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INVESTOR LETTER

Dear valued investors,

2011 was ushered in with a lot of optimism. Most analysts, if not all, were positive that the 2010 market rally would have spilt over into this year. However, it seems like the year may not be as predictable as we thought.

Nevertheless, as we all know the market is always cyclical. It goes up and comes down based on the current uncertainties. Ultimately, if you are a long-term investor, the best thing to do is to stay invested and not react emotionally by panic selling. What investors should do is to try to think forward with a plan and have a preferred asset allocation based on their risk tolerance. A well diversified portfolio is also important to mitigate risks in the long-term.

Usually, the source of market volatility is a mix of short and long-term causes. One of several immediate short-term causes has of course been the Standard and Poor's (S&P) ratings downgrade of long-term U.S. Government debt from AAA to AA+. The S&P downgrade had caused a massive downshift of investor's risk appetite that has been underway for several weeks.

We believe that once the current market turmoil subsides, we expect repercussions from the U.S. downgrade to be limited. Some fears that investors have, while certainly understandable in situation like this, are unsupported.

To be fair, here are some positive facts for the US:-

- US treasuries remain one of the safest investments even at AA+ rating;
- Over 60% of global allocated foreign exchange reserves are in USD and they are still highly in demand;
- US Treasuries are the most liquid securities traded in the world and it is hard to find alternatives or substitutes.
- Huge amounts of forced selling of US Treasures have yet to be seen

Overall, given the uncertainty in the markets, we still hold on to our view that the US will not go into a double dip recession. We will continue to remain positive on Asian Equities for second half of 2011 as we believe that strong fund flows into Asian fixed income markets may eventually have a positive spill over effect into the regional equity markets.

On another note, we are happy to announce that CIMB-Principal has garnered a total of 8 awards this year and will maintain our momentum of achievements in the industry for the best interest of our investors.

We are also happy to announce that CIMB-Principal Asset Management Berhad ("CIMB-Principal") is now GIPS-compliant.

GIPS or Global Investment Performance Standards are a set of standardized principles that provide guidance on how investment firms should calculate and report their investment results to prospective and current clients.

INVESTOR LETTER (CONTINUED)

By being GIPS-compliant, investors can now have a greater level of confidence in the integrity of performance presentations as well as our general practices. We trust this will provide further assurance that the performance and reporting figures we cite are prepared to the highest standards.

With this, we at CIMB-Principal will strive to consistently provide investors with potential capital gains over the long-term and at the same time become the most reliable and trusted fund house in the industry. We look forward to supporting your journey through the interesting financial markets to come.

Yours sincerely

Campbell Tupling

Chief Executive

CIMB-Principal Asset Management Berhad

MANAGER'S REPORT

What is the investment objective of the Fund?

To provide investment results that closely corresponds to the performance of the Benchmark Index, regardless of its performance.

Has the Fund achieved its objective?

For the period under review, the Fund is in line with its stated objective.

What are the Fund investment policy and its strategy?

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

Fund category/ type

Exchange-traded fund / Equity / Index Tracking

How long should you invest for?

Recommended 3 to 5 years.

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

High

When was the Fund launched?

9 July 2010*

What was the size of the Fund as at 31 March 2011?

RM 13.62 million (13.65 million units)

What is the Fund's benchmark?

FTSE China 25 or such replacement index as may be determined by the Manager, subject to the approval of Securities Commission.

What is the fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial period ended 31 August 2011?

No distribution was declared for the period ended 31 August 2011.

* Listing date

Trust Directory

Manager

Registered Address

CIMB-Principal Asset Management Berhad
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel: (03) 2093 0379

Business Address

Level 5, Menara Milenium
8 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: (03) 2084 2000

Board of Directors

Dato' Charon Wardini bin Mokhzani
Datuk Noripah binti Kosmo
Dato' Mohd Shukri Hussin
Raja Noorma binti Raja Othman
Badlisyah bin Abdul Ghani
Peter William England
REX Auyeung
John Campbell Tupling
Ned Alan Byrmeister
Brig Gen (R) Dato' Arif bin Dato' Awang
Loong Chun Nee
Dato' Anwar bin Aji
Wong Joon Hian

Investment Committee

Raja Noorma binti Raja Othman
John Campbell Tupling
Badlisyah bin Abdul Ghani
Kim Teo Poh Jin
A.Huzaim bin Abdul Hamid
Fad'l bin Mohamed

Company Secretary

Datin Rossaya Mohd Nashir
LS 0007591
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Investment Adviser

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

Corporate Directory

Fund Administration and Fund Accounting Service Provider

Deutsche Bank (Malaysia) Berhad

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

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

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad

Registered/Business Address
Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Auditors of the Manager and of the Fund

PricewaterhouseCoopers Chartered Accountants

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	30.06.2011
Sector	%
Quoted investments	99.47
Liquid assets and others	0.53
	100.00

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

	30.06.2011
Net Asset Value (RM million)	13.62
Units In circulation (Million)	13.65
Net Asset Value per Unit (RM)	0.9981
Highest NAV per Unit (RM)	1.1565
Lowest NAV per Unit (RM)	0.9679
Market Price per Unit (RM)	1.0050
Highest Market Price per Unit (RM)	1.1500
Lowest Market Price per Unit (RM)	0.9700
Total return (%) [^]	(1.51)
-capital growth (%)	(1.51)
-income growth (%)	-
Management Expenses Ratio (%)	3.23
Portfolio Turnover Ratio (times) #	1.29

(Launch date : 9 July 2010)

For the period under review, the portfolio turnover ratio was 1.29 times mainly attributable to funds creation and redemption as well as trading activities due to Index rebalancing.

	Total return (%)	Annualised (%)
Period		
- Since inception (SI) [^]	(1.51)	(1.55)
- Benchmark SI	0.26	0.26
		Since Inception to 30.06.2011
Annualised return [^] (%)		(1.55)

[^] based on the NAV per unit

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 have been verified by Consulting Actuaries, Mercer (Malaysia) Sdn Bhd.

MARKET REVIEW (9 JULY 2010 TO 30 JUNE 2011)

The Chinese equities went through a roller coaster ride in the year under review. The market rose at the start of the period as economic data suggested China's growth was still healthy with a soft landing scenario. Confidence in the country was further boosted by strong domestic demand and news that manufacturing activity continued to accelerate. However, the stock market began to tumble in mid November as the People's Bank of China (PBoC) continued to tighten policy more aggressively. The fall was further worsened following news of an exchange of artillery fire between North and South Korea. The lackluster performance remained towards the end of 2011 when Portugal's debt rating was downgraded by a rating agency on concerns that Portugal's economy was possibly plunging into recession. In addition, the government's tightening policy which had been primarily targeted at the housing sector impacted many other sectors, further affecting sentiments.

Entering 2011, China stock market started the year on a strong footing but the uptrend was short-lived as the PBoC embarked on a continuous monetary tightening measure. The earthquake and tsunami disaster in Japan followed by nuclear accident, social unrest in Libya, and GCC's efforts to minimize contagion in Bahrain, collectively increased risk aversion. The regional markets, however, received a boost as a few of the world's largest economies came together to help alleviate Japan's situation through intervention in the foreign-exchange markets. In June, the key manufacturing index fell to the lowest level since February 2009, signaling that the world's second-biggest economy was cooling as export demand weakened. But with inflation showing little sign of easing, the central bank continued to tighten monetary policy as the economy battled other woes including power shortages, drought, and poor corporate profit growth. Overall, through the period under review, the Chinese market was relatively resilient despite the fickle news flows, ending relatively unchanged from the start of the period.

FUND PERFORMANCE

	Since Inception to 30.06.2011 (%)
Income	-
Capital [^]	-
Total Return [^]	(1.51)
Annualised Return [^]	(1.55)
Benchmark	0.26
Market Price per Unit	(1.47)

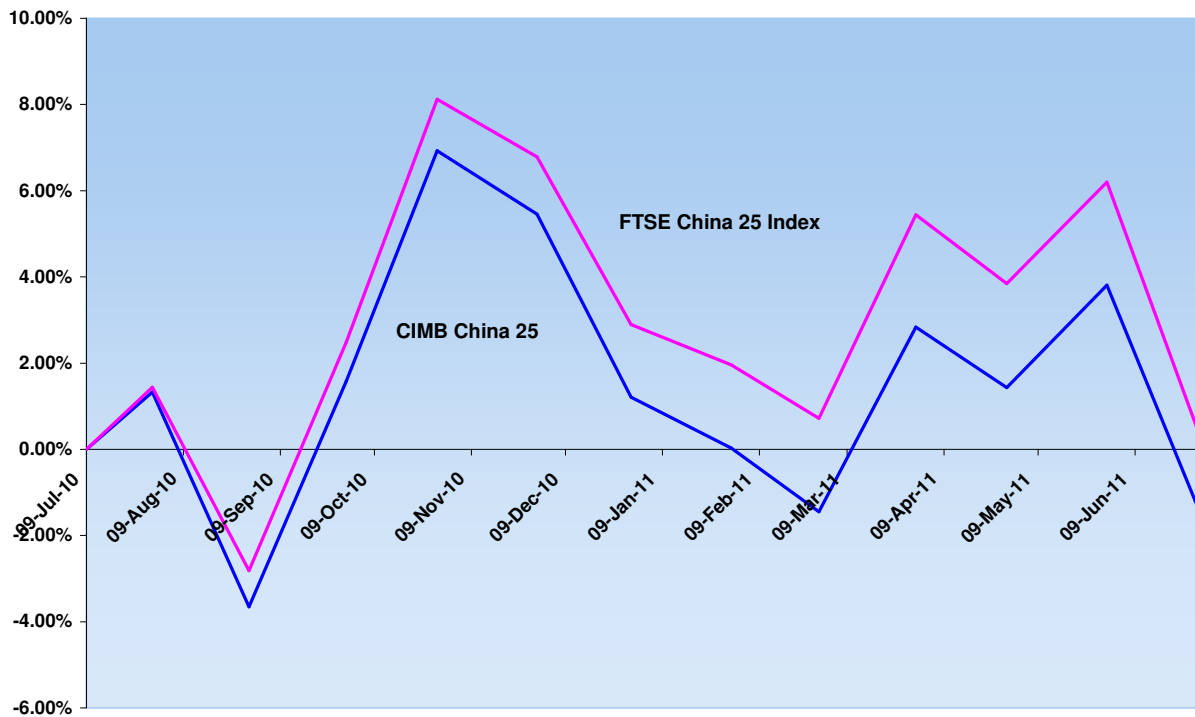
[^] based on NAV per Unit

For the period under review, the Fund declined by 1.51% underperforming the benchmark which increased by 0.26%. The underperformance was mainly attributable to the cost of establishment of the Fund.

During the period under review, there were some minor adjustments to the weighting and composition of the Fund following the quarterly review changes of the benchmark. In October 2010, Agricultural Bank of China was included to replace Datang International Power Generation while in March 2011, China Minsheng Banking and Yanzhou Coal Mining were included in the benchmark to replace China Communications Construction and BYD. The Fund was rebalanced accordingly during the reviews.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.0050, a decline of 1.47% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value (“NAV”)

	30.06.2011
Net Asset Value (“NAV”) (RM Million)	13.62
NAV/unit (RM)	0.9981

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 price 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 have been verified by Consulting Actuaries, Mercer (Malaysia) Sdn Bhd.

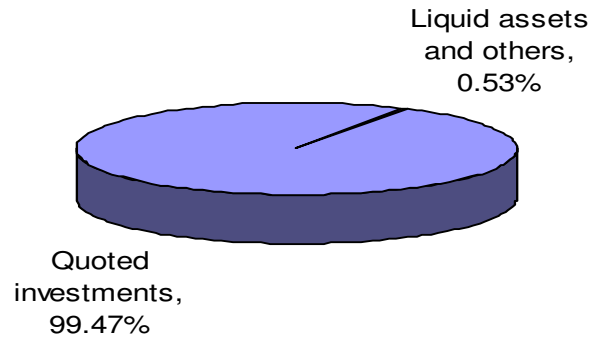
PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30 June 2011
Quoted investments	99.47
Liquid assets and others	0.53
TOTAL	100.00

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

PORTFOLIO STRUCTURE (CONTINUED)



MARKET OUTLOOK

Growth in Asia remains significantly more robust than in the Western economies, and stronger government and household finances should provide enough fiscal flexibility to cushion much of Asia from the impact of weakened global demand. The Chinese inflation rate in June trended higher to 5.6% above the 4.2% average recorded over the January-May 2011 mainly contributed by the higher food prices and rental rates.

Inflation is likely to have peaked and paving way for policy easing as the Chinese government respond to the small medium size enterprises cry for more funding. The latest data indicated that transaction for housing is normalizing with volumes concentrating in the high-end segment. We continue to believe that the burgeoning demand for RMB denominated credit and the trading platform coupled with relentless retail sales would maintain overall growth in HK. In addition, the relocation or starting up of more operational headquarters by multi national companies in HK to tap into the Chinese and Asian markets will sustain demand for Chinese equities especially for commercial property.

Additional Information

Key personnel of the Manager

The Board of CIMB-Principal plays an active role in the affairs of the Manager and is responsible for the overall management of CIMB-Principal. The Board has 13 members. Board meetings shall be held regularly (at least once every 2 months') and in accordance with the requirements of the ETF Guidelines, Deed and other applicable requirements.

With effect from 21 April 2010, Dato' Mohd Shukri Hussin has resigned as Alternate Director to Dato' Charon Wardini bin Mokhzani and appointed as Director. Dato' Charon Wardini bin Mokhzani has resigned as Director and appointed as Alternate Director to Dato' Mohd Shukri Hussin.

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

Name:	John Campbell Tupling
Designation:	Chief Executive Officer / Executive Director.
Qualifications:	Bachelor of Arts, University of Western Ontario, Canada.
Experience:	Has been an Alternate Director for CIMB-Principal since 22 March 2004 and was redesignated as a principal Director of CIMB-Principal since 22 August 2007 upon his move to Malaysia. He was appointed the Chief Executive Officer / Executive Director of CIMB-Principal on 1 November 2008. Has spent more than 11 years in various positions with Principal Financial Group including COO – Asia (based in Hong Kong), Co-Head of Institutional Pension Segment (based in USA) and Managing Director of Principal International Spain. Previous experience was 15 years with American International Group in various capacities including Managing Director of AIG Mexico and AIG La Tandilense (Argentina).

Name:	Dato' Charon Wardini bin Mokhzani
Designation:	Executive Director, CIMB Investment Bank Berhad. Non-Independent Non-Executive Director of CIMB-Principal.
Qualifications:	LLB. Hons. (The School of Oriental and African Studies, University of London); BA Hons. In Philosophy, Politics & Economics (Balliol College, University of Oxford).
Experience:	Has been a Director of CIMB-Principal since 23 November 2004. Currently the Deputy Chief Executive Officer, Corporate & Investment Banking of CIMB Group and Executive Director of CIMB Investment Bank Berhad, has previously served as an independent non-executive director of CIMB Berhad from 22 December 2002 to 11 July 2003. Prior to his current position, he was the Managing Partner of Malaysia's then largest law firm.

Additional Information (continued)

Name: **Datuk Noripah binti Kamso**
Designation: Non-Independent Non-Executive Director of CIMB-Principal.
Qualifications: Bachelor in Business Administration (Northern Illinois University, Dekalb, Illinois, USA); Master in Business Administration (Marshall University, Huntington, West Virginia, USA).
Experience: Joined CIMB-Principal in September 2004 and became its Director in February 2005. Has over 23 years experience in corporate credit and lending. Has 9 years in derivatives broking business as CEO of CIMB Futures. She has successfully overseen CIMB-Principal's further expansion into new regional South East Asia markets and institutional mandates. Is currently a Council Member of Federation of Investment managers Malaysia (FIMM) and a Board Member of CIMB-Principal (S) and President Commissioner of PT CIMB Principal Asset Management.

Name: **Dato' Mohd Shukri Hussin (Alternate Director to Dato' Charon Wardini bin Mokhzani)**
Designation: Executive Director of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad). Non Independent Non-Executive Director of CIMB-Principal.
Qualifications: Bachelor of Economics (Hons) degree from the University of Malaya and qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales.
Experience: Dato' Shukri was previously the Chief Operating Officer of CIMB Group Holdings Berhad. He has held various senior positions within the CIMB Group including as Chief Executive Officer of Bank Muamalat Malaysia Berhad from 1999 to 2003 and Chief Executive Officer of CIMB Securities Sdn Bhd (now known as CIMBS Sdn Bhd) from 1992 to 1999. He was appointed as a Director of CIMB Group Holdings Berhad on 3 January 2006. On 8 May 2006 he was appointed as President Commissioner of PT Bank CIMB Niaga Tbk. He is also a director of CIMB Group, CIMB Bank, CIMB Islamic Bank, Commerce Capital (Labuan) Limited, CIMB Bank (Labuan) Limited, a Trustee of Yayasan Laporan Kewangan, Director and Chairman of CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad; Chairman of CIMB Wealth Advisors Berhad and Chief Executive Officer of the Board of Trustee of CIMB Foundation.

Additional Information (continued)

Name: **Raja Noorma binti Raja Othman**
Designation: Chief Executive Officer of CIMB-Mapletree Management Sdn. Bhd. and Director of the Group Asset Management arm of CIMB. Non-Independent Non-Executive Director of CIMB-Principal.
Qualifications: Bachelor of Business Administration degree from Ohio University, United States of America under a twinning programme with Institut Teknologi MARA.
Experience: Has been a Director of CIMB-Principal since 24 April 2007. Prior to joining CIMB Group in 2005, she was the Vice-President of Investment Banking for JP Morgan, a position she held for over 5 years. She was attached to JP Morgan's offices in Hong Kong, Singapore and Malaysia as both industry and client coverage banker. At JP Morgan, she originated and executed several transactions involving corporate advisory, equity and debt capital markets, private equity, cross border mergers and acquisitions as well as IPO transactions. She also has over 10 years experience in industry with Malaysia's largest telecommunications company, Telekom Malaysia Berhad, where the last post she held was Head of Corporate Finance.

Name: **Badlisyah bin Abdul Ghani (Alternate Director to Raja Noorma binti Raja Othman)**
Designation: Member of the Investment Committee. Group Head, Islamic Banking Division - CIMB Group. Executive Director and Chief Executive Officer, CIMB Islamic Bank Berhad.
Qualifications: Non-Independent Non-Executive Director of CIMB-Principal. Bachelor of Laws Degree from the University of Leeds.
Experience: Has been an Alternate Director of CIMB-Principal since 8 October 2008. Joined CIMB in 2002 and was attached to the Corporate Finance Division, prior to his appointment as Head of CIMB Group Islamic Banking Division. He was appointed as Executive Director/Chief Executive Officer of CIMB Islamic Bank Berhad in 2006. He is responsible for all Islamic banking and finance business of the CIMB Group.

Name: **Peter William England**
Designation: Head of Retail Banking - CIMB Bank Berhad. Non-Independent Non-Executive Director of CIMB-Principal.
Qualifications: Masters of Business Administration (MBA) University of Southern Queensland Australia (2004). Accounting Certificate (1988). Australian Higher School Certificate (1979).
Experience: Has been a Director of CIMB-Principal since 24 April 2007. 2006-current Head Retail Banking - CIMB Bank Berhad 2004-2005 Head Retail Banking - Hong Leong Bank 2001-2004 Head Retail Banking - RHB Bank Malaysia 2000 Securities Institute of Australia 1997-1999 HSBC Malaysia and Singapore 1979-1996 State Bank of NSW, Australia.

Additional Information (continued)

Name: **Rex Auyeung**
Designation: Senior Vice President of Principal Financial Group; President - Asia of Principal International, Hong Kong.
Qualifications: Non-Independent Non-Executive Director of CIMB-Principal. Bachelor of Environmental Studies (Honours) in Urban and Regional Planning, University of Waterloo, Canada.
Experience: Has been a Director of CIMB-Principal since 11 July 2003 and has over 30 years of experience in insurance industry in Canada and Hong Kong.

Name: **Ned Alan Burmeister**
Designation: Senior Vice President, Chief Operating Officer and Risk Manager, Principal International.
Qualifications: Non-Independent Non-Executive Director of CIMB-Principal. Bachelor's degree from Drake University, Des Moines, Iowa. Member of Society of Actuaries and the American Academy of Actuaries.
Experience: Appointed as a Director of CIMB-Principal on 30 November 2007. Has been with Principal Financial Group for more than 28 years in the area of actuarial and pension services.

Name: **Brig. Gen (R) Dato' Arif bin Dato' Awang**
Designation: Chief Executive Officer of Cybron Holdings Bhd. Also a Director of Geoprima (M) Sdn Bhd and Tenaga Tiub Sdn Bhd.
Qualifications: Independent Non-Executive Director of CIMB-Principal. Master of Science (Cranfield Institute of Technology); Advance Management Program (Harvard Business School).
Experience: Has been a Director of CIMB-Principal since 3 November 1995. Also spent 25 illustrious years in the Royal Malaysian Air Force from 1960 to 1984.

Name: **Loong Chun Nee**
Designation: Group Chief Investment and Performance Officer, Scomi Group Bhd.
Qualifications: Independent Non-Executive Director of CIMB-Principal. Bachelor of Arts in Economics and Social Studies, University of Manchester, England.
Experience: Has been a Director of CIMB-Principal since 6 May 2002. Also spent a total of 5 years with Puncak Niaga Group and 11 years in Renong Group.

Additional Information (continued)

Name: **Dato' Anwar bin Aji**
Designation: Chairman of Zelan Berhad, Independent Non-Executive Director of CIMB Islamic Bank Berhad, Director of SPJ Corporation Berhad and Director of SKS Refinery Sdn Bhd. Independent Non-Executive Director of CIMB-Principal.
Qualifications: Bachelor of Economics (Hons) from the University of Malaya (1973); Masters of Arts International Studies from the Ohio University, USA (1982).
Experience: 1973 – 1978 Assistant Director - Industries Division, Ministry of International Trade & Industry
1978 – 1980 Principal Assistant Secretary - Budget Division, Federal Treasury, Ministry of Finance
1980 – 1981 Principal Assistant Secretary - Economic and International Division, Federal Treasury, Ministry of Finance.
1982 – 1984 Principal Assistant Secretary - Foreign Investment Committee, Economic Planning Unit, Prime Minister Department
1984 – 1985 Principal Assistant Secretary - Investment Division of the Malaysian Tobacco Company Berhad under the British Malaysia Industry and Trade Association training scheme
1986 – 1991 Deputy Director - Petroleum Development Division, Prime Minister's Department
1991 – 1993 Principal Assistant Secretary - Finance Division, Federal Treasury, Ministry of Finance
1993 – 1994 Special Assistant - The Secretary General of Ministry of Finance
1994 – 2004 Managing Director - Khazanah Nasional Berhad
2001 – 2008 Chairman - Faber Group Berhad .
2008 – current Chairman - Zelan Berhad.

Name: **Wong Joon Hian**
Designation: Independent Non-Executive Director of CIMB-Principal.
Qualifications: Member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.
Experience: Has been an independent non-executive director of CIMB Principal since 22 August 2007. After qualifying as a Chartered Accountant in 1973, he joined Price Waterhouse & Co in England before returning to Malaysia in 1975. He has accumulated over 30 years of working experience in the areas of audit, accountancy, banking, financial services and corporate management. Currently, he is the Managing Director of Advance Synergy Capital Sdn Bhd since 22 September 1995 and serves as an independent non-executive director in Integrax Berhad, which is a public listed company and several other non-listed public companies namely SIBB Berhad, formerly known as Southern Investment Bank (non-executive director), CIMB Wealth Advisors Berhad (independent non-executive director) and SFB Auto Berhad (independent non-executive director). He is also a director in several other private limited companies.

The Investment Committee

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

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

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

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of 6 members.

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

Name:	Raja Noorma binti Raja Othman
Designation:	Member of the Investment Committee. Chief Executive Officer of CIMB-Mapletree Management Sdn. Bhd. and Director of the Group Asset Management arm of CIMB/ Non-independent Executive Director.
Qualifications:	Bachelor of Business Administration degree from Ohio University, United States of America under a twinning programme with Institut Teknologi MARA.
Experience:	Has been a Director of CIMB-Principal since 24 April 2007. Prior to joining CIMB Group in 2005, she was the Vice-President of Investment Banking for JP Morgan, a position she held for over 5 years. She was attached to JP Morgan's offices in Hong Kong, Singapore and Malaysia as both industry and client coverage banker. At JP Morgan, she originated and executed several transactions involving corporate advisory, equity and debt capital markets, private equity, cross border mergers and acquisitions as well as IPO transactions. She also has over 10 years experience in industry with Malaysia's largest telecommunications company, Telekom Malaysia Berhad, where the last post she held was Head of Corporate Finance.
Name:	John Campbell Tupling
Designation:	Chief Executive Officer / Executive Director.
Qualifications:	Bachelor of Arts, University of Western Ontario, Canada.
Experience:	Has been an Alternate Director for CIMB-Principal since 22 March 2004 and was redesignated as a principal Director of CIMB-Principal since 22 August 2007 upon his move to Malaysia. He was appointed the Chief Executive Officer / Executive Director of CIMB-Principal on 1 November 2008. Has spent more than 11 years in various positions with Principal Financial Group including COO – Asia (based in Hong Kong), Co-Head of Institutional Pension Segment (based in USA) and Managing Director of Principal International Spain. Previous experience was 15 years with American International Group in various capacities including Managing Director of AIG Mexico and AIG La Tandilense (Argentina).

The Investment Committee (continued)

Name: **Badlisyah bin Abdul Ghani (Alternate Director to Raja Noorma binti Raja Othman)**

Designation: Member of the Investment Committee.
Group Head, Islamic Banking Division - CIMB Group.
Executive Director and Chief Executive Officer, CIMB Islamic Bank Berhad.

Qualifications: Non-Independent Non-Executive Director of CIMB-Principal.
Bachelor of Laws Degree from the University of Leeds.

Experience: Has been an Alternate Director of CIMB-Principal since 8 October 2008. Joined CIMB in 2002 and was attached to the Corporate Finance Division, prior to his appointment as Head of CIMB Group Islamic Banking Division. He was appointed as Executive Director/Chief Executive Officer of CIMB Islamic Bank Berhad in 2006. He is responsible for all Islamic banking and finance business of the CIMB Group.

Name: **Kim Teo Poh Jin ***

Designation: Member of the Investment Committee.
Executive Director and Chief Executive Officer, Boardroom Limited.
Director, Marina Yacht Services Pte. Ltd.

Qualifications: Bachelor of Arts majoring in Economics from the Heriot-Watt University of Edinburgh.

Experience: He has about 25 years of experience in the finance industry, having worked in senior positions of major financial institutions.

Name: **A. Huzaim bin Abdul Hamid ***

Designation: Member of the Investment Committee.
Independent Researcher.

Qualifications: Masters of Science in Financial Economics (Merit) from the School of Oriental and African Studies, University of London, United Kingdom; Bachelor of Science in Economics from Louisiana State University, United States of America.

Experience: Has over 19 years of experience in the finance industry including 12 years in asset management and 2 years as Dealer Representative.

Name: **Fad'l bin Mohamed ***

Designation: Member of the Investment Committee.
Managing Director, Maestro Capital Sdn Bhd.

Qualifications: Bachelor of Laws (Hons) from the University of London;
Certified Diploma in Accounting and Finance (Association of Chartered Certified Accountants).

Experience: Has more than 15 years exposure in the areas of law and finance.
He is a holder of the Capital Markets Services Representative's Licence for corporate finance advisory and his previous experiences include working for an international investment bank and the Securities Commission.

*Independent member

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 HOLDING STATISTICS

Breakdown of unit holdings by size as at 30 June 2011 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	141	0.42	3.08
5,001 to 10,000	80	0.71	5.20
10,001 to 50,000	74	1.93	14.14
50,001 to 500,000	31	4.83	35.38
500,001 and above	5	5.76	42.20
	<u>331</u>	<u>13.65</u>	<u>100.00</u>

SOFT COMMISSIONS AND REBATES

Dealings on investments of the Fund through brokers or dealers will be on terms which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Investment Manager may from time to time receive and retain soft commissions in the form of subscription for real-time services or advisory services that assist in the decision-making process relating to the Fund's investments from brokers or dealers.

During the financial period under review, the management company did not receive any rebates and soft commissions from brokers or dealers.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 25 (FORMERLY KNOWN AS CIMB FTSE XINHUA CHINA 25)**

I, being the Director of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on [pages 22 to 43](#) are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2011 and of its financial performance, changes in equity and cash flows for the financial period then ended on that date in accordance with Financial Reporting Standards in Malaysia.

For and on behalf of the Manager
CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD
(Company No.: 304078-K)

JOHN CAMPBELL TUPLING
Chief Executive Officer / Director

Kuala Lumpur
24 August 2011

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF CIMB FTSE CHINA 25 (FORMERLY KNOWN AS CIMB FTSE
XINHUA CHINA 25)**

We have acted as Trustee for CIMB FTSE China 25(Fund)(*formerly known as CIMB FTSE Xinhua China 25*) for the financial year ended 30 June 2011. To the best of our knowledge, for the period under review, CIMB-Principal Asset Management Berhad (Manager), has operated and managed the Fund in accordance with the following :-

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

For Deutsche Trustees Malaysia Berhad

Jacqueline William
Chief Executive Officer

Richard Lim
Head, Client Management
& Business Support

Date: 24 August 2011

Kuala Lumpur

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 25 (FORMERLY KNOWN AS CIMB FTSE XINHUA CHINA 25)**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CIMB FTSE China 25 (*formerly known as CIMB FTSE Xinhua China 25*) in [pages 22 to 43](#) which comprise the statement of financial position as at 30 June 2011 of the Fund, and the statements of comprehensive income, changes in equity and cash flows of the Fund for the financial period from 19 April 2010 to 30 June 2011, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 20.

The Manager's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view 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 Manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Fund as of 30 June 2011 and of its financial performance and cash flows for the period then ended.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 25 (FORMERLY KNOWN AS CIMB FTSE XINHUA CHINA 25) (CONTINUED)**

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in [Note 20 on page 43](#) is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
24 August 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 19 APRIL 2010
(DATE OF CONSTITUTION) TO 30 JUNE 2011

	Note	19.04.2010 (date of constitution) to 30.06.2011 RM
NET INVESTMENT INCOME		
Dividend income		405,984
Net gain on financial assets at fair value through profit or loss	9	430,719
Net foreign currency exchange loss		(32,686)
		804,017
EXPENSES		
Management fee	4	116,193
Trustee's fee	5	17,557
Custodian fee		19,858
Transaction costs		76,705
Audit fee		25,000
License fee	6	7,746
Tax agent's fee		3,000
Other expenses	7	371,460
		637,519
PROFIT BEFORE TAXATION		
Taxation		166,498
	8	(18,221)
		148,277
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		
		148,277
 Profit after taxation is made up as follows:		
Realised amount		188,792
Unrealised amount		(40,515)
		148,277

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 RM
CURRENT ASSETS		
Financial assets at fair value through profit or loss	9	13,549,859
Bank balances in a licensed bank	10	156,624
Dividend receivable	11	226,613
TOTAL ASSETS		13,933,096
CURRENT LIABILITIES		
Amount due to Manager		6,685
Amount due to trustee		1,480
Other payables and accruals	12	300,399
TOTAL LIABILITIES		308,564
NET ASSET VALUE OF THE FUND	13	13,624,532
EQUITY		
Unitholders' capital		13,476,255
Retained earnings		148,277
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	13	13,624,532
Number of units in circulation	13	13,650,000
Net asset value per unit (RM)		0.9981

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 19 APRIL 2010
(DATE OF CONSTITUTION) TO 30 JUNE 2011**

	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 19 April 2010	-	-	-
Movement in unitholders' contribution:			
Creation of units	24,348,415		24,348,415
Cancellation of units	(10,872,160)		(10,872,160)
Total comprehensive income for the financial period	-	148,277	148,277
Balance as at 30 June 2011	<u>13,476,255</u>	<u>148,277</u>	<u>13,624,532</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 19 APRIL 2010
(DATE OF CONSTITUTION) TO 30 JUNE 2011

	Note	19.04.2010 (date of constitution) to 30.06.2011
		RM
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from sales of investments		15,049,876
Purchase of investments		(14,126,074)
Dividends received		179,371
Management fee paid		(109,508)
Trustee's fee paid		(16,077)
Custodian fee paid		(19,858)
License fee paid		(7,746)
Payments for other fees and expenses		(99,063)
Tax paid		(18,221)
Net cash outflow from operating activities		<u>832,700</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from units created	19	6,249,636
Payments for cancellation of units	19	<u>(6,893,026)</u>
Net cash inflow from financing activities		<u>(643,390)</u>
Net increase in cash and cash equivalents		189,310
Effect of unrealised foreign exchange		<u>(32,686)</u>
Cash and cash equivalents at the end of the financial Period	10	<u><u>156,624</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 PERIOD
FROM 19 APRIL 2010 (DATE OF CONSTITUTION) TO 30 JUNE 2011**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB FTSE China 25 (*formerly known as CIMB FTSE Xinhua China 25*) (the "Fund") was constituted pursuant to the execution of a Deed dated 19 April 2010 and has been entered into between CIMB-Principal Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

On 16 December 2010, the Fund's Benchmark Index, FTSE/Xinhua China 25 Index was renamed FTSE China 25 Index and concurrent with this change, the Fund also announced the change of name to CIMB FTSE China 25. The Fund's change of its name is pursuant to the Supplemental Deed dated 8 December 2010.

The principal activity of the Fund is to provide investment results that, closely correspond to the performance of the FTSE China 25 Index (*formerly known as FTSE/Xinhua China 25 Index*), regardless of its performance. The Benchmark Index is designed to represent the performance of the stocks of the mainland Chinese market that are available to international investors. The Benchmark Index consists of the 25 largest and most liquid Chinese stocks (Red Chip and H shares) listed and trading on the Hong Kong Stock Exchange.

The Fund commenced operations on 9 July 2010 and will continue its operations until terminated by the Manager. All investments will be subjected to the Securities Commission Guidelines on Exchange Traded Funds, the Deed and the objective of the Fund.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. Its principal activities are the management of unit trusts 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 under the historical cost convention, in accordance with Financial Reporting Standards ("FRS") and the MASB approved accounting standards in Malaysia for entities other than private entities.

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

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(m).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) The amendments and interpretations to published standards which are relevant to the Fund and have not been early adopted are:
- Amendments to FRS 7 “Financial instruments: Disclosures” and FRS 1 “First-time adoption of financial reporting standards” (effective from 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
 - IC Interpretation 17 “Distribution of non-cash assets to owners” (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.
 - IC Interpretation 19 “Extinguishing financial liabilities with equity instruments” (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

(b) Financial assets and liabilities

Classification

The Fund designates its investment in quoted investments 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 dividend receivable, cash and cash equivalents. The Fund classifies amount due to Trustee, other payables and accruals as other financial liabilities.

Recognition and measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities (continued)

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 expires.

Gains or losses from the changes in fair value of the investments including the effects of currency translation are presented in the statement of comprehensive income in the financial period in 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 investments are valued at the bid prices quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

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 of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' 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 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 profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

Dividend income is recognised on the ex-dividend date.

Interest on deposits is recognised on accruals basis using the effective interest method.

Realised gain or loss on sale of investments 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) Foreign currencies

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, which is the Fund’s functional and presentation currency.

Transactions and balances

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

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled upon accepted redemption applications submitted by Participating Dealer to the Manager in accordance with the terms of a Participating Dealer Agreement and the Deed, and are classified as equity. Cancellable units can be returned to the Fund at any Dealing Day for cash equal to a proportionate share of the Fund’s net asset value (“NAV”). The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to return the unit 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.

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and 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.

(g) 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 investments is based on the tax regime of the respective countries that the Fund invests in.

(h) Amount due from/to stockbrokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities 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 subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers 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 interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(i) Transaction costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Segmental information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's manager that undertakes strategic decisions for the Fund.

(k) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

Financial instruments as at 30 June 2011 are as follows:

	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
Financial assets at fair value through profit or loss (Note 9)	-	13,549,859	13,549,859
Cash and cash equivalents (Note 10)	156,624	-	156,624
Dividend receivable (Note 11)	226,613	-	226,613
	<u>383,237</u>	<u>13,549,859</u>	<u>13,933,096</u>

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

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

The analysis of realised and unrealised net income after tax as presented on the statement of comprehensive income is prepared in accordance with Securities Commission Guidelines on Exchange Traded Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The preparation of financial statements in conformity with FRS and requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported financial period. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and judgments 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.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE China 25 Index, regardless of its performance. Therefore, the Manager adopts a passive strategy in the management of the Fund.

The Fund is exposed to a variety of risks which include market risk (price risk, interest rate risk and currency risk), credit risk, liquidity risk, single issuer risk, non-compliance risk and capital risk.

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

(a) Market risk

(i) Price risk

The Fund is exposed to equity securities price risk arising from investments held by the Fund for which prices in the future are uncertain. The very nature of an exchange traded fund, 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. As at 30 June 2011, the Fund's overall exposures to price risk were as follows:

	2011 RM
Financial asset at fair value through profit and loss	13,549,859

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of FTSE China 25 Index (the "Underlying Index") as at 30 June 2011.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risk (continued)

(i) Price risk (continued)

The analysis is based on the assumptions that the Underlying Index fluctuates by 18.80%, which is the standard deviation of the daily fluctuation of the Underlying Index from the date of constitution of the Fund to 30 June 2011, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Index.

This represents management's best estimate of a reasonable possible shift in the fair value through profit and loss, having regard to the historical volatility of the prices.

The Underlying Index is used as the Fund is designed to provide investment results that closely correspond to the performance of the Underlying Index.

% Change in underlying index	Underlying index	Market value RM	Change in net asset value RM
-18.80%	15,290	11,002,486	(2,547,373)
0.00%	18,830	13,549,859	-
18.80%	22,370	16,097,232	2,547,373
<u> </u>	<u> </u>	<u> </u>	<u> </u>

(ii) Currency risk

The Fund's investments are denominated in foreign currencies. 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 Ringgit Malaysia 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 of the Fund as at 30 June 2011 arising from the denomination of the Fund's financial instruments in foreign currency.

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Total RM
HKD	13,549,859	34,475	13,584,334
	<u> </u>	<u> </u>	<u> </u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's investments, cash and cash equivalent fair value to changes in foreign exchange movements as at 30 June 2011. The analysis is based on the assumption that the foreign exchange rate fluctuates by 6.20%, which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR from the date of constitution of the Fund to 30 June 2011, 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. Any fluctuation in foreign exchange rate will result in a corresponding increase/decrease in the net assets attributable to unit holders by approximately 6.20%.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on net income before tax	Impact on net asset value
	%	RM	RM
HKD	6.20	842,229	842,229
	<u> </u>	<u> </u>	<u> </u>

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The major classes of financial assets of the Fund are dividend receivable, and cash and cash equivalents.

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

Industry	Cash and cash equivalents	Dividends receivable	Total
	RM	RM	RM
Basic Materials	-	5,324	5,324
Energy	-	54,938	54,938
Finance	156,624	151,430	308,054
Telecommunications	-	14,921	14,921
	<u> </u>	<u> </u>	<u> </u>
Total	<u>156,624</u>	<u>226,613</u>	<u>383,237</u>

All financial assets of the Fund as at 30 June 2011 are neither past due nor impaired.

As at 30 June 2011, all cash and cash equivalents are placed with Deutsche Bank.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower net asset value of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period on 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	Less than 1 year RM	Total RM
At 30 June 2011			
Amount due to Manager	6,685	-	6,685
Amount due to trustee	1,480	-	1,480
Other payables and accruals	-	300,399	300,399
	8,165	300,399	308,564
Contractual cash out flows	8,165	300,399	308,564

(d) Single issuer risk

Any major price fluctuation of a particular security invested by the Fund may affect the Fund's net asset value and thus the prices of units.

The single issuer risk is managed by adhering to the investment limits as specified in the SC Guidelines on Exchange Traded Funds.

(e) Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the Manager not complying with internal control procedures. The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the manager.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of shareholders. The Manager will provide In-Kind Creation Basket which comprises a portfolio of the Underlying Index shares in substantially the same composition and weighting as the Underlying Index and cash component to be delivered by the Participating Dealer in the case of creations and to be transferred to the Participating Dealer in the case of cancellations. The Fund maintains sufficient quantity of shares and cash in proportion to the In-Kind Basket.

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 for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. MANAGEMENT FEE

In accordance with Clause 15.1 of the Deed, the Manager is entitled to a fee of up to 3.00% per annum calculated and accrued daily based on the net asset value of the Fund.

For the financial year ended 30 June 2011, the management fee is recognised at a rate of 0.60% per annum.

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

5. TRUSTEE'S FEES

In accordance with Clause 15.2 of the Deed, the Trustee is entitled to a fee not exceeding a maximum 0.20% per annum, calculated based on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign sub-custodian fees and charges.

For the financial period ended 30 June 2011, the Trustee's fee is recognised at a rate of 0.08% per annum. The Trustee's fee for the financial period ended 30 June 2011 is calculated prorate based on the minimum fees of RM 18,000 per annum.

There will be no further liability to the Trustee in respect of trustee fee other than the amounts recognised above.

6. LICENSE FEE

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

For the financial period ended 30 June 2011, the License fee is recognised at a rate of 0.04% per annum of the net asset value of the Fund, calculated on daily basis.

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

7. OTHER EXPENSES

	19.04.2010 (date of constitution) to 30.06.2011 RM
Professional fees	277,668
Printing costs	26,070
Listing fee	25,000
Other expenses	42,722
	371,460

8. TAXATION

	19.04.2010 (date of constitution) to 30.06.2011 RM
Current taxation-foreign	18,221

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

	19.04.2010 (date of constitution) to 30.06.2011 RM
Net profit before taxation	166,498
Taxation at Malaysian statutory rate of 25%	41,625
Tax effects of:	
Investment income not subject to tax	(201,004)
Expenses not deductible for tax purposes	124,082
Restriction on tax deductible expenses	35,297
Effect of foreign tax on foreign taxable income	18,221
Taxation	18,221

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 RM
Designated at fair value through profit or loss at inception	
- Foreign quoted shares	13,549,859
Net gain on assets at fair value through profit or loss	
- Realised gain on disposals	438,548
- Change in unrealised fair value gain	(7,829)
	430,719

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

30 June 2011	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Quoted Securities – Foreign				
Basic Materials				
Aluminium Corporation of China Limited	84,000	211,990	213,693	1.57
Zijin Mining Group Company Limited	124,000	189,160	187,539	1.38
	208,000	401,150	401,232	2.95
Energy				
China Coal Energy Company Limited	94,500	397,108	384,062	2.82
China Petroleum & Chemical Corporation	180,600	469,905	548,387	4.02
China Shenhua Energy Company Limited	37,800	453,794	543,843	3.99
CNOOC Limited	132,300	778,708	931,716	6.84
Petrochina Company Limited	126,000	455,923	556,059	4.08
Yanzhou Coal Mining Company Limited	42,000	413,870	482,113	3.54
	613,200	2,969,308	3,446,180	25.29
FINANCE				
Agricultural Bank of China Limited	336,000	541,179	532,930	3.91
Bank of China Limited	535,500	861,483	787,058	5.78
Bank of Communications Company Limited	163,800	557,598	473,236	3.47
China Citic Bank Corporation Limited	226,800	391,909	366,471	2.69
China Construction Bank Corporation Limited	525,000	1,366,026	1,313,188	9.64
China Life Insurance Corporation	52,500	692,603	541,563	3.97
China Merchants Bank Company Limited	75,600	586,372	551,172	4.05
China Minsheng Banking Corporation Limited	94,500	252,507	262,760	1.93
China Pacific Insurance Group Company Limited	38,850	480,206	485,879	3.57
Industrial and Commercial Bank of China	472,500	1,104,845	1,082,922	7.95
Ping An Insurance Group Company	18,900	579,556	588,919	4.32
	2,539,950	7,414,284	6,986,098	51.28

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

30 June 2011	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Quoted Securities – Foreign (continued)				
Transportations				
Air China Limited	48,300	174,183	150,970	1.11
China COSCO Holdings Company Limited	52,500	170,220	123,786	0.91
China Railway Group Limited	88,200	190,781	124,844	0.92
	<u>189,000</u>	<u>535,184</u>	<u>399,600</u>	<u>2.94</u>
Telecommunications				
China Mobile Limited	44,100	1,409,870	1,231,343	9.04
China Telecom Corporation Limited	294,000	456,896	574,627	4.22
China Unicom Holding Limited	84,000	370,996	510,779	3.75
	<u>422,100</u>	<u>2,237,762</u>	<u>2,316,749</u>	<u>17.01</u>
TOTAL QUOTED INVESTMENTS	<u>3,972,250</u>	<u>13,557,688</u>	<u>13,549,859</u>	<u>99.47</u>
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(604,353)		
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>596,524</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>13,549,859</u>		

10. CASH AND CASH EQUIVALENTS

	2011 RM
Bank balances in a licensed bank	<u>156,624</u>

The currency profile of cash and cash equivalents is as follows:

	2011 RM
- Ringgit Malaysia	122,149
- Hong Kong Dollar	34,475
	<u>156,624</u>

11. DIVIDEND RECEIVABLE

The currency profile of cash and cash equivalents is as follows:

	2011 RM
- Hong Kong Dollar	<u>226,613</u>

12. OTHER PAYABLES AND ACCRUALS

	2011 RM
Provision for audit fee	25,000
Provision for tax agent fee	3,000
Other accruals	<u>272,399</u>
	<u>300,399</u>

13. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Net Asset Value (NAV) attributable to unit holders is represented by:

	Note	2011 RM
Unit holders' contribution	(a)	13,476,255
Retained earnings		<u>148,277</u>
		<u>13,624,532</u>

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	No. of units	2011 RM
At beginning of the financial period	-	-
Created during the financial period	24,050,000	24,348,415
Cancelled during the financial period	(10,400,000)	(10,872,160)
Total comprehensive income for the financial period	-	148,277
At end of the financial period	<u>13,650,000</u>	<u>13,624,532</u>
Approved size of Fund	<u>500,000,000</u>	

13. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the Securities Commission. The maximum number of units that can be issued out for circulation of the Fund is 500,000,000. As at 30 June 2011, the number of units not yet issued is 486,350,000.

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 30 June 2011.

14. MANAGEMENT EXPENSE RATIO (“MER”)

2011
%

MER 3.23

MER is derived based on the following calculation:

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

A	=	Management fee
B	=	Trustee's fee
C	=	Custodian fee
D	=	Transaction costs
E	=	Audit fee
F	=	License fee
G	=	Tax agent's fee
H	=	Other expenses
I	=	Average net asset value of the Fund calculation on a daily basis

The average net asset value of the Fund for the financial period calculated on daily basis is RM 19,761,427.

15. PORTFOLIO TURNOVER RATIO (“PTR”)

2011

PTR (times) 1.29

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period	=	RM 32,179,880
total disposal for the financial period	=	RM 18,622,193

16. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

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

Units held by the Manager and parties related to the Manager

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

In addition to related party disclosure mentioned elsewhere in the financial statements, there are no other significant related party transactions and balances.

17. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers for the financial period ended 30 June 2011 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
CIMB Bank Berhad #	19,055,054	37.18	7,320	22.11
Citi Group	17,174,633	33.51	11,465	34.63
Credit Suisse Hong Kong Limited	6,433,783	12.55	3,323	10.04
Deutsche Bank Berhad	4,159,710	8.12	-	-
China International Capital Corporation Securities Limited	3,326,731	6.49	8,314	25.11
CLSA Limited	909,039	1.77	2,264	6.84
UOB Kay Hian Securities	136,048	0.27	273	0.82
JP Morgan Securities Limited	58,865	0.11	148	0.45
	51,253,863	100.00	33,107	100.00

Included in transactions by the Fund are trades conducted on normal terms with CIMB Bank Berhad, a fellow subsidiary to the Manager, amounting to RM 19,055,054.

18. SEGMENT INFORMATION

The Fund is designed to provide investment results that, before expenses, closely correspond to the performance of the FTSE China 25 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 Net Asset Value of the Fund's portfolio and the Underlying Index. The internal reporting provided to the CEO for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of FRS. The CEO is responsible for the performance of the fund and considers the business to have a single operating segment.

19. NON CASH TRANSACTIONS

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

	2011 RM
Creation	
- Fair value of Underlying Index shares	18,098,779
- Cash component	<u>6,249,636</u>
	<u>24,348,415</u>
 Cancellation	
- Fair value of Underlying Index shares	(3,979,134)
- Cash component	<u>(6,893,026)</u>
	<u>(10,872,160)</u>

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

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

	2011 RM
Total retained earnings of the Fund	
- Realised	(900,136)
- Unrealised	<u>1,048,413</u>
	<u>148,277</u>

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

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