

CIMB-Principal Greater China Equity Fund

Annual Report

For the financial year ended 30 April 2019

CIMB-PRINCIPAL GREATER CHINA EQUITY FUND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

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INVESTORS' LETTER

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("Principal Malaysia") has achieved RM55.7 billion in Asset under Management ("AUM") as of April 2019.

We continue to achieve prestigious recognitions, grabbing six individual awards at The Edge-Thomson Reuters Lipper Fund Awards 2018. In addition, we received recognition from Fundsupermart.com for 'Fund House of the Year' award and Recommended Unit Trust 2018/2019 awards for six funds.

We were also bestowed the 'Best Wealth Manager' in Malaysia at The Asset Triple A Private Banking, Wealth Management, Investment and Exchange-Traded Fund ("ETF") Awards 2018. Latest, we were named the 'Best Asset Management Company' in Malaysia at the International Finance Awards 2018.

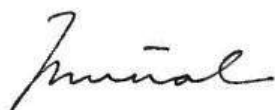
These prestigious awards are a celebration of the trust that you have placed in us and testament to our capability in bringing potential value to your financial goals and needs. We look forward to serving you for many years to come and to the best of our ability.

Thank you.

Yours faithfully,

for **Principal Asset Management Berhad**

(*formerly known as 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 achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong Special Administrative Region ("SAR") and Taiwan.

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund that invests at least 95% of the Fund's Net Asset Value ("NAV") in the Schroder International Selection Fund ("ISF") Greater China (the "Target Fund"), a fund of the Schroder ISF, an open-ended investment company registered in Luxembourg. Information on the Target Fund is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Management Company: Schroder Investment Management (Luxembourg) S.A.

Investment Manager: Schroder Investment Management (Hong Kong) Limited

Regulatory Authority: Luxembourg – Commission de Surveillance du Secteur Financier ("CSSF")

Fund category/type

Feeder Fund/Growth

How long should you invest for?

Recommended three (3) years or more

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

High

When was the Fund launched?

12 June 2007

What was the size of the Fund as at 30 April 2019?

RM692.19 million (693.17 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund. The benchmark of the Target Fund is the Morgan Stanley Capital International ("MSCI") Golden Dragon Index.

Note : The benchmark is for performance comparison only.

What is the Fund distribution policy?

Given its investment objective, the Fund is not expected to pay any distribution.

PERFORMANCE DATA

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

| | 30.04.2019 | 30.04.2018 | 30.04.2017 |
|---|----------------------|----------------------|----------------------|
| | % | % | % |
| Collective investment scheme | 100.03 | 99.97 | 96.80 |
| Cash and other net (liabilities)/assets | <u>(0.03)</u> | <u>0.03</u> | <u>3.20</u> |
| | <u><u>100.00</u></u> | <u><u>100.00</u></u> | <u><u>100.00</u></u> |

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

| | 30.04.2019 | 30.04.2018 | 30.04.2017 |
|--|-------------------|-------------------|-------------------|
| NAV (RM Million) | 692.19 | 651.00 | 249.63 |
| Units in circulation (Million) | 693.17 | 672.82 | 300.77 |
| NAV per unit (RM) | 0.9985 | 0.9675 | 0.8299 |
| Highest NAV per unit (RM) | 1.0352 | 1.0344 | 0.8371 |
| Lowest NAV per unit (RM) | 0.8416 | 0.8267 | 0.5900 |
| Total return (%) | 3.24 | 16.59 | 38.18 |
| - Capital growth (%) | 3.24 | 16.59 | 38.18 |
| - Income distribution (%) | - | - | - |
| Management Expense Ratio ("MER") (%) ^ | 0.40 | 0.50 | 0.50 |
| Portfolio Turnover Ratio ("PTR") (times) # | 0.20 | 0.64 | 0.42 |

^ The Fund's MER decreased from 0.50% to 0.40% mainly due to increase in average NAV during the financial year under review.

For the financial year under review, the Fund's PTR reduced to 0.20 from 0.64. As a feeder fund, the turnover reflects investments and withdrawals in the Target Fund. The turnover reduced because there were less unit redemptions within the financial year under review.

| | 30.04.2019 | 30.04.2018 | 30.04.2017 | 30.04.2016 | 30.04.2015 |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | % | % | % | % | % |
| Annual total return | 3.24 | 16.59 | 38.18 | (12.50) | 42.21 |

(Launch date: 12 June 2007)

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 MAY 2018 TO 30 APRIL 2019)

China and Hong Kong equities started May 2018 with positive returns as macroeconomic data remained firm. Two rounds of US-China trade negotiations were held during the month, with both sides agreeing to take measures to reduce the bilateral trade imbalance. However, uncertainty remains, and the US continues to pursue tariffs on US Dollar (“USD”) 50 billion of Chinese goods. Over the strait in Taiwan, where the central bank raised interest rates by a total of 50bps over the month, the market finished in negative territory.

Overall, Chinese and Hong Kong equities retreated during the second quarter of 2018. Investors’ risk appetite has been dampened by concerns over growing risk of a trade war, rising US Treasury yields, and downbeat China economic data alongside Chinese Yuan Renminbi (“CNY”) depreciation. Over the strait, Taiwanese equities also declined but outperformed the regional peers. The market gave back the initial gains as macro headwinds in emerging Asia from escalating trade tensions weighed on market sentiment.

In July 2018, Chinese equities fell as concerns over its trade dispute with the US continued. Meanwhile, Hong Kong posted a moderate gain. Taiwan outperformed, driven by the strong performance of semiconductor stocks.

Chinese equities continued to fall 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.

In summary for the third quarter of 2018, Chinese and Hong Kong equities retreated 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 CNY. Over the strait, Taiwan outperformed, driven by semiconductor stocks. Across the region the best performing sectors over the quarter were energy and telecoms, while the worst performers were healthcare, consumer discretionary and information technology.

In October 2018, Chinese stocks were buffeted by fears about the country’s slowing economic growth and trade tensions with the US. China’s economy expanded by 6.5% year-on-year (“y-o-y”) in the third quarter of 2018, its weakest quarterly growth since the global financial crisis. Industrial production fell in September 2018, though retail sales growth accelerated. The central bank lowered the amount of cash that banks must hold as reserves in a bid to spur growth. Meanwhile, regulators stepped up efforts to bolster market sentiment, including supporting share buybacks and encouraging private equity funds to buy shares in listed firms. Elsewhere, Hong Kong equities also fell. Shares in Taiwan were dragged lower by declines in the energy and information technology sectors.

In November 2018, Chinese and Hong Kong stocks rebounded strongly amidst optimism over a more gradual pace of interest rate hikes in the US. Positive corporate earnings news also provided support. Trade negotiations between the US and China continued to dominate sentiment, however. On the economic front, Chinese data was mixed. Exports rose 15.6% y-o-y in October 2018, while imports grew 21.4%. Industrial production and fixed-asset investment accelerated, though retail sales growth slowed. The official Purchasing Managers’ Index (“PMI”) also missed market expectations in November. Elsewhere, Taiwanese stocks were dragged lower by declines in the healthcare sector and technology heavyweights.

MARKET REVIEW (1 MAY 2018 TO 30 APRIL 2019) (CONTINUED)

Persistent concerns over the US-China trade conflict and the pace of US interest rate hikes dominated sentiment in what was a volatile fourth quarter of 2018 for equity markets. The darkening global economic outlook further troubled investors. Notably, China's economy recorded its weakest quarterly growth since the global financial crisis. Industrial production and retail sales also slowed more than expected, heightening growth concerns. Policymakers responded with measures to support the economy, including cutting banks' reserve requirement ratios and boosting credit for small and private companies. Against such a backdrop, markets in Taiwan and China slumped. Hong Kong equities fared better though they also posted negative returns.

Chinese and Hong Kong equities rebounded in January 2019 as optimism over US-China trade talks outweighed concerns about China's economic slowdown. Chinese exports declined 4.4% y-o-y in December 2018, the biggest monthly fall in two years. Imports dropped 7.6%, while the manufacturing sector also contracted. Fourth-quarter Gross Domestic Product ("GDP") growth eased to 6.4% y-o-y, dragging 2018 growth to 6.6%, the lowest since 1990. The People's Bank of China ("PCOB") announced another cut to banks' reserve requirement ratios in its latest effort to promote lending and shore up growth. In addition, the government outlined higher public spending and tax cuts for businesses. Taiwanese stocks also finished in positive territory, but they lagged as the outlook for the market's technology heavyweights dimmed amid slowing global smartphone demand.

In February 2019, markets in China, Hong Kong and Taiwan extended their gains. Investors cheered signs of progress in US-China trade negotiations; US President Trump delayed the implementation of further tariffs on Chinese goods originally scheduled to take effect on 1 March 2019. Chinese stocks were further buoyed by news that index provider MSCI would increase the weighting of China-listed shares in its benchmark indices. Meanwhile, China's economic data continued to point to slowing momentum in the economy. The official PMI fell to a three-year low in February 2019, its third straight month of contraction.

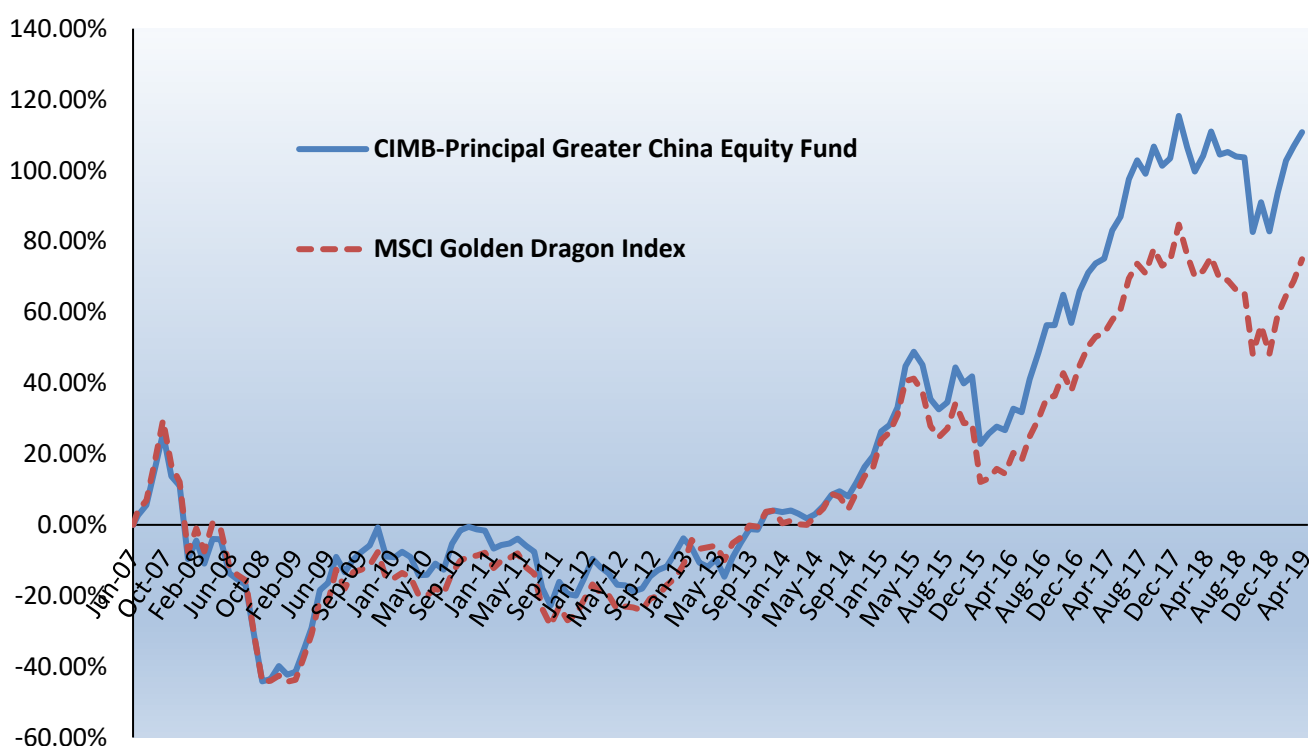
Markets in China, Hong Kong and Taiwan rebounded strongly from the sell-off in the previous quarter, thanks to progress in US-China trade negotiations and the dovish shift by major central banks. Chinese stocks were further buoyed by index provider MSCI's move to increase the weighting of China-listed shares in its benchmark indices. Gains were also fueled by anticipation that Chinese authorities would continue to introduce supportive policies to counter the economic slowdown. China's economy grew at its weakest pace since 1990 last year. January 2019 to February 2019 data pointed to a continued slowdown. The Chinese government lowered its full-year growth target to 6-6.5% and outlined higher public spending and tax cuts, while the central bank cut the reserve requirement ratios for banks.

Markets in China, Hong Kong and Taiwan continued to advance in April 2019. Taiwanese stocks were led higher by gains in its technology heavyweights. Chinese shares benefited from positive economic news. China's economy expanded at a faster-than-expected rate of 6.4% y-o-y in the first quarter. Other data, including factory output, industrial profits, retail sales and fixed asset investment, also showed strong growth in March 2019. However, gains were pared by concerns that Chinese authorities would scale back policy support. In comparison, Hong Kong stocks lagged their counterparts in China and Taiwan

FUND PERFORMANCE

| | 1 year to 30.04.2019 | 3 years to 30.04.2019 | 5 years to 30.04.2019 | Since inception to 30.04.2019 |
|----------------------|---------------------------------|----------------------------------|----------------------------------|--|
| | % | % | % | % |
| Income | - | - | - | - |
| Capital | 3.24 | 66.33 | 106.96 | 110.76 |
| Total Return | 3.24 | 66.33 | 106.96 | 110.76 |
| Benchmark | 1.90 | 52.91 | 74.91 | 74.95 |
| Average Total Return | 3.24 | 18.48 | 15.66 | 6.47 |

For the financial year under review, the Fund increased 3.24%, outperforming the benchmark which increased by 1.90%. The outperformance was mainly driven by the overweight position in consumer discretionary sector coupled with the positive performance of the industrials and healthcare holdings



Changes in NAV

| | 30.04.2019 | 30.04.2018 | Changes % |
|------------------|-------------------|-------------------|----------------------|
| NAV (RM Million) | 692.19 | 651.00 | 6.33 |
| NAV/Unit (RM) | 0.9985 | 0.9675 | 3.20 |

For the 1-year period, total NAV and NAV per unit rose by 6.33% and 3.20% respectively. The increase in the total NAV were due to creations and the rise in NAV per unit was due to the positive investment performance achieved during the financial year.

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) | 30.04.2019 | 30.04.2018 |
|---|---------------|---------------|
| Collective investment scheme | 100.03 | 99.97 |
| Cash and other net (liabilities)/assets | (0.03) | 0.03 |
| TOTAL | 100.00 | 100.00 |

The Fund was fully invested during the financial year under review.

MARKET OUTLOOK*

After a difficult second half in 2018, markets have seen a strong start to 2019. This reversal in sentiment was largely due to the shift in policy stance from the US Federal Reserve (the “Fed”) and the Chinese authorities, with both having moved towards a more accommodative position to support growth.

In China, the various stimulus measures introduced by the government in second half of 2018 appear to have helped the economy find a bottom. These measures included the delayed implementation of regulations on wealth management products, Reserve Requirement Ratio (“RRR”) 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. Fiscal spending also picked up, with an acceleration of infrastructure spending coming through.

Key to highlight, however, is that these policies were largely aimed at cushioning downside to the economy rather than providing large-scale stimulus, in our view. To that end, any rebound in economic growth in second half of 2019 is likely to be moderate.

Looking ahead, mid-teens earnings per share growth that is currently forecast for the Chinese market is likely to moderate in 2019. With valuations for Chinese equities already back to their long-term average, markets could remain choppy in the near term, especially if earnings disappoint relative to expectations.

Across the straits in Taiwan, the domestic economy remains anemic, with overall credit growth subdued over recent years. The stock market, however, has been well-supported by dividends and select globally competitive technology companies which are trading at attractive valuations.

Overall, we remain focused on companies with strong fundamentals and will be looking for opportunities to re-enter or rotate as value emerges.

* 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 Principal Malaysia or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia 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

The Fund will continue to remain fully invested in Schroder International Selection Fund Greater China (“Target Fund”) with minimal cash kept for liquidity purposes.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 April 2019 are as follows:

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|--------------------------------------|----------------------------|------------------------------------|------------------------|
| 5,000 and below | 11,198 | 5.00 | 0.72 |
| 5,001 to 10,000 | 1,286 | 9.49 | 1.37 |
| 10,001 to 50,000 | 2,772 | 67.75 | 9.77 |
| 50,001 to 500,000 | 1,485 | 178.57 | 25.76 |
| 500,001 and above | 50 | 432.36 | 62.38 |
| Total | 16,791 | 693.17 | 100.00 |

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (*formerly known as 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 year under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL GREATER CHINA EQUITY FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as 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 15 to 43 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 April 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
(*formerly known as CIMB-Principal Asset Management Berhad*)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
18 June 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL GREATER CHINA EQUITY FUND**

We have acted as Trustee of CIMB-Principal Greater China Equity Fund (the "Fund") for the financial year ended 30 April 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as 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 the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 June 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL GREATER CHINA EQUITY FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Greater China Equity Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 30 April 2019, 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 April 2019, 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 15 to 43.

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-PRINCIPAL GREATER CHINA EQUITY FUND (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 auditor's report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 June 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019**

| | Note | 2019 RM | 2018 RM |
|--|------|-------------------|-------------------|
| INCOME | | | |
| Interest income | | 72,745 | 70,424 |
| Net gain on financial assets at fair value through profit or loss | 8 | 28,576,982 | 52,879,785 |
| Net foreign exchange loss | | (276,720) | (1,347,907) |
| Other income | 4 | 9,942,707 | 7,114,951 |
| | | <u>38,315,714</u> | <u>58,717,253</u> |
| EXPENSES | | | |
| Management fee | 5 | 11,974,943 | 8,553,369 |
| Trustee's fee | 6 | 532,220 | 380,150 |
| Audit fee | | 9,300 | 10,050 |
| Tax agent's fee | | 5,600 | 4,500 |
| Other expenses | | 89,915 | 554,364 |
| | | <u>12,611,978</u> | <u>9,502,433</u> |
| PROFIT BEFORE TAXATION | | 25,703,736 | 49,214,820 |
| Taxation | 7 | <u>-</u> | <u>-</u> |
| PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | <u>25,703,736</u> | <u>49,214,820</u> |
| Profit after taxation is made up as follows: | | | |
| Realised amount | | 14,115,396 | 24,611,701 |
| Unrealised amount | | 11,588,340 | 24,603,119 |
| | | <u>25,703,736</u> | <u>49,214,820</u> |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2019**

| | Note | 2019 RM | 2018 RM |
|---|------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | 9 | 1,658,574 | 8,832,343 |
| Financial assets at fair value through profit or loss | 8 | 692,384,221 | 650,827,476 |
| Amount due from Manager | | 6,150,528 | 9,231,583 |
| Amount due from Manager of collective investment scheme | | | |
| - Management fee rebate | | 530,246 | 462,384 |
| TOTAL ASSETS | | <u>700,723,569</u> | <u>669,353,786</u> |
| LIABILITIES | | | |
| Amount due to Manager of collective investment scheme | | | |
| - Purchase of collective investment scheme | | - | 8,683,308 |
| Amount due to Manager | | 7,782,936 | 8,951,050 |
| Accrued management fee | | 683,469 | 598,706 |
| Amount due to Trustee | | 47,071 | 41,601 |
| Other payables and accruals | | 17,066 | 75,671 |
| TOTAL LIABILITIES | | <u>8,530,542</u> | <u>18,350,336</u> |
| NET ASSET VALUE OF THE FUND | | <u>692,193,027</u> | <u>651,003,450</u> |
| EQUITY | | | |
| Unit holders' capital | | 577,307,374 | 561,821,533 |
| Retained earnings | | 114,885,653 | 89,181,917 |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>692,193,027</u> | <u>651,003,450</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | 10 | <u>693,166,027</u> | <u>672,816,574</u> |
| NET ASSET VALUE PER UNIT (RM) | | <u>0.9985</u> | <u>0.9675</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 APRIL 2019**

| | Unit holders' capital RM | Retained earnings RM | Total RM |
|--|--------------------------------|----------------------------|--------------------|
| Balance as at 1 May 2018 | 561,821,533 | 89,181,917 | 651,003,450 |
| Movement in unit holders' contributions: | | | |
| - Creation of units from applications | 419,275,089 | - | 419,275,089 |
| - Cancellation of units | (403,789,248) | - | (403,789,248) |
| Total comprehensive income for the financial year | - | 25,703,736 | 25,703,736 |
| Balance as at 30 April 2019 | <u>577,307,374</u> | <u>114,885,653</u> | <u>692,193,027</u> |
| Balance as at 1 May 2017 | 209,659,856 | 39,967,097 | 249,626,953 |
| Movement in unit holders' contributions: | | | |
| - Creation of units from applications | 768,927,589 | - | 768,927,589 |
| - Cancellation of units | (416,765,912) | - | (416,765,912) |
| Total comprehensive income for the financial year | - | 49,214,820 | 49,214,820 |
| Balance as at 30 April 2018 | <u>561,821,533</u> | <u>89,181,917</u> | <u>651,003,450</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 APRIL 2019**

| | Note | 2019 RM | 2018 RM |
|---|----------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from disposal of collective investment scheme | | 128,317,238 | 126,338,641 |
| Purchase of collective investment scheme | | (149,983,480) | (477,968,509) |
| Interest income received from deposits with licensed financial institutions | | 72,745 | 70,424 |
| Management fee paid | | (11,851,872) | (8,200,323) |
| Trustee's fee paid | | (526,750) | (354,249) |
| Payment for other fees and expenses | | (163,419) | (517,540) |
| Net realised foreign exchange loss | | (351,824) | (1,017,511) |
| Other income received | | 9,832,321 | 6,779,158 |
| Net cash used in operating activities | | <u>(24,655,041)</u> | <u>(354,869,909)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | 422,356,144 | 767,818,347 |
| Payments for cancellation of units | | (404,957,362) | (408,483,113) |
| Net cash generated from financing activities | | <u>17,398,782</u> | <u>359,335,234</u> |
| Net (decrease)/increase in cash and cash equivalents | | (7,256,259) | 4,465,325 |
| Effects of foreign exchange differences | | 82,490 | (524,941) |
| Cash and cash equivalents at the beginning of the financial year | | <u>8,832,343</u> | <u>4,891,959</u> |
| Cash and cash equivalents at the end of the financial year | 9 | <u><u>1,658,574</u></u> | <u><u>8,832,343</u></u> |
| <u>Cash and cash equivalents comprised of:</u> | | | |
| Deposits with licensed financial institutions | | - | 2,303,135 |
| Bank balances | | <u>1,658,574</u> | <u>6,529,208</u> |
| Cash and cash equivalents at the end of the financial year | 9 | <u><u>1,658,574</u></u> | <u><u>8,832,343</u></u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Greater China Equity Fund (the "Fund") is now governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012, and an Eighteenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the "Deeds"), made between Principal Asset Management Berhad (formerly known as *CIMB-Principal Asset Management Berhad*) (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee").

The Fund is a feeder fund that invests at least 95% of the Fund's net asset value ("NAV") in the Schroder International Selection Fund ("ISF") Greater China, a fund of the Schroder ISF, an open-ended investment company registered in Luxembourg. Information on the Target Fund is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

All investments are subject to the Securities Commission Malaysia ("SC") Guidelines on Unit Trust Funds, 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, is a joint venture between Principal Financial Group®, a member of the FORTUNE 500® and a Nasdaq-listed global financial services and CIMB Group Holdings Berhad, one of Southeast Asia's leading universal banking groups. 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 judgement 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

Standard that is effective:

The Fund has applied the following standard for the first time for the financial year beginning 1 May 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 OCI. 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 any 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 May 2018 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The amendments to published standard 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 May 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, OCI 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 these amendments to published standard when effective. These amendments to published standard are not expected to have a significant impact on the Fund's financial statements.

(b) Financial assets and financial liabilities

Classification

Up to 30 April 2018, the Fund designates its investments in collective investment scheme 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, amount due from Manager and amount due from Manager of collective investment scheme.

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

The Fund classifies amount due to Manager of collective investment scheme, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities.

From 1 May 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.

Investment in collective investment scheme is debt instrument with contractual cash flows that does not represent solely payment of principal and interest ("SPPI") and therefore is classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and amount due from Manager of collective investment scheme 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 amount due to Manager of collective investment scheme, amount due to Manager, 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.

Financial liabilities, within the scope of MFRS 139 up to 30 April 2018 and MFRS 9 from 1 May 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 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.

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the average of the last published price of such unit or share (excluding any sales charge included in such selling price).

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

Financial assets at amortised cost (2018: 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

Up to 30 April 2018, 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.

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

Significant increase in credit risk

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

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

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using effective interest rate method on an accrual basis.

Up to 30 April 2018, when a loan and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 May 2018, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(d) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) 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 income from foreign collective investment scheme is based on the tax regime of the respective countries that the Fund invests in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Amount due from/to Manager of collective investment scheme (sales/purchase of collective investment scheme)**

Amounts due from and to Manager of collective investment scheme represent receivables for collective investment scheme sold and payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and, up to 30 April 2018, subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from Manager of collective investment scheme. A provision for impairment of amount due from Manager of collective investment scheme is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant Manager of collective investment scheme. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from Manager of collective investment scheme is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

From 1 May 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from Manager of collective investment scheme at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(g) Management fee rebate

Management fee rebate is derived from the Manager and the Manager of the collective investment scheme on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

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

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 RM primarily due to the following factors:

- i) The Fund’s units are denominated in RM; and
- ii) Significant portion of the Fund’s expenses are denominated in RM.

Transactions and balances

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

(i) 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 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.

(j) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Critical accounting estimates and judgements 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 Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgement 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 Unit Trust Funds.

However, the Manager is of the opinion that in applying these accounting policies, no significant judgement 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 | Financial assets at amortised cost RM | Total RM |
|--|---|--|---------------------|
| 2019 | | | |
| Cash and cash equivalents (Note 9) | - | 1,658,574 | 1,658,574 |
| Collective investment scheme (Note 8) | 692,384,221 | - | 692,384,221 |
| Amount due from Manager | - | 6,150,528 | 6,150,528 |
| Amount due from Manager of collective investment scheme | | | |
| - Management fee rebate | - | 530,246 | 530,246 |
| | 692,384,221 | 8,339,348 | 700,723,569 |

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

Financial instruments of the Fund are as follows: (continued)

| | Financial assets at fair value through profit or loss RM | Loans and receivables RM | Total RM |
|--|---|---|---------------------|
| 2018 | | | |
| Cash and cash equivalents (Note 9) | - | 8,832,343 | 8,832,343 |
| Collective investment scheme (Note 8) | 650,827,476 | - | 650,827,476 |
| Amount due from Manager | - | 9,231,583 | 9,231,583 |
| Amount due from Manager of collective investment scheme | | | |
| - Management fee rebate | - | 462,384 | 462,384 |
| | <u>650,827,476</u> | <u>18,526,310</u> | <u>669,353,786</u> |

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

The Fund aims to achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong SAR and Taiwan.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, interest rate 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 Unit Trust Funds.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of the Fund's investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of collective investment scheme 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 price risk is managed through diversification and selection of collective investment scheme and other financial instruments within specified limits according to the Deeds.

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

| | 2019 RM | 2018 RM |
|---|--------------------|--------------------|
| Financial assets at fair value through profit or loss: | | |
| - Collective investment scheme | <u>692,384,221</u> | <u>650,827,476</u> |

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

(a) Market risk (continued)

(i) Price risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of collective investment scheme at the end of the reporting year. The analysis is based on the assumptions that the price of the collective investment scheme fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

| % Change in price of collective investment scheme | Market value RM | Impact on profit or loss/NAV RM |
|--|--------------------|---------------------------------------|
| 2019 | | |
| -5% | 657,765,010 | (34,619,211) |
| 0% | 692,384,221 | - |
| 5% | 727,003,432 | 34,619,211 |
| 2018 | | |
| -5% | 618,286,102 | (32,541,374) |
| 0% | 650,827,476 | - |
| 5% | 683,368,850 | 32,541,374 |

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

Cash flow interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

As at the end of the financial year, the Fund is not exposed to a material level of interest rate risk.

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

(a) Market risk (continued)

(iii) 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 currencies:

Financial assets

| | Cash and cash equivalents RM | Financial assets at fair value through profit or loss RM | Amount due from Manager of collective investment scheme RM | Total RM |
|-------------|---------------------------------|---|---|--------------------|
| 2019 | | | | |
| USD | <u>779,655</u> | <u>692,384,221</u> | <u>530,246</u> | <u>693,694,122</u> |
| 2018 | | | | |
| USD | <u>6,397,167</u> | <u>650,827,476</u> | <u>462,384</u> | <u>657,687,027</u> |

Financial liabilities

| | | Amount due to Manager of collective investment scheme RM | Total RM |
|-------------|--|---|------------------|
| 2019 | | | |
| USD | | <u>-</u> | <u>-</u> |
| 2018 | | | |
| USD | | <u>8,683,308</u> | <u>8,683,308</u> |

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, 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.

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

(a) Market risk (continued)

(iii) Currency risk (continued)

| | Change in foreign exchange rate % | Impact on profit after tax/NAV RM |
|-------------|---|---|
| 2019 | | |
| USD | +/-5 | <u>+/-34,684,706</u> |
| 2018 | | |
| USD | +/-5 | <u>+/-32,450,186</u> |

(b) Credit risk

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

The following table sets out the credit risk concentration of the Fund:

| | Cash and cash equivalents RM | Amount due from Manager RM | Amount due from Manager of collective investment scheme RM | Total RM |
|--------------------------------------|------------------------------------|-------------------------------------|--|------------------|
| 2019 | | | | |
| Finance | | | | |
| - HSBC Bank Malaysia Bhd (AAA) | 1,658,574 | - | - | 1,658,574 |
| Others | | | | |
| - Not Rated | - | 6,150,528 | 530,246 | 6,680,774 |
| | <u>1,658,574</u> | <u>6,150,528</u> | <u>530,246</u> | <u>8,339,348</u> |

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

(b) Credit risk (continued)

| | Cash and cash equivalents RM | Amount due from Manager RM | Amount due from Manager of collective investment scheme RM | Total RM |
|--------------------------------|---------------------------------|-------------------------------|---|-------------------|
| 2018 | | | | |
| Finance | | | | |
| - HSBC Bank Malaysia Bhd (AAA) | 6,529,208 | - | - | 6,529,208 |
| - Hong Leong Bank Bhd (AAA) | 500,240 | - | - | 500,240 |
| - Public Bank Bhd (AAA) | 1,802,895 | - | - | 1,802,895 |
| Others | | | | |
| - Not Rated | - | 9,231,583 | 462,384 | 9,693,967 |
| | <u>8,832,343</u> | <u>9,231,583</u> | <u>462,384</u> | <u>18,526,310</u> |

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

(c) Liquidity risk (continued)

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period 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 |
|---|----------------------------|---------------------------------------|-------------------|
| 2019 | | | |
| Amount due to Manager | 7,782,936 | - | 7,782,936 |
| Accrued management fee | 683,469 | - | 683,469 |
| Amount due to Trustee | 47,071 | - | 47,071 |
| Other payables and accruals | - | 17,066 | 17,066 |
| Contractual undiscounted cash flows | <u>8,513,476</u> | <u>17,066</u> | <u>8,530,542</u> |
| 2018 | | | |
| Amount due to Manager of collective investment scheme | 8,683,308 | - | 8,683,308 |
| Amount due to Manager | 8,951,050 | - | 8,951,050 |
| Accrued management fee | 598,706 | - | 598,706 |
| Amount due to Trustee | 41,601 | - | 41,601 |
| Other payables and accruals | 39,564 | 36,107 | 75,671 |
| Contractual undiscounted cash flows | <u>18,314,229</u> | <u>36,107</u> | <u>18,350,336</u> |

(d) Capital risk management

The capital of the Fund is represented by equity consisting unit holders' capital of RM577,307,374 (2018: RM561,821,533) and retained earnings of RM114,885,653 (2018: RM89,181,917). 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.

(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 values 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.

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

(e) Fair value estimation (continued)

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 judgement, considering factors specific to the asset or liability.

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

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|--|---------------|---------------|---------------|-------------|
| 2019 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | 692,384,221 | - | - | 692,384,221 |

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

| | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------|----------------|----------------|--------------------|
| | RM | RM | RM | RM |
| 2018 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | <u>650,827,476</u> | <u>-</u> | <u>-</u> | <u>650,827,476</u> |

Investment whose values are based, on quoted market prices in active markets, and are therefore classified within Level 1 include collective investment scheme. 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, amount due from Manager, amount due from Manager of collective investment scheme and all liabilities are a reasonable approximation of their fair values due to their short term nature.

4. OTHER INCOME

Other income represents the Fund's entitlement to management fee rebate from the Manager and the Manager of collective investment scheme the Fund invests in.

For the financial year ended 30 April 2019, the rebate is recognised at a rate of 1.50% per annum (2018: 1.50% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

5. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a 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 April 2019, the management fee is recognised at a rate of 1.80% per annum (2018: 1.80% per annum).

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

6. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding 1.00% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any). The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

For the financial year ended 30 April 2019, the Trustee's fee is recognised at a rate of 0.08% per annum (2018: 0.08% per annum).

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

7. TAXATION

| | 2019 | 2018 |
|-------------------------------------|-------------|-------------|
| | RM | RM |
| Tax charged for the financial year: | | |
| - Current taxation | - | - |

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

| | 2019 | 2018 |
|--|-------------|--------------|
| | RM | RM |
| Profit before taxation | 25,703,736 | 49,214,820 |
| Taxation at Malaysian statutory rate of 24% (2018: 24%) | 6,168,897 | 11,811,557 |
| Tax effects of: | | |
| Investment income not subject to tax | (9,195,771) | (14,092,141) |
| Expenses not deductible for tax purposes | 131,712 | 99,900 |
| Restriction on tax deductible expenses for Unit Trust Funds | 2,895,162 | 2,180,684 |
| Taxation | - | - |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2019 | 2018 |
|--|--------------------|--------------------|
| | RM | RM |
| Financial assets at fair value through profit or loss: | | |
| - Collective investment scheme | <u>692,384,221</u> | <u>650,827,476</u> |
| Net gain on financial assets at fair value through profit or loss: | | |
| - Realised gain on disposals | 17,072,166 | 27,749,363 |
| - Unrealised fair value gain | <u>11,504,816</u> | <u>25,130,422</u> |
| | <u>28,576,982</u> | <u>52,879,785</u> |

| | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| 2019 | | | | |
| COLLECTIVE INVESTMENT SCHEME | | | | |
| LUXEMBOURG | | | | |
| Schroder ISF Greater China | <u>2,530,728</u> | <u>591,564,203</u> | <u>692,384,221</u> | <u>100.03</u> |
| TOTAL COLLECTIVE INVESTMENT SCHEME | <u>2,530,728</u> | <u>591,564,203</u> | <u>692,384,221</u> | <u>100.03</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>100,820,018</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>692,384,221</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 % |
|---|-------------------------|---------------------------|---------------------------|---------------------------|
| 2018 COLLECTIVE INVESTMENT SCHEME | | | | |
| LUXEMBOURG | | | | |
| Schroder ISF Greater China | <u>2,460,350</u> | <u>561,512,274</u> | <u>650,827,476</u> | <u>99.97</u> |
| TOTAL COLLECTIVE INVESTMENT SCHEME | <u>2,460,350</u> | <u>561,512,274</u> | <u>650,827,476</u> | <u>99.97</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>89,315,202</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>650,827,476</u> | | |

9. CASH AND CASH EQUIVALENTS

| | 2019 RM | 2018 RM |
|---|------------------|------------------|
| Deposits with licensed financial institutions | - | 2,303,135 |
| Bank balances | <u>1,658,574</u> | <u>6,529,208</u> |
| | <u>1,658,574</u> | <u>8,832,343</u> |

The weighted average effective interest rate per annum is as follows:

| | 2019 % | 2018 % |
|---|-----------|-------------|
| Deposits with licensed financial institutions | <u>-</u> | <u>3.50</u> |

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day as at 30 April 2018.

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

| | 2019 | 2018 |
|--|---------------------|---------------------|
| | No. of units | No. of units |
| At the beginning of the financial year | 672,816,574 | 300,773,609 |
| Add: Creation of units from applications | 441,146,009 | 806,266,230 |
| Less: Cancellation of units | (420,796,556) | (434,223,265) |
| At the end of the financial year | <u>693,166,027</u> | <u>672,816,574</u> |

11. MANAGEMENT EXPENSE RATIO (“MER”)

| | 2019 | 2018 |
|-----|-------------|-------------|
| | % | % |
| MER | <u>0.40</u> | <u>0.50</u> |

MER is derived based on the following calculation:

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

- A = Management fee (including management fee rebates)
- B = Trustee’s fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses
- F = 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 RM664,886,303 (2018: RM475,985,954).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

| | 2019 | 2018 |
|-------------|-------------|-------------|
| PTR (times) | <u>0.20</u> | <u>0.64</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 = RM141,190,894 (2018: RM483,006,398)
- total disposal for the financial year = RM128,211,131 (2018: RM126,691,480)

13. UNITS HELD BY THE MANAGER, 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> |
|---|--|
| Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) | 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 Bhd | Ultimate holding company of shareholder of the Manager |
| CIMB Group Sdn Bhd | Shareholder of the Manager |
| Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements | Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the Manager |
| CIMB Bank Bhd | Fellow related party to the Manager |
| CIMB Islamic Bank Bhd | Fellow related party to the Manager |

Units held by the Manager and parties related to the Manager

| | 2019 | | 2018 | |
|---|---------------------|-----------|---------------------|-----------|
| | No. of units | RM | No. of units | RM |
| Manager | | | | |
| Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) | 90,494 | 90,358 | 33,751 | 32,654 |

In the opinion of the Manager, the above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by the Directors or parties related to the Manager.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

13. UNITS HELD BY THE MANAGER, PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

| | 2019 RM | 2018 RM |
|---|-------------------|-------------------|
| <u>Significant related party transactions</u> | | |
| Interest income from deposits with licensed financial institutions: | | |
| - CIMB Islamic Bank Bhd | 938 | - |
| - CIMB Bank Bhd | 103 | 1,717 |
| | <u> </u> | <u> </u> |
| Cash placements with licensed financial institutions: | | |
| - CIMB Islamic Bank Bhd | 4,798,000 | - |
| - CIMB Bank Bhd | 298,000 | 9,627,000 |
| | <u> </u> | <u> </u> |

Other than those mentioned elsewhere in the financial statements, there is no other significant related party balance held as at the end of the financial year ended 30 April 2019 (2018: nil).

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial year ended 30 April 2019 are as follows:

| Brokers/Dealers | Value of trades RM | Percentage of total trades % | Brokerage fees RM | Percentage of total brokerage fees % |
|--|-------------------------------|---|------------------------------|---|
| Schroder Investment Management (S) Limited | <u>269,402,025</u> | <u>100.00</u> | <u>-</u> | <u>-</u> |

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

| Brokers/Dealers | Value of trades RM | Percentage of total trades % | Brokerage fees RM | Percentage of total brokerage fees % |
|--|-------------------------------|---|------------------------------|---|
| Schroder Investment Management (S) Limited | <u>609,697,878</u> | <u>100.00</u> | <u>-</u> | <u>-</u> |

15. 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 achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong SAR and Taiwan. The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of interest income earned from investments and gains on the appreciation in the value of investments, which are derived from Ringgit-denominated deposits with licensed financial institutions in Malaysia and Luxembourg domiciled collective investment scheme.

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

16. MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note 2(a), the Fund has adopted MFRS 9, which resulted in changes in accounting policies as disclosed in Note 2(b) and adjustments to the financial position. The main changes are 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 May 2018 are compared as follows:

| | Measurement category | | Carrying amount | | | |
|---|------------------------|-----------------|------------------------------|------------------------------|---------------------------|-----------------------|
| | Original (MFRS 139) | New (MFRS 9) | Original (MFRS 139) RM | Reclassi- fications RM | Remeasu- rements RM | New (MFRS 9) RM |
| Assets | | | | | | |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 8,832,343 | - | - | 8,832,343 |
| Investment in collective investment scheme | FVTPL | FVTPL | 650,827,476 | - | - | 650,827,476 |
| Amount due from Manager | Loans and receivables | Amortised cost | 9,231,583 | - | - | 9,231,583 |
| Amount due from Manager of collective investment scheme | Loans and receivables | Amortised cost | 462,384 | - | - | 462,384 |
| - Management fee rebate | | | | | | |

16. MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

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

| | Measurement category | | Carrying amount | | | New (MFRS 9) RM |
|---|------------------------|-------------------|------------------------|-------------------------|----------------------|-----------------------|
| | Original (MFRS 139) | New (MFRS 9) | Original (MFRS 139) | Reclassifi- -cations | Remeasu- -rements | |
| | | | RM | RM | RM | |
| <i>Liabilities</i> | | | | | | |
| Amount due to Manager of collective investment scheme | Amortised cost | Amortised cost | 8,683,308 | - | - | 8,683,308 |
| Amount due to Manager | Amortised cost | Amortised cost | 8,951,050 | - | - | 8,951,050 |
| Accrued management fee | Amortised cost | Amortised cost | 598,706 | - | - | 598,706 |
| Amount due to Trustee | Amortised cost | Amortised cost | 41,601 | - | - | 41,601 |
| Other payables and accruals | Amortised cost | Amortised cost | 75,671 | - | - | 75,671 |

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 June 2019.

DIRECTORY

Head office of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

General investment enquiries

(03) 7718 3000

CIMB-Principal Greater China Equity Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 001281-T)
13th Floor, Bangunan HSBC,
South Tower,
No 2, Lebu Ampang,
50100, Kuala Lumpur.
Tel: (03) 2075 7800
Fax: (03) 2179 6511

Auditors of the Fund and of the Manager

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

Principal Asset Management Berhad (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my