

CIMB FTSE CHINA 50

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2018

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 8
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	9
UNAUDITED STATEMENT OF FINANCIAL POSITION	10
UNAUDITED STATEMENT OF CHANGES IN EQUITY	11
UNAUDITED STATEMENT OF CASH FLOWS	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 37
DIRECTORY	38

INVESTORS' LETTER

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. CIMB-Principal Asset Management Berhad ("CIMB-Principal") Malaysia has achieved RM60.58 billion in Asset under Management ("AUM") as of December 2018.

We continue to achieve prestigious recognitions from **The Edge| Thomson Reuters Lipper Malaysia Fund Awards 2018 for the following funds:**

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

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

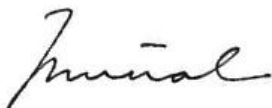
- CIMB-Principal Global Titans Fund
- CIMB-Principal Asia Pacific Dynamic Income Fund
- CIMB Islamic Asia Pacific Equity Fund
- CIMB-Principal Greater China Equity Fund
- CIMB-Principal PRS Plus Conservative
- CIMB-Principal PRS Plus Growth

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

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

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

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

What are the Fund investment policy and principal investment strategy?

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

Replication Strategy

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

Representative Sampling Strategy

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

Fund category/type

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

How long should you invest for?

Recommended three (3) to five (5) years

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

High

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 31 December 2018?

RM10.51 million (7.15 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 six months financial period ended 31 December 2018?

There was no distribution made for the six months financial period ended 31 December 2018.

PERFORMANCE DATA

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

	31.12.2018	31.12.2017	31.12.2016
	%	%	%
Quoted securities			
- Basic Materials	1.16	0.98	0.69
- Consumer Products	6.07	5.41	3.44
- Energy	11.56	11.32	12.69
- Finance	45.98	58.59	54.04
- Healthcare	-	-	0.94
- Industrials	5.20	4.77	6.09
- Real Estate	9.43	-	-
- Technology	0.61	9.34	9.26
- Telecommunications	18.90	8.93	11.51
- Utilities	1.09	-	1.26
Cash and other net assets	-	0.66	0.08
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.12.2018	31.12.2017	31.12.2016
Total asset value (RM Million)	10.61	16.14	15.20
Net Asset Value ("NAV") (RM Million)	10.51	16.07	15.10
Units in circulation (Million)	7.15	9.75	11.05
NAV per Unit (RM)	1.4699	1.6477	1.3662
	01.07.2018	01.07.2017	01.07.2016
	to 31.12.2018	to 31.12.2017	to 31.12.2016
Highest NAV per Unit (RM)	1.6000	1.7184	1.4319
Lowest NAV per Unit (RM)	1.4550	1.4720	1.1530
Market Price per Unit (RM)	1.4700	1.6600	1.3600
Highest Market Price per Unit (RM)	1.5800	1.7200	1.4200
Lowest Market Price per Unit (RM)	1.4700	1.4800	1.1650
Total return (%) [^]	(5.53)	11.20	17.31
- Capital growth (%)	(5.53)	11.20	17.31
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) *	0.55	0.62	0.56
Portfolio Turnover Ratio ("PTR") (times) #	0.35	0.06	Nil

[^] based on NAV per unit

* The Fund's MER decreased from 0.62% to 0.55% due to decrease in other expenses during the financial period under review.

For the financial period under review, the Fund's PTR was at 0.35 times, higher compared to the corresponding period last year which was at 0.06 times, due to higher trading activities from portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
	%	%	%	%	%
Annual total return	(10.79)	20.59	5.68	7.71	18.61

(Listing date: 9 July 2010)

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

MARKET REVIEW (1 JULY 2018 TO 31 DECEMBER 2018)

For the period under review, the FTSE China 50 Index ("Index") posted a negative return of 8.43% in Ringgit Malaysia ("RM") terms.

Chinese equities fell in July 2018 as concerns over its trade dispute with the US continued. Against the backdrop of escalating trade tensions with the US, China has pre-emptive made reserve requirement ratio ("RRR") cuts to ease liquidity to help small and medium sized enterprises ("SME"s). Policy focus has continued to support industrial upgrade and investments into technology. These measures have so far been limited in scale given that second quarter economic data remains relatively well supported. Should the domestic economy slow materially as tightening and deleveraging, coupled with further deterioration from the trade front, the government will likely step in to provide support. Meanwhile, Hong Kong posted a moderate gain. Taiwan outperformed, driven by the strong performance of semiconductor stocks.

Chinese equities fell further in August 2018. Previously announced US tariffs on USD16 billion of Chinese goods took effect during the month and China responded with similar measures. The two sides held fresh talks in August 2018 with little progress achieved, increasing the prospect of further sanctions. Chinese economic data was weak, notably fixed asset investment growth. Against the backdrop of escalating trade tensions with the US, China has pre-emptive made RRR cuts to ease liquidity to help small and SMEs. Policy focus has continued to support industrial upgrade and investments into technology. These measures have so far been limited in scale given that second quarter economic data remains relatively well supported. Should the domestic economy slow materially as tightening and deleveraging, coupled with further deterioration from the trade front, the government will likely step in to provide support. Meanwhile, Hong Kong posted a moderate gain. Taiwan outperformed, driven by the strong performance of semiconductor stocks.

Chinese and Hong Kong equities retreated in the third quarter of 2018 against a backdrop of escalating trade tensions. The US moved ahead with several rounds of tariff implementation and China retaliated with measures of its own. Meanwhile, Chinese macroeconomic data disappointed. The authorities announced a range of targeted economic support measures, including a shift to fiscal stimulus and credit easing. The central bank also re-introduced macro prudential measures to stabilize the Chinese Yuan Renminbi ("CNY").

Chinese equities furthered the decline in October 2018. The market decline was mainly driven by a number of factors including a lower-than-expected in the third quarter of 2018 Gross Domestic Product ("GDP") at 6.5% year-on-year ("y-o-y"), weak September 2018 macro readings showing limited signs of recovery as infra investment and Total Social Financing ("TSF") growth remained muted and a rise in volatility from global equity (Standard & Poor's ("S&P") index down 7% in October 2018) exacerbated market concerns. On the domestic front, regulators rolled out a series of policy measures to tackle macro headwinds, including: (1) RRR cut of 100 basis points ("bps"), (2) increasing export tax rebates, (3) tax deductions on household income, (4) additional support measures for private enterprises, such as bond financing, credit enhancement facility, relending/rediscounting quota increase, and revised corporate law to simplify share buybacks.

MARKET REVIEW (1 JULY 2018 TO 31 DECEMBER 2018) (CONTINUED)

In November 2018, Chinese equities finally saw a rebound. The outperformance in November 2018 was driven by a confirmation of the Group of Twenty (“G20”) meeting between Trump and Xi, and positive comments from the Trump administration leading up to the meeting. The meeting finished with positive outcome as the US will suspend the tariff hike from 10% to 25% on USD200 billion Chinese imports on 1 January 2019. However, the tension may resume should no deal be achieved in the next 90-day negotiation. On the domestic side, China infrastructure investment recovered in October 2018 and policymakers have unveiled more financial measures to support private and small firms.

Chinese equities ended the year in December 2018 with a decline. The underperformance was driven by a mix of negatives from both overseas and domestic. In US, the end-of-cycle fear caused S&P500 to plummet in December 2018. The Federal Reserve (the “Fed”) decision disappointed market expectation with on track balance sheet normalisation. For US-China trade talk, lack of progressing details raised market skepticism. Meanwhile, latest activity indicators point to softness outlook across retail sales, exports and industrial activity. In response to macro headwinds, the Central Economic Work Conference (“CEWC”) emphasized on reform-driven quality growth and we expected policy support will further step up in 2019, with fiscal policy taking a leading role (especially tax cuts) supplemented by monetary easing.

FUND PERFORMANCE

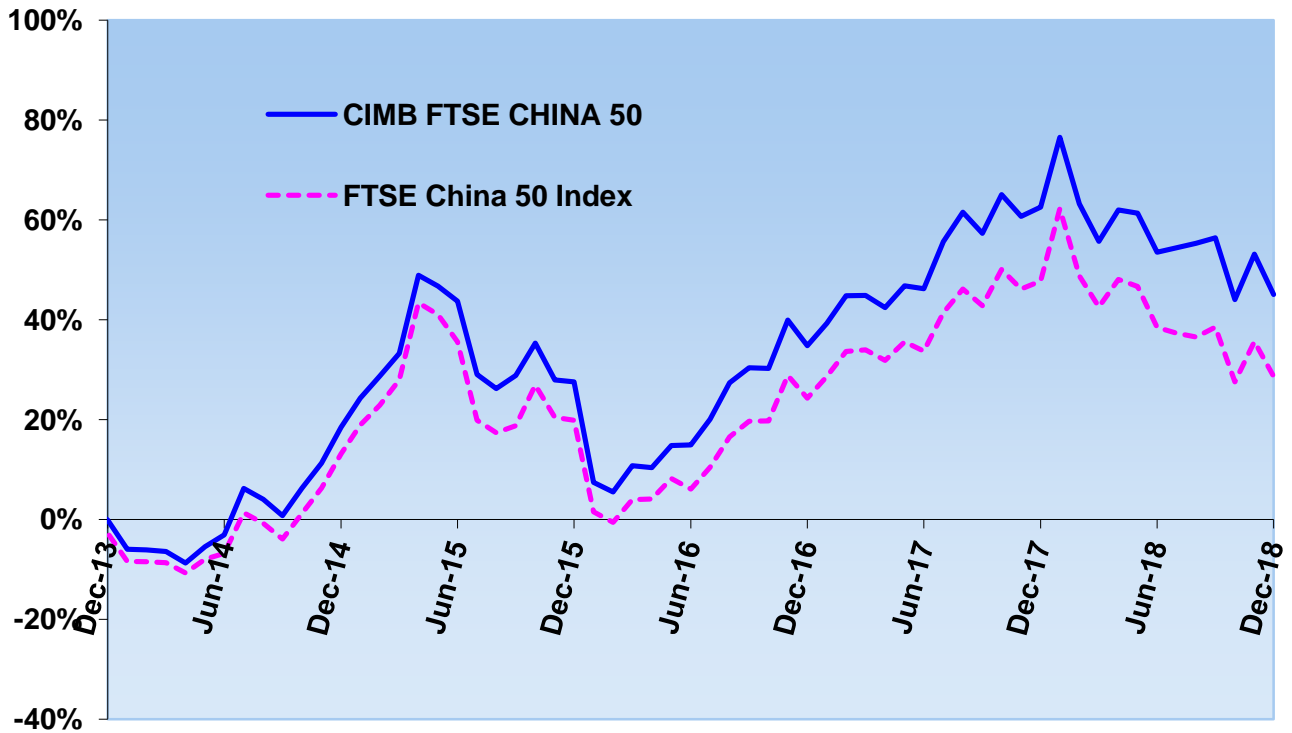
	6 months to 31.12.2018	1 year to 31.12.2018	3 years to 31.12.2018	5 years to 31.12.2018	Since inception to 31.12.2018
	%	%	%	%	%
Income	-	-	-	-	-
Capital [^]	(5.53)	(10.79)	13.69	45.24	45.06
Total Return [^]	(5.53)	(10.79)	13.69	45.24	45.06
Average Total Return [^]	N/A	(10.79)	4.37	7.75	4.48
Benchmark	(7.05)	(12.93)	7.33	32.36	28.67
Changes in Market Price per Unit	(8.13)	(8.70)	12.21	48.48	42.72

[^] based on NAV per Unit

For the period under review, the Fund fell 5.53%, while the benchmark fell by 7.05%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.47. This represents a decrease of 11.5% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	31.12.2018	30.06.2018 Audited	Changes %
NAV (RM Million)	10.51	15.17	(30.72)
NAV/Unit (RM)	1.4699	1.5559	(5.53)

For the six months financial period, the fund’s NAV stood lower at RM10.51million as at 31 December 2018 compared to RM15.17million six months ago due to withdrawals. The NAV per unit also decreased to RM1.4699 per unit from RM1.5559 per unit.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2018	30.06.2018 Audited
Quoted securities	100.00	98.22
Cash and other net assets	-	1.78
TOTAL	100.00	100.00

The Fund remained fully invested during the period under review.

MARKET OUTLOOK*

Against the backdrop of a slowing economy and escalating trade tensions with the US, China has introduced various measures to help support the economy, including the delayed implementation of regulations on wealth management product, RRR (reserve requirement ratio) cuts, the acceleration of issuance of local government bonds, encouraging banks to increase lending to small and medium enterprises, the State Council's guideline to support domestic consumption, and potential changes to tax regimes. We believe that these policies are aimed at cushioning downside to the economy rather than providing large-scale stimulus. A weak RMB and high debt levels also limit policymakers' ability to stimulate aggressively. The government will need to continue to balance its agenda for deleveraging and introducing structural reforms whilst maintaining reasonable economic growth.

The risk of a full-scale and protracted trade war is longer term, with China's strategic industrial policy blueprint and a Sino-US technology arms race at the heart of the issue. China has already shown its willingness to negotiate and compromise on trade issues to narrow the trade deficit, reduce import barriers and further liberalize its domestic market. However, China is unlikely to move on its strategic vision to transform itself into a technology leader.

Looking ahead, mid-teens earnings per share growth that is currently forecast for the Chinese market is likely to moderate in 2019. Valuations for Chinese equities have become more attractive and suggest upside for investors over the medium term. However, investors are likely to remain cautious in the near term given the likelihood of further cuts in earnings forecasts, continued uncertainty on the trade front, and continued increases in US dollar interest rates in the next few months.

* 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 exchange-traded fund, the Fund will continue to remain fully invested in the benchmark index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 December 2018 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	168	0.83	11.63
100 to 1,000	66	1.94	27.10
1,001 to 10,000	90	0.05	0.67
10,001 to 100,000	11	3.32	46.49
100,001 to less than 5% of approved fund size	1	1.01	14.11
5% and above the approved fund size	5	0.00	0.00
Total	341	7.15	100.00

SOFT COMMISSIONS AND REBATES

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

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	Note	01.07.2018 to 31.12.2018 RM	01.07.2017 to 31.12.2017 RM
INCOME			
Dividend income		296,645	261,827
Net gain on financial assets at fair value through profit or loss	8	(880,910)	1,490,951
Net foreign exchange (loss)/gain		(9,896)	(14,744)
		<u>(594,161)</u>	<u>1,738,034</u>
EXPENSES			
Management fee	4	38,268	47,694
Trustee's and custodian fees	5	10,196	23,484
Audit fee		13,762	13,762
Tax agent's fee		2,319	2,016
Transaction costs		22,322	3,105
Other expenses	6	5,046	11,128
		<u>91,913</u>	<u>101,189</u>
(LOSS)/PROFIT BEFORE TAXATION		(686,074)	1,636,845
Taxation	7	(28,892)	(20,927)
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(714,966)</u>	<u>1,615,918</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		1,051,503	336,361
Unrealised amount		(1,766,469)	1,279,557
		<u>(714,966)</u>	<u>1,615,918</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

		31.12.2018	30.06.2018
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	101,106	219,579
Financial assets at fair value through profit or loss	8	10,510,877	14,901,531
Dividends receivable		1,464	142,531
TOTAL ASSETS		<u>10,613,447</u>	<u>15,263,641</u>
LIABILITIES			
Accrued management fee		5,630	7,949
Amount due to Trustee		1,054	1,079
Other payables and accruals	10	96,573	83,696
TOTAL LIABILITIES		<u>103,257</u>	<u>92,724</u>
NET ASSET VALUE OF THE FUND		<u>10,510,190</u>	<u>15,170,917</u>
EQUITY			
Unit holders' capital		4,386,204	8,331,964
Retained earnings		6,123,986	6,838,953
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>10,510,190</u>	<u>15,170,917</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>7,150,000</u>	<u>9,750,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.4699</u>	<u>1.5559</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2018	8,331,964	7,733,428	16,065,392
Movement in unit holders' contributions:			
-Cancellation of units	(3,945,760)	-	(3,945,760)
Total comprehensive loss for the financial period	-	(714,966)	(714,966)
Balance as at 31 December 2018	<u>4,386,204</u>	<u>6,123,986</u>	<u>10,510,190</u>
Balance as at 1 July 2017	8,331,964	6,117,510	14,449,474
Total comprehensive income for the financial period	-	1,615,918	1,615,918
Balance as at 31 December 2017	<u>8,331,964</u>	<u>7,733,428</u>	<u>16,065,392</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	01.07.2018 to 31.12.2018 RM	01.07.2017 to 31.12.2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	6,190,131	829,183
Purchase of quoted securities	(2,701,246)	(1,076,029)
Dividend income received	408,820	483,488
Management fee paid	(40,587)	(46,758)
Trustee's and custodian fees paid	(10,221)	(23,396)
Payments for other fees and expenses	(8,250)	(60,052)
Net realised foreign exchange	(9,896)	-
Net cash generated from operating activities	3,828,751	106,436
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	(3,945,760)	-
Net cash used in from financing activities	(3,945,760)	-
Net increase in cash and cash equivalents	(117,009)	106,436
Effects of foreign exchange differences	(1,464)	
Cash and cash equivalents at the beginning of the financial period	219,579	77,103
Cash and cash equivalents at the end of the financial period	101,106	183,539
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	101,106	183,539
Cash and cash equivalents at the end of the financial period	101,106	183,539

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2018****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 will be subjected to the Securities Commission Malaysia (“SC”) Guidelines on ETFs, SC requirements, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Manager, a company incorporated in Malaysia, is jointly owned by CIMB Group Sdn Bhd and Principal International (Asia) Limited. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and assumptions 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 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income ("OCI") if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

MFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments as outlined in Note 2(b).

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Fund.

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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Financial year beginning on/after 1 January 2019

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

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

(b) Financial assets and financial liabilities

Classification

Up to 31 December 2017, 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.

From 1 January 2018, the Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through OCI.

The Fund classifies cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

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 up to 31 December 2017 and MFRS 9 from 1 January 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

Financial assets at amortised cost (2017: Loans and receivables) and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

Impairment for assets carried at amortised costs

Until 31 December 2017, for assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

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

From 1 January 2018 onwards, the Fund measures credit risk ECL using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any ECL. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

(c) Foreign currency

Functional and presentation currency

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

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

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Income recognition**

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

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

(e) Cash and cash equivalents

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

(f) Taxation

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

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

(g) Transactions costs

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

(h) Unit holders' capital

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Segment information

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

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

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

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

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

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

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

However, the Manager is of the opinion that in applying this accounting policy, no significant judgment was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(i) Price risk (continued)**

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

(ii) Currency risk

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

(b) Credit risk

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

The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

(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.

(d) Capital Risk Management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM4,386,204 (30.06.2018: RM8,331,964) and retained earnings of RM6,123,986 (30.06.2018: RM6,838,953). 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. 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

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. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2018				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>10,510,877</u>	<u>-</u>	<u>-</u>	<u>10,510,877</u>
30.06.2018				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>14,901,531</u>	<u>-</u>	<u>-</u>	<u>14,901,531</u>

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

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

4. MANAGEMENT FEE

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

For the financial period ended 31 December 2018, the management fee is recognised at a rate of 0.60% per annum (31.12.2017: 0.60% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. However, the fee is revised to RM12,000 per annum effective from 1 June 2012 based on the agreement between the Trustee and the Manager, excluding foreign sub-custodian fees and charges.

For the financial period ended 31 December 2018, the Trustee's fee is recognised at a rate of 0.08% per annum (31.12.2017: 0.08% per annum).

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

6. OTHER EXPENSES

	01.07.2018 to 31.12.2018 RM	01.07.2017 to 31.12.2017 RM
Printing costs	-	3,420
Listing fee	-	7,708
	<u>-</u>	<u>11,128</u>

7. TAXATION

	01.07.2018 to 31.12.2018 RM	01.07.2017 to 31.12.2017 RM
Tax charged for the financial period:		
- Current taxation	<u>28,892</u>	<u>20,927</u>

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

	01.07.2018 to 31.12.2018 RM	01.07.2017 to 31.12.2017 RM
Profit before taxation	<u>(686,074)</u>	<u>1,636,845</u>
Taxation at Malaysian statutory rate of 24% (31.12.2016: 24%)	(164,658)	392,842
Tax effects of:		
Investment income not subject to tax	200,013	(373,802)
Expenses not deductible for tax purposes	8,516	10,272
Restriction on tax deductible expenses for ETFs	13,543	14,013
Effect of foreign tax on foreign taxable income	<u>(28,522)</u>	<u>(22,398)</u>
Taxation	<u>28,892</u>	<u>20,927</u>

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2018	30.06.2018
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>10,510,877</u>	<u>14,901,531</u>
	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	884,096	211,013
- Unrealised fair value (loss)/gain	<u>(1,765,006)</u>	<u>1,279,938</u>
	<u>880,910</u>	<u>1,490,951</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co. Ltd	<u>6,050</u>	<u>70,993</u>	<u>121,505</u>	<u>1.16</u>
Consumer Products				
BYD Co. Ltd	3,410	71,693	90,021	0.86
Geely Automobile Holdings Limited	24,090	265,511	175,700	1.67
Guangzhou Automobile Group Co., Ltd.	15,400	43,708	63,566	0.6
Meituan Dianping	2,200	55,118	51,044	0.49
Shenzhen International Group Holdings Limited	<u>5,492</u>	<u>286,431</u>	<u>257,605</u>	<u>2.45</u>
	<u>50,592</u>	<u>722,461</u>	<u>637,936</u>	<u>6.07</u>
Energy				
China Petroleum & Chemical Corporation	126,060	356,547	372,430	3.54
China Shenhua Energy Co. Ltd	16,940	174,360	153,634	1.46
CNOOC Ltd	65,340	358,964	417,850	3.98
Hanergy Thin Film Power Group Limited *	102,900	332,879	-	-
Petrochina Co. Ltd	<u>104,940</u>	<u>379,480</u>	<u>270,655</u>	<u>2.58</u>
	416,180	1,602,230	1,214,569	11.56

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018 (continued)				
QUOTED SECURITIES (CONTINUED)				
Finance				
Agricultural Bank Of China Ltd	155,100	258,337	281,165	2.68
Bank Of China Ltd	275,000	468,265	491,253	4.67
Bank Of Communications Co. Ltd	38,500	106,321	124,325	1.18
China Citic Bank Corporation Ltd	40,700	91,898	102,390	0.97
China Construction Bank Corporation Ltd	286,110	835,968	976,836	9.29
China Everbright Bank Co. Ltd	12,980	23,876	23,256	0.22
China Life Insurance Company Limited	37,180	414,187	326,978	3.11
China Merchants Bank Co., Ltd.	18,920	149,933	286,985	2.73
China Minsheng Banking Corp., Ltd.	28,600	83,372	81,624	0.78
China Pacific Insurance (Group) Co., Ltd.	12,870	177,442	172,430	1.64
Citic Securities Company Limited	11,550	118,960	82,408	0.78
GF Securities Co., Ltd.	7,700	81,193	43,219	0.41
Guotai Junan Securities Co., Ltd.	4,180	37,998	34,994	0.33
Huatai Securities Co., Ltd.	8,800	76,777	57,671	0.55
Industrial And Commercial Bank Of China Limited	268,400	680,060	792,958	7.54
New China Life Insurance Co Ltd	4,510	73,149	74,130	0.71
PICC Property And Casualty Company Limited	33,550	148,488	142,030	1.35
Ping An Insurance (Group) Company Of China, Ltd.	16,720	331,306	611,061	5.81
Postal Savings Bank Of China Co., Ltd.	28,600	77,198	62,427	0.59
The People'S Insurance Company (Group) Of China Limited	40,700	76,499	67,758	0.64
	<u>1,330,670</u>	<u>4,311,227</u>	<u>4,835,898</u>	<u>45.98</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018 (continued)				
QUOTED SECURITIES (CONTINUED)				
Industrials				
Air China Limited	8,800	34,103	31,719	0.3
China Communications Construction Company Limited	22,220	84,401	86,902	0.83
China Railway Construction Corporation Limited	8,470	45,983	48,615	0.46
China Railway Group Limited	19,030	56,027	71,711	0.68
Citic Limited	24,750	164,282	160,631	1.53
CRRC Corporation Limited	19,140	87,772	77,284	0.74
Fosun International Limited	11,550	93,905	69,589	0.66
	<u>113,960</u>	<u>566,473</u>	<u>546,451</u>	<u>5.20</u>
Real Estate				
China Evergrande Group	10,670	84,928	132,240	1.26
China Overseas Land & Investment Limited	19,250	206,699	273,677	2.6
China Resources Land Limited	13,640	134,718	216,989	2.06
China Vanke Co., Ltd.	6,600	51,610	92,786	0.88
Country Garden Holdings Company Limited	36,630	125,080	184,495	1.76
Longfor Properties Co. Ltd.	7,370	87,175	91,146	0.87
	<u>94,160</u>	<u>690,210</u>	<u>991,333</u>	<u>9.43</u>
Technology				
Xiaomi Corporation	9,350	82,883	63,846	0.61
	<u>9,350</u>	<u>82,883</u>	<u>63,846</u>	<u>0.61</u>
Telecommunication Services				
China Mobile Limited	17,930	705,210	714,035	6.79
China Telecom Corporation Limited	68,310	130,572	144,411	1.37
China Tower Corporation Limited	209,000	133,414	163,480	1.56
China Unicom (Hong Kong) Limited	29,150	149,097	128,796	1.23
Tencent Holdings Limited	5,032	616,744	835,076	7.95
	<u>329,422</u>	<u>1,735,037</u>	<u>1,985,798</u>	<u>18.90</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Utilities				
China Gas Holdings Ltd	<u>7,700</u>	<u>126,217</u>	<u>113,541</u>	<u>1.09</u>
TOTAL QUOTED SECURITIES	<u>2,358,084</u>	<u>9,907,731</u>	<u>10,510,877</u>	<u>100.00</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>603,146</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>10,510,877</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2018				
Audited				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	8,250	96,808	191,120	1.26
China Molybdenum Co Ltd	24,000	79,608	46,950	0.31
	<u>32,250</u>	<u>176,416</u>	<u>238,070</u>	<u>1.57</u>
Consumer Products				
BYD Co Ltd	5,100	107,224	124,842	0.82
Geely Automobile Holdings Ltd	31,500	350,413	330,000	2.18
Guangzhou Automobile Group Co Ltd	21,000	59,602	82,919	0.55
	<u>57,600</u>	<u>517,239</u>	<u>537,761</u>	<u>3.55</u>
Energy				
China Petroleum and Chemical Corporation	155,400	420,517	560,800	3.70
China Shenhua Energy Co Ltd	23,100	237,764	221,427	1.46
CNOOC Ltd	91,350	490,523	636,746	4.20
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	135,600	494,576	416,747	2.75
	<u>508,350</u>	<u>1,976,259</u>	<u>1,835,720</u>	<u>12.11</u>
Finance				
Agricultural Bank Of China Ltd	205,500	340,546	388,255	2.56
Bank Of China Ltd	342,000	574,671	684,880	4.51
Bank Of Communications Co Ltd	48,000	132,051	148,510	0.98

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2018 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Finance (continued)				
China Citic Bank Corporation Ltd	51,000	113,739	128,911	0.85
China Construction Bank Corporation	359,100	1,026,040	1,340,270	8.83
China Everbright Bank Co Ltd	16,500	30,467	28,625	0.19
China Life Insurance Co Ltd	48,750	547,272	508,205	3.35
China Merchants Bank Co Ltd	25,800	199,823	384,510	2.53
China Minsheng Banking Corporation Ltd	40,500	116,970	116,965	0.77
China Pacific Insurance (Group) Co Ltd	17,250	235,454	269,517	1.78
CITIC Securities Co Ltd	15,750	162,218	127,135	0.84
GF Securities Co Ltd	10,500	110,718	61,838	0.41
Guotai Junan Securities Co Ltd	4,500	41,510	38,641	0.25
Haitong Securities Co Ltd	20,100	166,182	82,056	0.54
Huatai Securities Co Ltd	12,000	104,696	77,097	0.51
Industrial And Commercial Bank Of China Ltd	429,000	1,082,190	1,296,386	8.55
New China Life Insurance Co Ltd	6,150	99,749	103,371	0.68
PICC Property and Casualty Co Ltd	42,750	165,943	186,405	1.23
Ping An Insurance (Group) Company Of China Ltd	24,150	468,077	897,622	5.92
Postal Savings Bank Of China Co Ltd	34,500	93,292	90,757	0.60
The People's Insurance Company (Group) Of China Ltd	51,000	95,988	96,880	0.64
	<u>1,804,800</u>	<u>5,907,596</u>	<u>7,056,836</u>	<u>46.52</u>
Industrials				
Air China Ltd	12,000	46,505	46,826	0.29
China Communications Construction Co Ltd	27,300	102,267	106,530	0.70

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2018 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Industrials (continued)				
China Railway Construction Corporation Ltd	11,550	51,887	47,270	0.31
China Railway Group Ltd	21,450	60,578	65,371	0.43
CITIC Ltd	30,750	206,780	175,081	1.15
Country Garden Services Holdings Co Ltd	5,741	12,102	29,732	0.20
CRRC Corporation Ltd	24,750	114,676	77,595	0.51
Fosun International Ltd	15,750	128,052	119,676	0.79
	<u>149,291</u>	<u>722,847</u>	<u>668,081</u>	<u>4.38</u>
Real Estate				
China Evergrande Group	19,500	148,613	200,772	1.32
China Overseas Land and Investment Ltd	26,250	281,862	349,324	2.30
China Resources Land Ltd	17,250	164,128	234,884	1.55
China Vanke Co Ltd	9,000	70,377	127,182	0.84
Country Garden Holdings Co Ltd	49,950	170,563	354,857	2.34
Longfor Group Holdings Ltd	9,000	107,003	97,992	0.65
	<u>130,950</u>	<u>942,546</u>	<u>1,365,011</u>	<u>9.00</u>
Technology				
Sunny Optical Technology (Group) Co Ltd	4,500	324,156	338,224	2.23
Tencent Holdings Ltd	6,900	364,338	1,398,826	9.22
ZTE Corporation	5,250	77,064	32,216	0.21
	<u>16,650</u>	<u>765,558</u>	<u>1,769,266</u>	<u>11.66</u>
Telecommunications				
China Mobile Ltd	25,050	986,257	898,834	5.92
China Telecom Corporation Ltd	87,150	166,910	164,654	1.09
China Unicom (Hong Kong) Ltd	39,000	199,637	196,757	1.30
	<u>151,200</u>	<u>1,352,804</u>	<u>1,260,245</u>	<u>8.31</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2018 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
Utilities				
China Gas Holdings Ltd	<u>10,500</u>	<u>172,114</u>	<u>170,541</u>	<u>1.12</u>
TOTAL QUOTED SECURITIES	<u>2,861,591</u>	<u>12,533,379</u>	<u>14,901,531</u>	<u>98.22</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,368,152</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>14,901,531</u>		

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

9. CASH AND CASH EQUIVALENTS

	31.12.2018	30.06.2018
	RM	Audited RM
Bank balances	<u>101,106</u>	<u>219,579</u>

10. OTHER PAYABLES AND ACCRUALS

	31.12.2018	30.06.2018
	RM	Audited RM
Provision for audit fee	41,062	27,300
Provision for tax agent's fee	5,163	8,600
Other accruals	<u>50,348</u>	<u>47,796</u>
	<u>96,573</u>	<u>83,696</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2018 to 31.12.2018	01.07.2017 to 30.06.2018 Audited
	No of units	No of units
At the beginning of the financial period/year	9,750,000	9,750,000
Less: Cancellation of units	(2,600,000)	-
At the end of the financial period/year	<u>7,150,000</u>	<u>9,750,000</u>

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2018 to 31.12.2018 %	01.07.2017 to 31.12.2017 %
MER	<u>0.55</u>	<u>0.62</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
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM12,651,653 (31.12.2017: RM15,772,108).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
PTR (times)	<u>0.35</u>	<u>0.06</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM2,697,615 (31.12.2017: RM843,048)
total disposal for the financial period	=	RM6,194,268 (31.12.2017: RM1,920,150)

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

Units held by the Manager and parties related to the Manager

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

Significant related party transactions and balances

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

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial period from 1 June 2018 to 31 December 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Citigroup Global Markets Limited	2,176,280	24.47	3,001	22.91
CIMB Securities (Singapore) Pte Ltd #	1,985,366	22.31	3,195	24.41
CLSA Limited (Hong Kong)	1,968,213	22.12	2,733	20.88
Instinet Pacific Limited Hong Kong Branch	1,667,870	18.75	2,636	20.14
JPMorgan Securities (Asia Pacific)	1,099,444	12.35	1,526	11.66
Total	8,897,173	100.00	13,091	100.00

Details of transactions with the brokers/dealers for the financial period from 1 June 2017 to 31 December 2017 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse (Hong Kong) Ltd	1,920,150	100.00	2,044	100.00

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd (formerly known as CIMB Securities (Singapore) Pte Ltd), fellow related party to the Manager amounting to RM1,985,366 (31.12.2017: Nil). 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 period.

17. MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note 2(a), the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies as disclosed in Note 2(b) and adjustments to the financial position as follows:

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 January 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- -cations	Remeasu- -rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	219,579	-	-	219,579
Investment in debt securities	FVTPL	FVTPL	14,901,531	-	-	14,901,531
Dividend receivable	Loans and receivables	Amortised cost	142,531	-	-	142,531

17. MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

	Measurement category		Carrying amount		Reclassifications	Remeasurements	New (MFRS 9)
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)				
			RM	RM	RM	RM	
Liabilities							
Accrued management fees	Amortised cost	Amortised cost	7,949	-	-	7,949	
Amount due to Trustee	Amortised cost	Amortised cost	1,079	-	-	1,079	
Other payables and accruals	Amortised cost	Amortised cost	83,696	-	-	83,696	

DIRECTORY

Head office of the Manager

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

Website

www.cimb-principal.com.my

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 7718 3100

Trustee for the CIMB FTSE China 50

Deutsche Trustees Malaysia Berhad (Co. No. 763590-H)
Level 20, Menara IMC,
8, Jalan Sultan Ismail,
50250 Kuala Lumpur, MALAYSIA.
Tel: (03) 2053 7522

Participating Dealers

CIMB Bank Berhad
Level 13, Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur, MALAYSIA.

RHB Investment Bank Berhad
Level 10, Tower One, RHB Centre,
Jalan Tun Razak,
50400 Kuala Lumpur, MALAYSIA.