recently, 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: | Audit and Investment Committee Member |
| Directorship of other public companies: | <ul style="list-style-type: none"> - CIMB-Principal Islamic Asset Management Berhad - CIMB Mapletree Management Sdn Bhd - CMREF 1 Sdn Bhd - CMREF 2 Shariah Sdn Bhd - CIMB Real Estate Sdn Bhd - CIMB SI Sdn Bhd - CIMB SI I Sdn Bhd - CIMB SI II Sdn Bhd - Commerce Asset Ventures Sdn Bhd - CAV Private Equity Management Sdn Bhd - CAV BAT Sdn Bhd - CIMB-TrustCapital Advisors Singapore Pte Ltd - CIMB-TrustCapital AOF1 Master SPV Pte Ltd - CIMB-TrustCapital AOF1 GP Pte Ltd - CIMB-TrustCapital AOF2 Pte Ltd - CIMB Strategic Assets Sdn Bhd - CIMB Private Equity Sdn Bhd - Touch 'N Go Sdn Bhd - Premier Fidelity Sdn Bhd - CapAsia Islamic Infrastructure Fund (GP) Ltd (IIF) - CapAsia ASEAN Infrastructure Fund III (GP) Ltd (CAIF III) - CIMB-Principal Asset Management Company Limited |

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: | 3 of 4 |
| Name: | Paul Wong Chee Kin |
| Age: | 48 |
| Nationality: | Malaysian |
| Designation: | Head, Consumer Strategic Business Support/ Regional Head Consumer Support of CIMB Bank Berhad |
| Qualifications: | Monash University (Bachelor of Business (Major in Banking & Finance)) |
| Experience: | <p>Paul Wong was appointed as Head of Consumer Business Strategic Support on 1 May 2016 with key focus in driving sales and operational productivity, improving customer experience and strengthening compliance at branches. He previously held the position as Head of Regional Projects in driving sales and operational efficiency in Group Consumer Banking, and Head of ASEAN Business Solutions to oversee cross-border acquisition for retail products from July 2013 to April 2016.</p> <p>Paul was Head of Sales Management under Consumer Sales & Distribution from 2007 to 2013 where he led the team drive and manage initiatives on marketing, compliance and employee engagement to optimize productivity from sales channels. During the period, Paul was also appointed as the designated Head of Retail Banking for Bank of Commerce ("BOC") in Philippines to lead the re-engineering of overall retail banking strategies as CIMB was exploring the acquisition of BOC.</p> <p>Prior to joining CIMB Bank, Paul served in various capacities in several financial institution including Alliance Bank, Prudential Assurance, OCBC, UOB, and DBS in Malaysia and 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 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|---|---|
| Name: | Paul Wong Chee Kin (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: | 3 of 4 |
| Name: | Pedro Esteban Borda |
| Age: | 56 |
| Nationality: | Argentinean |
| Designation: | Vice President South Asia and India of Principal International |
| Qualifications: | Bachelor Degree in Business Administration and a Master Degree in Finance, both from Universidad Argentina de la Empresa (U.A.D.E). |
| Experience: | He is the Vice President South Asia and India of Principal International based in Malaysia. He is also a Director of CIMB-Principal since 20 June 2013. Prior joining Principal International, 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: | None |
| Directorship of other public companies: | <ul style="list-style-type: none"> - CIMB-Principal Asset Management Limited (Thailand) - CIMB-Principal Islamic Asset Management Berhad - 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: | 2 of 4 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|---|--|
| Name: | Alejandro Elias Echegorri Rodriguez |
| Age: | 57 |
| Nationality: | Mexican |
| Designation: | Chief Executive Officer, ASEAN Region, Executive Director of CIMB-Principal and Director of CIMB-Principal Asset Management (S) Pte Ltd and Director of CIMB-Principal Islamic Asset Management Sdn. Bhd. |
| 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 on 28 March 2016, Director of CIMB-Principal Asset Management (S) Pte Ltd on 4 April 2016 and Director of CIMB-Principal Islamic Asset Management Sdn Bhd on 7 April 2016.. 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: | <ul style="list-style-type: none"> - i-Wealth Advisors Sdn Bhd - CIMB-Principal Asset Management (S) Pte Ltd - CIMB-Principal Islamic Asset Management Sdn Bhd - 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: | 4 of 4 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | |
|---|--|
| Name: | Munirah binti Khairuddin |
| Age: | 42 |
| 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 in 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 AUM, 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 - i-Wealth Advisors Sdn Bhd |
| 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: | 4 of 4 |

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

| | | |
|--|---|---|
| Name: | Hisham bin Zainal Mokhtar* | |
| Age: | 55 | |
| Nationality: | Malaysian | |
| Designation: | Director of CIMB-Principal | |
| 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: | Since July 2014 | Chief Operating Officer – Astro Overseas Limited |
| | April 2009 – Jun 2014 | Director, Investments – Khazanah Nasional Berhad |
| | May 2007 – Mac 2009 | Senior Vice President, Investments – Khazanah Nasional Berhad |
| | May 2005 – April 2007 | Vice President, Investments – Khazanah Nasional Berhad |
| | April 2001 – April 2005 | Executive Director and Vice President, Corporate & Financial Planning – Tricubes Berhad |
| | January 2001 – April 2001 | Head, Analyst – Britac Capital Sdn Bhd |
| | April 2000 – December 2000 | Executive Director – K..E. Malaysian Capital Partners Sdn Bhd |
| | August 1999 – February 2000 | Financial Consultant – Santander Investment Research (Malaysia) Sdn Bhd |
| | August 1998 – July 1999 | Financial Consultant – Sithe Pacific LLC |
| | May 1998 – Aug 1998 | Dealer's Representative – CIMB Securities Sdn Bhd |
| | October 1996 – March 1998 | Senior Research Analyst – UBS Research (Malaysia) Sdn Bhd |
| | December 1995 – September 1996 | Investment Analyst – Crosby Research (Malaysia) Sdn Bhd |
| | September 1994 – December 1995 | Investment Analyst – Baring Research (Malaysia) Sdn Bhd |
| | March 1994 – July 1994 | Head of Research – Keluangsa Sdn Bhd |
| | May 1991 – March 1994 | Research Executive – Crosby Research (Malaysia) Sdn Bhd |
| Date appointed to Board: | 11 February 2015 | |
| Details of Membership of any Board Committee: | None | |

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

| | |
|---|---|
| Name: | Hisham bin Zainal Mokhtar* (continued) |
| Directorship of other public companies: | <ul style="list-style-type: none"> - Astro Broadcast Corporation (BVI) Ltd - Astro Multimedia International (BVI) Ltd - Media Innorations Pte Ltd (Alt. Director) - Digital Learning Concepts Private Limited - Celestial Pictures Limited - Getit Infoservices Private Limited - All Asia Television Software Export Ltd - Astro E. Com Ltd - Astro Entertainment Networks Ltd - Digital Software Exports Ltd - South Asia Creative Assets Ltd - South Asia Entertainment Holdings Ltd - South Asia Multimedia Technologies Ltd - South Asia Software Technologies Ltd - Sandbox Partners Private Limited - To The New Ventures Pte Ltd - Adrep China Advertising Services Limited - All Asia Digital Entertainment Inc. - Ideare Media Sdn Bhd - Celestial Tiger Entertainment Limited - NDTV Lifestyle Holdings Limited - Intigral Holding BSC (C) |
| 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: | 3 of 4 |

* 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 six (6) 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 (CIMB Investment Bank) | |
| 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: | 2011 - Present | Deputy Chief Executive Officer/ Senior Managing Director (since April 2014) – CIMB Islamic (CIMB Investment Bank) |
| | 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 board meetings attended in the financial year: | 9 of 11 | |

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

| | |
|---|---|
| Name: | Effendy Shahul Hamid |
| Age: | 44 |
| Nationality: | Malaysian |
| Designation: | Chief Executive Officer, Group Asset Management & Investments |
| 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 and Bank of Yingkou. Amongst others, he serves as Chairman of CIMB-Mapletree and CIMB-TrustCapital Advisors Singapore Pte Ltd, is a Director on the board of several CIMB-Principal companies, and also a Director of Touch 'n Go and the R.E.A.L Education Group. Most recently, 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 Investment Committee: | 17 August 2015 |
| 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 of 11 |

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

| | |
|---|--|
| Name: | A.Huzaim Bin Dato' Abdul Hamid* |
| Age: | 52 |
| Nationality: | Malaysian |
| Designation: | Director of CIMB-Principal |
| Qualifications: | Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988 |
| Experience: | <p>Has been a Director of CIMB-Principal since 2 May 2013.</p> <p>Huzaim has spent 27 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 was an independent Investment Committee member for 6 years for CIMB-Principal as well as being the same for CIMB-Principal Islamic Asset Management 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>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, thinks, and writes in 5 languages.</p> |
| Date appointed to Investment Committee: | 3 September 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 board meetings attended in the financial year: | 11 of 11 |

ADDITIONAL INFORMATION (CONTINUED)
The Investment Committee (continued)

| | |
|---|--|
| 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 board meetings attended in the financial year: | 9 of 11 |

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

| | |
|---|--|
| Name: | Alejandro Elias Echegorri Rodriguez |
| Age: | 57 |
| Nationality: | Mexican |
| Designation: | Chief Executive Officer, ASEAN Region, Executive Director of CIMB-Principal and Director of CIMB-Principal Asset Management (S) Pte Ltd and Director of CIMB-Principal Islamic Asset Management Sdn Bhd |
| 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 on 28 March 2016, Director of CIMB-Principal Asset Management (S) Pte Ltd on 4 April 2016 and Director of CIMB-Principal Islamic Asset Management Sdn Bhd on 7 April 2016.. 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 Investment Committee: | 28 July 2015 |
| 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: | 8 of 11 |

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 board meetings attended in the financial year: | 10 of 11 |

*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 34 to 67 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 2017 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)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

ALEJANDRO ECHEGORRI
Executive Director

Kuala Lumpur
30 August 2017

**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 2017. 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

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
30 August 2017

**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 2017, 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 2017, 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 34 to 67.

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 8 to the financial statements.</p> <p>The investment portfolio at the year-end comprised listed equity investments valued at RM14,235,194.</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)**Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine 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 intend to liquidate the Fund or to cease operations, or have 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 19 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
30 August 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

| | Note | 2017 RM | 2016 RM |
|--|------|------------------|--------------------|
| INVESTMENT INCOME/(LOSS) | | | |
| Dividend income | | 378,625 | 555,179 |
| Net gain/(loss) on financial assets at fair value through profit or loss | 8 | 3,639,359 | (4,053,201) |
| Net foreign exchange gain | | 21,126 | 2,299 |
| | | <u>4,039,110</u> | <u>(3,495,723)</u> |
| EXPENSES | | | |
| Management fee | 4 | 92,935 | 95,175 |
| Trustee's and custodian fees | 5 | 39,993 | 45,857 |
| Audit fee | | 27,300 | 27,550 |
| License fee | | 6,196 | 6,345 |
| Tax agent's fee | | 4,600 | 4,600 |
| Transaction costs | | 11,245 | 14,044 |
| Other expenses | 6 | 12,787 | 15,012 |
| | | <u>195,056</u> | <u>208,583</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 3,844,054 | (3,704,306) |
| Taxation | 7 | <u>(33,823)</u> | <u>(49,626)</u> |
| PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR | | <u>3,810,231</u> | <u>(3,753,932)</u> |
| Profit/(Loss) after taxation is made up as follows: | | | |
| Realised amount | | 1,337,852 | 919,393 |
| Unrealised amount | | 2,472,379 | (4,673,325) |
| | | <u>3,810,231</u> | <u>(3,753,932)</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 2017**

| | Note | 2017 RM | 2016 RM |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | 9 | 77,103 | 45,202 |
| Financial assets at fair value through profit or loss | 8 | 14,235,194 | 14,096,447 |
| Dividends receivable | | <u>223,201</u> | <u>322,872</u> |
| TOTAL ASSETS | | <u>14,535,498</u> | <u>14,464,521</u> |
| LIABILITIES | | | |
| Accrued management fee | | 7,249 | 7,144 |
| Amount due to Trustee | | 1,021 | 1,018 |
| Other payables and accruals | 10 | <u>77,754</u> | <u>71,036</u> |
| TOTAL LIABILITIES | | <u>86,024</u> | <u>79,198</u> |
| NET ASSET VALUE OF THE FUND | | <u>14,449,474</u> | <u>14,385,323</u> |
| EQUITY | | | |
| Unit holders' capital | | 8,331,964 | 12,078,044 |
| Retained earnings | | <u>6,117,510</u> | <u>2,307,279</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>14,449,474</u> | <u>14,385,323</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | 11 | <u>9,750,000</u> | <u>12,350,000</u> |
| NET ASSET VALUE PER UNIT (RM) | | <u>1.4819</u> | <u>1.1648</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 2017**

| | Unit holders' capital RM | Retained earnings RM | Total RM |
|--|--------------------------------|----------------------------|-------------------|
| 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 income 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> |
| Balance as at 1 July 2015 | 13,823,944 | 6,061,211 | 19,885,155 |
| Movements in unit holders' contributions: | | | |
| - Creation of units from applications | 707,200 | - | 707,200 |
| - Cancellation of units | (2,453,100) | - | (2,453,100) |
| Total comprehensive loss for the financial year | - | (3,753,932) | (3,753,932) |
| Balance as at 30 June 2016 | <u>12,078,044</u> | <u>2,307,279</u> | <u>14,385,323</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 2017**

| | Note | 2017 RM | 2016 RM |
|---|----------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from disposal of quoted securities | | 5,514,424 | 4,938,876 |
| Purchase of quoted securities | | (2,011,709) | (3,522,856) |
| Dividend income received | | 447,094 | 530,824 |
| Management fee paid | | (92,830) | (98,026) |
| Trustee's and custodian fees paid | | (39,990) | (46,172) |
| Net realised foreign exchange gain | | 3,097 | 28,512 |
| Payments for other fees and expenses | | (44,165) | (45,479) |
| Net cash generated from operating activities | | <u>3,775,921</u> | <u>1,785,679</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | - | 707,200 |
| Payments for cancellation of units | | (3,746,080) | (2,453,100) |
| Net cash used in financing activities | | <u>(3,746,080)</u> | <u>(1,745,900)</u> |
| Net increase in cash and cash equivalents | | 29,841 | 39,779 |
| Effects of foreign exchange differences | | 2,060 | (21,397) |
| Cash and cash equivalents at the beginning of the financial year | | <u>45,202</u> | <u>26,820</u> |
| Cash and cash equivalents at the end of the financial year | 9 | <u>77,103</u> | <u>45,202</u> |
| <u>Cash and cash equivalents comprised of:</u> | | | |
| Bank balances | | <u>77,103</u> | <u>45,202</u> |
| Cash and cash equivalents at the end of the financial year | 9 | <u>77,103</u> | <u>45,202</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 2017****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the 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 2016:

- Amendments to MFRS 101 "Presentation of Financial Statements -Disclosure Initiative" provide clarifications on a number of issues, including:

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

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

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

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

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

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

- Annual Improvements to MFRS 2012 - 2014 Cycle

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

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

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

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

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

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

Key provisions of the new standard are as follows:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

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

The Fund will apply these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**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.

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 currencyFunctional 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Foreign currency (continued)**

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 Malaysian Ringgit ("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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Unit holders' capital

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

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

The outstanding units are carried at the redemption amount that is payable at each financial 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.

(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 |
|------------------------------------|---|---|---------------------|
| 2017 | | | |
| Cash and cash equivalents (Note 9) | - | 77,103 | 77,103 |
| Quoted securities (Note 8) | 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> |
| 2016 | | | |
| Cash and cash equivalents (Note 9) | - | 45,202 | 45,202 |
| Quoted securities (Note 8) | 14,096,447 | - | 14,096,447 |
| Dividends receivable | - | 322,872 | 322,872 |
| | <u>14,096,447</u> | <u>368,074</u> | <u>14,464,521</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:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | RM | RM |
| Financial assets at fair value through profit or loss: | | |
| - Quoted securities | <u>14,235,194</u> | <u>14,096,447</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 14.47% (2016: 26.97%), 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 |
|--|----------------------------|----------------------------|---|
| 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> |
| 2016 | | | |
| -26.97% | 10,881 | 10,294,635 | (3,801,812) |
| 0% | 14,899 | 14,096,447 | - |
| 26.97% | <u>18,917</u> | <u>17,898,259</u> | <u>3,801,812</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 |
|-------------|---------------------------------------|---|-------------------------------|-------------------|
| 2017 | | | | |
| HKD | <u>76,499</u> | <u>14,235,194</u> | <u>223,201</u> | <u>14,534,894</u> |
| 2016 | | | | |
| HKD | <u>41,319</u> | <u>14,096,447</u> | <u>322,872</u> | <u>14,460,638</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 6.73% (2016: 14.07%), 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. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

| | Change in foreign exchange rate % | Impact on profit or loss/ NAV RM |
|-------------|--|---|
| 2017 | | |
| HKD | <u>6.73</u> | <u>978,198</u> |
| 2016 | | |
| HKD | <u>14.07</u> | <u>2,034,612</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 |
|----------------------------------|---|--|---------------------|
| 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> |

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

(b) Credit risk (continued)

| | Cash and cash equivalents RM | Dividends receivable RM | Total RM |
|----------------------------------|---------------------------------------|-------------------------------|----------------|
| 2016 | | | |
| Energy | | | |
| - A1 | - | 2,330 | 2,330 |
| - AA3 | - | 26,506 | 26,506 |
| Finance | | | |
| - Deutsche Bank (M) Bhd (AA1) | 45,202 | - | 45,202 |
| - AA3 | - | 19,607 | 19,607 |
| - A1 | - | 19,619 | 19,619 |
| - A2 | - | 175,723 | 175,723 |
| - BAA1 | - | 21,845 | 21,845 |
| - BAA2 | - | 3,328 | 3,328 |
| - BB1 | - | 4,707 | 4,707 |
| - Not Rated | - | 21,650 | 21,650 |
| Health Care | | | |
| - Not Rated | - | 1,926 | 1,926 |
| Industrials | | | |
| - A3 | - | 3,818 | 3,818 |
| - BA3 | - | 1,676 | 1,676 |
| - Not Rated | - | 3,453 | 3,453 |
| Telecommunications | | | |
| - A1 | - | 5,817 | 5,817 |
| Utilities | | | |
| - Not Rated | - | 10,867 | 10,867 |
| | <u>45,202</u> | <u>322,872</u> | <u>368,074</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 |
|--|-------------------------------------|---|---------------------|
| 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> |
| 2016 | | | |
| Accrued management fee | 7,144 | - | 7,144 |
| Amount due to Trustee | 1,018 | - | 1,018 |
| Other payables and accruals # | 603 | 70,310 | 70,913 |
| Contractual undiscounted cash flows | <u>8,765</u> | <u>70,310</u> | <u>79,075</u> |

Excluding Goods and Services Tax ("GST") reverse charge payable amounting to RM139 (2016: RM123).

(d) Capital Risk Management

The capital of the fund is represented by equity consisting of unit holders' capital of RM8,331,964 (2016: RM12,078,044) and retained earnings of RM6,117,510 (2016: RM2,307,279). 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)

(d) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|-------------------|---------------|---------------|-------------------|
| 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> |
| 2016 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Quoted securities | <u>14,096,447</u> | <u>-</u> | <u>-</u> | <u>14,096,447</u> |

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

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

4. MANAGEMENT FEE

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

For the financial year ended 30 June 2017, the management fee is recognised at a rate of 0.60% per annum (2016: 0.60% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. However, the fee is revised to RM12,000 per annum (2016: 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 2017, the Trustee's fee is recognised at a rate of 0.08% per annum (2016: 0.08% per annum).

5. TRUSTEE'S AND CUSTODIAN FEES (CONTINUED)

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

6. OTHER EXPENSES

| | 2017 | 2016 |
|----------------|---------------|---------------|
| | RM | RM |
| Printing costs | 138 | 265 |
| Listing fee | - | 3,710 |
| Other expenses | 12,649 | 11,037 |
| | <u>12,787</u> | <u>15,012</u> |

7. TAXATION

| | 2017 | 2016 |
|-------------------------------------|---------------|---------------|
| | RM | RM |
| Tax charged for the financial year: | | |
| - Current taxation | <u>33,823</u> | <u>49,626</u> |

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

| | 2017 | 2016 |
|--|------------------|--------------------|
| | RM | RM |
| Profit/(Loss) before taxation | <u>3,844,054</u> | <u>(3,704,306)</u> |
| Taxation at Malaysian statutory rate of 24% (2016: 24%) | 922,573 | (889,033) |
| Tax effects of: | | |
| (Investment income not subject to tax)/Investment loss not deductible for tax purposes | (969,387) | 838,973 |
| Expenses not deductible for tax purposes | 15,859 | 18,217 |
| Restriction on tax deductible expenses for ETFs | 30,955 | 31,843 |
| Effect of foreign tax on foreign taxable income | <u>33,823</u> | <u>49,626</u> |
| Taxation | <u>33,823</u> | <u>49,626</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2017 | 2016 |
|---|-------------------|--------------------|
| | RM | RM |
| Designated at fair value through profit or loss at inception: | | |
| - Quoted securities | <u>14,235,194</u> | <u>14,096,447</u> |
| Net gain/(loss) on financial assets at fair value through profit or loss: | | |
| - Realised gain on disposals | 1,189,111 | 593,912 |
| - Unrealised fair value gain/(loss) | <u>2,450,248</u> | <u>(4,647,113)</u> |
| | <u>3,639,359</u> | <u>(4,053,201)</u> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| 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 |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| 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> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|-------------------|-------------------------|-----------------------|---------------------------|
| 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> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------------|--------------------------|--------------------------|---------------------------|
| 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> | | |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| 2016 | | | | |
| QUOTED SECURITIES | | | | |
| Basic Materials | | | | |
| Anhui Conch Cement Co Ltd | 9,500 | 107,323 | 91,806 | 0.64 |
| Consumer Products | | | | |
| Air China Ltd | 13,300 | 53,394 | 36,584 | 0.25 |
| BYD Co Ltd | 5,700 | 115,262 | 137,413 | 0.96 |
| Great Wall Motor Co Ltd | 24,700 | 153,681 | 82,300 | 0.57 |
| Guangzhou Automobile Group Co Ltd | 17,100 | 64,706 | 82,093 | 0.57 |
| Hengan International Group Co Ltd | 5,700 | 206,397 | 191,402 | 1.33 |
| Qinqin Foodstuffs Group (Cayman) Co Ltd | 1,140 | - | 6,508 | 0.05 |
| | <u>67,640</u> | <u>593,440</u> | <u>536,300</u> | <u>3.73</u> |
| Energy | | | | |
| China Petroleum & Chemical Corporation | 193,800 | 509,700 | 563,260 | 3.92 |
| China Shenhua Energy Co Ltd | 28,500 | 293,953 | 210,927 | 1.47 |
| CNOOC Ltd | 119,700 | 652,522 | 597,636 | 4.15 |
| Hanergy Thin Film Power Group Limited * | 102,900 | 332,879 | - | - |
| Petrochina Company Ltd | 171,000 | 645,259 | 469,482 | 3.26 |
| | <u>615,900</u> | <u>2,434,313</u> | <u>1,841,305</u> | <u>12.80</u> |
| Finance | | | | |
| Agricultural Bank Of China Ltd | 212,800 | 335,367 | 312,554 | 2.17 |
| Bank Of China Ltd | 437,000 | 718,803 | 700,821 | 4.87 |
| Bank Of Communications Co Ltd | 66,500 | 179,791 | 168,771 | 1.17 |
| China Cinda Asset Management Co Ltd | 74,100 | 143,146 | 100,375 | 0.70 |
| China Citic Bank Corporation Ltd | 62,700 | 133,953 | 153,270 | 1.07 |
| China Construction Bank Corporation Ltd | 475,000 | 1,315,314 | 1,262,208 | 8.77 |
| China Everbright Bank Co Ltd | 26,600 | 48,243 | 48,871 | 0.34 |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| 2016 (CONTINUED) | | | | |
| QUOTED SECURITIES | | | | |
| (CONTINUED) | | | | |
| Finance (continued) | | | | |
| China Huarong Asset Management Co Ltd | 47,500 | 73,818 | 75,437 | 0.52 |
| China Life Insurance Co Ltd | 58,900 | 653,900 | 508,058 | 3.53 |
| China Merchants Bank Co Ltd | 30,400 | 224,120 | 273,584 | 1.90 |
| China Minsheng Banking Corporation Ltd | 53,200 | 176,331 | 206,529 | 1.44 |
| China Overseas Land & Investment Ltd | 32,300 | 334,003 | 410,711 | 2.86 |
| China Pacific Insurance (Group) Co Ltd | 20,900 | 276,767 | 283,109 | 1.97 |
| China Resources Land Ltd | 22,800 | 213,802 | 214,181 | 1.49 |
| China Vanke Co Ltd | 9,500 | 73,338 | 74,943 | 0.52 |
| CITIC Securities Co Ltd | 19,000 | 196,251 | 167,637 | 1.17 |
| Dalian Wanda Commercial Properties Co Ltd | 5,700 | 143,765 | 140,815 | 0.98 |
| GF Securities Co Ltd | 13,300 | 140,243 | 121,488 | 0.84 |
| Haitong Securities Co Ltd | 28,500 | 244,130 | 192,881 | 1.34 |
| Huatai Securities Co Ltd | 13,300 | 116,254 | 113,757 | 0.79 |
| Industrial And Commercial Bank Of China Ltd | 400,900 | 932,373 | 892,608 | 6.20 |
| New China Life Insurance Co Ltd | 5,700 | 84,370 | 81,501 | 0.57 |
| PICC Property And Casualty Co Ltd | 38,000 | 218,771 | 239,031 | 1.66 |
| Ping An Insurance (Group) Company Of China Ltd | 36,100 | 649,606 | 639,831 | 4.45 |
| The People's Insurance Company (Group) Of China Ltd | 49,400 | 95,586 | 76,147 | 0.53 |
| | <u>2,240,100</u> | <u>7,722,045</u> | <u>7,459,118</u> | <u>51.85</u> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| 2016 (CONTINUED) QUOTED SECURITIES (CONTINUED) | | | | |
| Health Care | | | | |
| Sinopharm Group Co Ltd | 8,550 | 159,628 | 163,964 | 1.14 |
| Industrials | | | | |
| China Communications Construction Co Ltd | 36,100 | 130,023 | 155,508 | 1.08 |
| China Railway Construction Corporation Ltd | 15,200 | 61,527 | 76,285 | 0.53 |
| China Railway Group Ltd | 30,400 | 80,179 | 90,879 | 0.63 |
| CITIC Ltd | 39,900 | 269,688 | 233,587 | 1.62 |
| CRRC Corporation Ltd | 32,300 | 151,340 | 115,837 | 0.81 |
| Fosun International Ltd | 19,000 | 157,604 | 98,610 | 0.69 |
| Metallurgical Corporation of China Ltd | 15,200 | 26,742 | 18,696 | 0.13 |
| Shanghai Electric Group Co Ltd | 19,000 | 44,832 | 32,048 | 0.22 |
| | <u>207,100</u> | <u>921,935</u> | <u>821,450</u> | <u>5.71</u> |
| Technology | | | | |
| Tencent Holdings Ltd | 14,250 | 593,886 | 1,302,392 | 9.05 |
| Telecommunications | | | | |
| China Mobile Ltd | 27,550 | 1,059,836 | 1,267,557 | 8.81 |
| China Telecom Corporation Ltd | 133,000 | 252,861 | 238,833 | 1.66 |
| China Unicom (Hong Kong) Ltd | 47,500 | 243,681 | 197,713 | 1.37 |
| | <u>208,050</u> | <u>1,556,378</u> | <u>1,704,103</u> | <u>11.84</u> |
| Utilities | | | | |
| CGN Power Company Ltd | 81,700 | 136,613 | 91,165 | 0.63 |
| Huaneng Power International, Inc. | 34,200 | 135,474 | 84,844 | 0.60 |
| | <u>115,900</u> | <u>272,087</u> | <u>176,009</u> | <u>1.23</u> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------------|--------------------------|--------------------------|---------------------------|
| 2016 (CONTINUED) QUOTED SECURITIES (CONTINUED) | | | | |
| TOTAL QUOTED SECURITIES | <u>3,486,990</u> | 14,361,035 | <u>14,096,447</u> | <u>97.99</u> |
| ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>(264,588)</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>14,096,447</u> | | |

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

9. CASH AND CASH EQUIVALENTS

| | 2017 RM | 2016 RM |
|---------------|----------------------|----------------------|
| Bank balances | <u>77,103</u> | <u>45,202</u> |

10. OTHER PAYABLES AND ACCRUALS

| | 2017 RM | 2016 RM |
|-------------------------------|----------------------|----------------------|
| Provision for audit fee | 27,300 | 26,800 |
| Provision for tax agent's fee | 4,600 | 4,600 |
| Other accruals | <u>45,854</u> | <u>39,636</u> |
| | <u>77,754</u> | <u>71,036</u> |

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

For the financial year ended 30 June 2017, the license fee was recognised at a rate of 0.04% per annum (2016: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

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

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 12,350,000 | 13,650,000 |
| Add: Creation of units from applications | - | 650,000 |
| Less: Cancellation of units | <u>(2,600,000)</u> | <u>(1,950,000)</u> |
| At the end of the financial year | <u>9,750,000</u> | <u>12,350,000</u> |

12. MANAGEMENT EXPENSE RATIO ("MER")

| | <u>2017</u> | <u>2016</u> |
|-----|-------------|-------------|
| | % | % |
| MER | <u>1.18</u> | <u>1.23</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 RM15,479,599 (2016: RM15,856,002).

13. PORTFOLIO TURNOVER RATIO ("PTR")

| | <u>2017</u> | <u>2016</u> |
|-------------|-------------|-------------|
| PTR (times) | <u>0.24</u> | <u>0.25</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 | = | RM2,009,564 (2016: RM3,517,018) |
| total disposal for the financial year | = | RM5,510,176 (2016: RM4,353,171) |

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

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

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

Units held by the Manager and parties related to the Manager

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

Significant related party transactions and balances

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

15. TRANSACTIONS WITH BROKERS/DEALERS

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> |

Details of transactions with all brokers/dealers for the financial year ended 30 June 2016 are as follows:

| Brokers/Dealers | Value of trades RM | Percentage of total trades % | Brokerage fees RM | Percentage of total brokerage fees % |
|--|-----------------------|---------------------------------|----------------------|---|
| CIMB Securities (Singapore) Pte Ltd # | 2,837,013 | 33.52 | 1,418 | 31.19 |
| CLSA Ltd (Hong Kong) | 2,165,462 | 25.58 | 746 | 16.41 |
| JP Morgan Securities (Asia Pacific) Ltd | 1,308,249 | 15.46 | 654 | 14.38 |
| Credit Suisse (Hong Kong) Ltd | 1,272,992 | 15.04 | 636 | 13.99 |
| UBS Securities Asia Ltd | 553,998 | 6.55 | 277 | 6.09 |
| China International Capital Corporation Securities Ltd | 326,386 | 3.85 | 816 | 17.94 |
| | <u>8,464,100</u> | <u>100.00</u> | <u>4,547</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 RM1,240,573 (2016: RM2,837,013). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

16. SEGMENT INFORMATION

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

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

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

17. NON CASH TRANSACTIONS

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

| | 2017 | 2016 |
|----------------------|--------------------|--------------------|
| | RM | RM |
| Creation | | |
| - Non cash component | - | - |
| - Cash component | - | 707,200 |
| | <u>-</u> | <u>707,200</u> |
| Cancellation | | |
| - Non cash component | - | - |
| - Cash component | (3,746,080) | (2,453,100) |
| | <u>(3,746,080)</u> | <u>(2,453,100)</u> |

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 30 August 2017.

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

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

| | 2017 | 2016 |
|--------------------------------------|------------------|------------------|
| | RM | RM |
| Total retained earnings of the Fund: | | |
| - Realised amount | 2,333,014 | (541,350) |
| - Unrealised amount | <u>3,784,496</u> | <u>2,848,629</u> |
| | <u>6,117,510</u> | <u>2,307,279</u> |

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

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

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Tel: (03) 2084 8888

Postal address

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
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Website

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General investment enquiries

(03) 7718 3100

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

Dato' Robert Cheim Dau Meng
 Cheong Wee Yee, Thomas
 Effendy Shahul Hamid
 Paul Wong Chee Kin
 Pedro Esteban Borda
 Alejandro Elias Echegorri Rodriguez
 Munirah binti Khairuddin
 Dato' Anwar bin Aji*
 Wong Joon Hian*
 A.Huzaima bin Dato' Abdul Hamid*
 Hisham bin Zainal Mokhtar*

* *Independent director*

Investment Committee

Mohamad Safri bin Shahul Hamid
 Effendy 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*
 Effendy Shahul Hamid
 Dato' Anwar Bin Aji*

* *Independent member*

Company Secretaries

Datin Rossaya Mohd Nashir (LS 0007591)
 Halimah binti Habib (LS 0007999)
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Investment Adviser

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

Deutsche Bank (Malaysia) Berhad

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50250 Kuala Lumpur

Business Address

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Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad

Registered/Business Address

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8, Jalan Sultan Ismail
50250 Kuala Lumpur

Custodian (Trustee's Delegate)*Registered Address*

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8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

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Auditors of the Manager and of the Fund

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Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd
PricewaterhouseCoopers Chartered Accountants
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