

CIMB FTSE CHINA 25

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

CONTENTS	PAGE
INVESTOR LETTER	1 - 3
MANAGER'S REPORT	4 - 20
Fund objective and policy	
Trust Directory	
Corporate Directory	
Additional Information	
Performance Data	
Market review	
Fund performance	
Portfolio structure	
Market outlook	
Investment strategy	
Unit holding statistics	
Rebates and soft commissions	
STATEMENT BY MANAGER	21
TRUSTEE'S REPORT	22
INDEPENDENT AUDITOR'S REPORT	23 - 24
STATEMENT OF COMPREHENSIVE INCOME	25
STATEMENT OF FINANCIAL POSITION	26
STATEMENT OF CHANGES IN EQUITY	27
STATEMENT OF CASH FLOWS	28
NOTES TO THE FINANCIAL STATEMENTS	29 - 53
DIRECTORY	54

INVESTOR LETTER

Dear Valued Investors,

We invite you to celebrate with us!

CIMB-Principal Asset Management has won the **Overall Fund Group Category Award from The Edge-Lipper Malaysia Fund Awards 2012**. This is a wonderful recognition and acknowledgement of our overall investment performance across our entire fund family over the last 3 years. In addition the following funds also won their respective categories for the year ended December 31, 2011:

1. **Winner, Equity Malaysia, 3 years** - CIMB-Principal Equity Fund
2. **Winner, Equity Malaysia, 10 years** - CIMB-Principal Equity Fund
3. **Winner, Equity Asia Pacific ex-Japan (Islamic), 3 years** - CIMB Islamic Equity Fund
4. **Winner, Equity Asia Pacific ex-Japan, 3 years** - CIMB Islamic Equity Fund
5. **Winner, Mixed Asset MYR Balance – Malaysia (Islamic), 3 years** - CIMB Islamic Balanced Growth Fund
6. **Winner, Mixed Asset MYR Balance – Malaysia (Islamic), 10 years** - CIMB Islamic Balanced Fund

These awards are important because it means that the consistent investment process we have in place, supported by strong portfolio risk management and oversight practices, has yielded top-performing investment results for our loyal investors.

In addition Asia Asset Management from Hong Kong, has just recognised CIMB-Principal as “**ETF Manager of the Year**” and honoured me with “**CEO of the Year**” award, however it is my firm belief that this latter award is really a reflection of the hardworking and talented people at the Company.

Our focus on becoming ASEAN’s most valued investment manager has been recognized by the industry with the Company being named

- “Asset Management Company of the Year, Southeast Asia” by The Asset Triple A Investment Awards
- “Best Asset Manager in Southeast Asia” by Alpha Southeast Asia

INVESTOR LETTER (CONTINUED)

We are also emerging within Asia's investment industry, having being named to the **2011 Asia Manager Power 50 List**. That being said, we also continue to receive recognition from regional publications for our continued excellence in Malaysia. Last year AsianInvestor awarded us "**Best Onshore Fund House**". The CIMB Islamic Enhanced Sukuk Fund was also recognised as "**Best Islamic Bond Fund**" by the Islamic Finance News Awards in its Islamic Investor Poll 2011.

At the end of the day, the industry accolades we received are incidental to our reason for being: to grow and manage the money you have entrusted with us responsibly, with the appropriate risk management controls in place. I'm happy to share that, 80% of our total AUM for unit trust funds are in the top 50% of their respective fund categories¹.

The investment team performed admirably in an uncertain and volatile 2011, with an average 3.95% return across our domestic conventional equity funds², outperforming the FTSE Bursa Malaysia KLCI by a significant 3.17% last year.

Our domestic Shariah equity funds³ did even better, with an average return of 8.01%, outperforming the FTSE Bursa Malaysia EMAS Shariah Index by 5.6%. In particular, the CIMB-Principal Equity Fund and CIMB Islamic DALI Equity Growth Fund both outperformed their respective index by 4.6% and 6.5% in 2011.

We have also revamped our website to better position ourselves as a regional asset manager. Investors can now access different country websites in a single regional site at www.cimb-principal.com. This website has been improved to make it easier for investors to search for specific funds across different categories and asset classes.

Taking a longer-term investment view over the last 3 years, I'm happy to share that the ASEAN markets have proven resilient with a performance growth of 97.3%, relative to the United States at 34%.6 and Europe at 13.9%⁴. ASEAN equities are trading at 12.6x price-to-earnings ratio ("P/E") versus 10x P/E in for Asia ex-Japan. This valuation premium continues to persist as investors believe that ASEAN provides better earnings certainty. That said, we expect consolidation in the coming months which will give us an opportunity to buy quality stocks, when earnings forecasts are adjusted to more realistic levels.

INVESTOR LETTER (CONTINUED)

Looking ahead, there are forecasts of potential further global economic slowdown and signs of tougher times ahead with the impending recession in the Eurozone. Germany, the region's strongest economy, is working hard to stabilize the region, but volatility seems unlikely to decline as the region's sovereign debt problem is still not completely resolved. We expect market uncertainty to persist in this challenging time. We are focused on how we can take advantage of the volatility.

This year we remain focused on our regional presence in ASEAN and will leverage our local investment expertise to find investment opportunities for our investors. I would like to take this opportunity to thank you for your continuous support and look forward to a rewarding 2012. We will continuously strive to provide the best in both services and products to investors.

Happy Investing!

Campbell Tupling
Chief Executive Officer
CIMB-Principal Asset Management Berhad

Source:

1. *Lipper Hindsight as at end Dec 2011. 80% of Assets Under Management of CIMB-Principal Unit Trust Funds in the Top 2 Quartiles*
2. *CIMB-Principal Equity Aggressive Fund 3, CIMB-Principal Equity Aggressive Fund 1, CIMB-Principal Equity Fund, CIMB-Principal Equity Fund 2, CIMB-Principal Wholesale Equity Fund*
3. *CIMB Islamic Equity Aggressive Fund, CIMB Islamic DALI Equity Theme Fund, CIMB Islamic DALI Equity Growth Fund*
4. *FTSE/ASEAN Index, FTSE United States of America Index, FTSE Europe Index (Cumulative growth 31 Jan 09 - 31 Jan 12)*

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 year under review, the Fund is in line with its stated objective and the details are shown under 'Fund Performance' section.

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.

Replication Strategy

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

Representative Sampling Strategy

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

Fund category/ type

Exchange-traded fund / 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 30 June 2012?

RM 11.49 million (13.65 million units)

What is the Fund's benchmark?

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

What is the fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial year ended 30 June 2012?

No distribution was declared for the year ended 30 June 2012.

* 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
Dato' Anwar bin Aji*
Datuk Noripah binti Kamso
Wong Joon Hian*
Ned Alan Burmeister
Loong Chun Nee*
Auyeung Rex Pak Kuen
Peter William England ***
John Campbell Tupling
Raja Noorma binti Raja Othman
Fad'l bin Mohamed
Badlisyah bin Abdul Ghani **

* *Independent director*

** *Alternate director to Raja Noorma binti Raja Othman*

*** *Alternate director to Dato' Charon Wardini bin Mokhzani*

Investment Committee

Raja Noorma binti Raja Othman
John Campbell Tupling
Badlisyah bin Abdul Ghani
Kim Teo Poh Jin*
Fad'l bin Mohamed*
Wong Fook Wah*

* *Independent member*

Company Secretary

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

Trust Directory (continued)

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

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.

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

Name:	Dato' Charon Wardini bin Mokhzani
Designation:	Executive Director / Chief Executive Officer, CIMB
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:	Dato' Charon Wardini Mokhzani heads the CIMB Group Holdings's Investment Banking Division. He has been an Executive Director of CIMB since May 2006 and on 15 November 2011 he was appointed the Chief Executive Officer. He is also the Chairman of CIMB-Principal, CWA and CIMB-Mapletree Management Sdn. Bhd., and a Director of CIMB Securities International Pte. Ltd.

Dato' Charon is a council member of the Malaysia Investment Banking Association and the Institute of Bankers Malaysia. He is a Director of Akademi IBBM Sdn. Bhd. and both a Director and member of the board audit committee of Cagamas Holdings Berhad. He also is a member of the boards of Yayasan Tuanku Syed Putra Perlis and Yayasan Tuanku Fauziah.

His background is in law and corporate finance and he was an independent director of CIMB Berhad when it was first listed in 2003. While in practice, he was recognised as one of Malaysia's leading corporate and finance lawyers by international legal publications.

Dato' Charon is 48 years old and was educated at the Malay College Kuala Kangsar and Bloxham School, England. He read Philosophy, Politics and Economics at Balliol College, University of Oxford (BA Hons) and Law at the School of Oriental and African Studies, University of London (LLB Hons). He is a non-practicing barrister of the Middle Temple in London and an advocate and solicitor of the High Court of Malaya.

Additional Information (continued)

Name: **Dato' Anwar bin Aji**
Designation: Executive Chairman of Zelan Berhad, Director of Zelan Holdings (M) Sdn. Bhd., Director of Zelan Construction Sdn. Bhd., Director of Terminal Bersepadu Gombak Sdn. Bhd., Director of SKS PARS Refining Company Sdn. Bhd. and Director of Sistem Transit Aliran Ringan Sdn. Bhd. Independent Director of CIMB-Principal.
Qualifications: Master of Arts, International Studies, Ohio University USA (1981 – 1982) and Bachelor of Economics (Hons.), University of Malaya (1970 – 1973).
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 – 2011 Chairman - Zelan Berhad.
Re-designated w.e.f 19.01.12 Executive Chairman – Zelan Berhad

Name: **Datuk Noripah binti Kamso**
Designation: 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: Datuk Noripah Kamso is the Chief Executive of CIMB-Principal Islamic Asset Management Sdn. Bhd. Since 2008, she has successfully established a global platform for the firm to extend its reach across the globe. The firm acts as a global partner to global institutional investors, providing a range of Shariah investment portfolios in both equities and sukuk asset-class to suit global differing investment needs. Previously she served as the CEO of CIMB-Principal which evolved from a Malaysian company to a regional asset management house with offices in Malaysia, Indonesia and Singapore. She pioneered the listing of the world's first Regional ASEAN Exchange Traded Fund, "CIMB ASEAN 40 ETF" listed in Singapore in 2006. She has over 23 years experience in corporate credit and lending. She has 9 years in derivatives broking business as CEO of CIMB Futures Sdn. Bhd. She was a Council Member of Federation of Investment Managers Malaysia (FIMM) and Board Member of CIMB-Principal (S) and President Commissioner of PT CIMB Principal Asset Management and was the Past President of Malaysian Futures Brokers Association (MFBA).

Additional Information (continued)

Name: **Wong Joon Hian***
Designation: Managing Director of Advance Synergy Capital Sdn. Bhd.
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 a non-executive director in 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.

Name: **Ned Alan Burmeister**
Designation: Senior Vice President, Principal Financial Group. Chief Operating Officer, Principal International, Inc. Director, CWA. Director, CIMB-Principal. Director, Principal Compania de Seguros de Vida Chile Sociedad Anonima. Director, Principal Financial Group (Mauritius) Limited. Director, Principal International (Asia) Limited. Director, Principal International Holding Company, Limited Liability Company. Director, Principal International, Inc. Director, Principal Retirement Advisors Private Limited. Director, Principal Trust Company (Asia) Limited. Director, Principal Trustee Company Private Limited.
Qualifications: 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, Sociedad Anonima de Capital Variable for more than 28 years in the area of actuarial and pension services.

Name: **Loong Chun Nee***
Designation: Group Chief Investment and Performance Officer, Scomi Group Bhd. Independent Director of CIMB-Principal.
Qualifications: 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 Holdings Berhad and 11 years in Renong Group.

Additional Information (continued)

Name: **Auyeung Rex Pak Kuen**
Designation: Senior Vice President of Principal Financial Group; President – Asia of Principal Financial Group; Director of CIMBPrincipal.
Qualifications: 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: **Peter William England (Alternate Director to Dato’ Charon Wardini bin Mokhzani)**
Designation: Head of Retail Financial Services – CIMB Bank Berhad.
Qualifications: Masters of Business Administration (MBA) University of Southern Queensland Australia (2004).
Accounting Certificate (1988).
Australian Higher School Certificate (1979).
Experience: since 15 June 2012 Alternate Director of CIMB-Principal
2007-2012 Director of CIMB-Principal
2011-current Head of Retail Financial Services – CIMB Bank Berhad
2006-2010 Head Retail Banking – CIMB Bank Berhad
2004-2005 Chief Operating Officer, Personal Financial Services - Hong Leong Bank Bhd, Malaysia
2001-2004 Head of Consumer Banking - RHB Bank Bhd, Malaysia
2000 National Manager - Financial Advising - Securities Institute of Australia
1998-1999 Head of Personal Banking - HSBC Bank, Singapore
1979-1996 State Bank of NSW, Australia

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 as 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 Inc. including Chief Operating Officer - Asia (based in Hong Kong), Co-Head of Institutional Pension Segment (based in USA) and Managing Director of Principal International Spain Sociedad Limitada. Previous experience was 15 years with American International Group Inc. in various capacities including Managing Director of AIG Mexico Sociedad Anonima and AIG La Tandilense (Argentina) Sociedad Anonima.

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 Group Holdings. Director of CIMB-Principal.
Qualifications: Bachelor of Business Administration degree from Ohio University, USA 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 Holdings 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 initial public offering 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: **Fad'l bin Mohamed ***
Designation: Managing Director of Maestro Capital Sdn. Bhd. Director of CIMB Principal and CWA. Member of the Investment Committee.
Qualifications: Bachelor of Laws (Hons), University of London; Certified Diploma in Accounting and Finance (Association of Chartered Certified Accountants).
Experience: Has been a Director of CIMB-Principal since 22 May 2012. He has more than 20 year's exposure in the areas of law and finance. He started his career as a lawyer in Messrs. Rashid & Lee in 1991 to 1993. He then joined the SC in 1993 to serve in the Take-Overs and Mergers Department and subsequently in the Product Development Department. Between 1996 and 1999, he was attached to the Kuala Lumpur offices of a global investment bank, providing cross-border merger and acquisition advice and other corporate advisory services to Malaysian and foreign corporations. He is currently the founder and Managing Director of Maestro Capital Sdn. Bhd., a licensed corporate finance advisor providing corporate finance advisory services in the areas of mergers and acquisition and capital raising. He is a director of Scomi Engineering Berhad and holds directorships in various private companies. He is also an independent investment committee member of CIMB Nasional Equity Fund and a holder of the Capital Markets Services Representative's License for corporate finance advisory.

Additional Information (continued)

Name: **Munirah binti Khairuddin**
Designation: Deputy Chief Executive Officer.
Qualifications: Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK; Chartered Financial Analyst Charterholder.
Experience: Joined CIMB-Principal on 1 November 2006 and appointed as Deputy Chief Executive Officer in November 2008. She has been a Director of CIMB-Principal since 31 January 2012 and Commissioner of PT CIMB-Principal Asset Management since 19 August 2011. Previously worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London. Apart from her Senior Management role, she is responsible for Institutional sales and marketing for both domestic and international investors and financial institutions. Her scope also entails developing institutional business opportunities for CIMB-Principal in potential new markets.

Name: **Badlisyah bin Abdul Ghani**
Designation: Group Head, Islamic Banking Division – CIMB Group Holdings. Executive Director and Chief Executive Officer, CIMB Islamic Bank Berhad. Director of CIMB-Principal.
Qualifications: Bachelor of Laws Degree from the University of Leeds.
Experience: Joined CIMB in 2002 and was attached to the Corporate Finance Division, prior to his appointment as Head of CIMB Group Holdings 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 Holdings.

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:	Chief Executive Officer of CIMB-Mapletree Management Sdn. Bhd. and Director of the Group Asset Management arm of CIMB Group Holdings. Director of CIMB-Principal.
Qualifications:	Bachelor of Business Administration degree from Ohio University, USA 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 Holdings 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 initial public offering 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 as 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 Inc. including Chief Operating Officer - Asia (based in Hong Kong), Co-Head of Institutional Pension Segment (based in USA) and Managing Director of Principal International Spain Sociedad Limitada. Previous experience was 15 years with American International Group Inc. in various capacities including Managing Director of AIG Mexico Sociedad Anonima and AIG La Tandilense (Argentina) Sociedad Anonima.

The Investment Committee (continued)

Name: **Badlisyah bin Abdul Ghani**
Designation: Group Head, Islamic Banking Division – CIMB Group Holdings. Executive Director and Chief Executive Officer, CIMB Islamic Bank Berhad. Director of CIMB-Principal.
Qualifications: Bachelor of Laws Degree from the University of Leeds.
Experience: Joined CIMB in 2002 and was attached to the Corporate Finance Division, prior to his appointment as Head of CIMB Group Holdings 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 Holdings.

Name: **Kim Teo Poh Jin ***
Designation: Chairman of the Investment Committee. Director and Group Chief Executive Officer, Boardroom Limited. Director, Livet Company Pte. Ltd. Director, The T'ang Quartet. Director, Marina Yacht Services Pte. Ltd.
Qualifications: Bachelor of Arts (Hons) in Economics from the Heriot-Watt University of Edinburgh.
Experience: He has about 25 years of experience in the financial industry, having worked in senior positions of major financial institutions.

Name: **Fad'l bin Mohamed ***
Designation: Managing Director of Maestro Capital Sdn. Bhd. Director of CIMB Principal and CWA. Member of the Investment Committee.
Qualifications: Bachelor of Laws (Hons), University of London; Certified Diploma in Accounting and Finance (Association of Chartered Certified Accountants).
Experience: Has been a Director of CIMB-Principal since 22 May 2012. He has more than 20 year's exposure in the areas of law and finance. He started his career as a lawyer in Messrs. Rashid & Lee in 1991 to 1993. He then joined the SC in 1993 to serve in the Take-Overs and Mergers Department and subsequently in the Product Development Department. Between 1996 and 1999, he was attached to the Kuala Lumpur offices of a global investment bank, providing cross-border merger and acquisition advice and other corporate advisory services to Malaysian and foreign corporations. He is currently the founder and Managing Director of Maestro Capital Sdn. Bhd., a licensed corporate finance advisor providing corporate finance advisory services in the areas of mergers and acquisition and capital raising. He is a director of Scomi Engineering Berhad and holds directorships in various private companies. He is also an independent investment committee member of CIMB Nasional Equity Fund and a holder of the Capital Markets Services Representative's License for corporate finance advisory.

The Investment Committee (continued)

Name:	Wong Fook Wah*
Designation:	Retiree and ex-Deputy Group Chief Executive for RAM Holdings Berhad.
Qualifications:	Bachelor of Arts (Economics) from Universiti Malaya (1977) and a Masters degree in Policy Science from Saitama University, Japan (1987).
Experience:	<p>Wong had served 20 years in RAM Holdings Bhd., from its inception as Malaysia's first credit rating agency in 1991. He held several positions over the years including Managing Director/CEO of RAM Rating Services Sdn. Bhd. His last position was that of Deputy Group Executive Officer of RAM Holdings Berhad ("RAM"). He retired from RAM in March 2011.</p> <p>Prior to joining RAM, Wong worked for the Ministry of Finance, Malaysia from 1977 to April 1991. He first served as an economist in the Economics Planning Division for the first 8 years. Then, for 4 years from 1987 to 1991, he worked as an analyst in a special task unit handling rehabilitational and restructuring work on ailing Government-owned enterprises.</p> <p>He was on the Board of Directors of the Malaysia Derivatives Exchange Bhd. (MDEX) from 2001 to May 2004 as an appointee of the Ministry of Finance. He also served on the Board of Directors of RAM Rating Services Bhd., Bond Pricing Agency Sdn. Bhd. and RAM Credit Information Sdn. Bhd., representing the interest of RAM Holdings Bhd. prior to retirement.</p>

*Independent member

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	30.06.2012	30.06.2011
	%	%
Sector		
Quoted investments	97.88	99.47
Liquid assets and others	2.12	0.53
	<u>100.00</u>	<u>100.00</u>

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

	30.06.2012	30.06.2011
Net Asset Value (RM million)	11.49	13.62
Units In circulation (Million)	13.65	13.65
Net Asset Value per Unit (RM)	0.8416	0.9981
Highest NAV per Unit (RM)	1.0800	1.1565
Lowest NAV per Unit (RM)	0.7224	0.9679
Market Price per Unit (RM)	0.8400	1.0050
Highest Market Price per Unit (RM)	1.0800	1.1500
Lowest Market Price per Unit (RM)	0.7300	0.9700
Total return (%)^	(15.68)	(1.51)
-capital growth (%)	(15.68)	(1.51)
-income growth (%)		-
Management Expenses Ratio (%)	1.17	3.23
Portfolio Turnover Ratio (times) #	0.21	1.29

(Launch date : 9 July 2010)

In line with the nature of an exchange traded fund, the portfolio's turnover ratio was minimal at 0.21 times for the period under review. Trading activities were mostly due to portfolio rebalancing during the quarterly review of the Index.

FUND PERFORMANCE (CONTINUED)

Period	Total return (%)	Annualised (%)
- 1 year	(15.68)	(15.68)
- Since inception (SI)^	(16.95)	(8.96)
- Benchmark SI	(17.76)	(9.41)
		Since Inception to 30.06.2012
Annualised return^ (%)	(15.68)	(1.51)

^ based on the NAV per unit

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

MARKET REVIEW (1 JULY 2011 TO 30 JUNE 2012)

It was a painful year for the Chinese stock market. At the start of the period, a slew of events hit confidence in the global equity markets starting with the downgrade of US' credit rating by S&P to AA+, the first time in 70 years on August 5. Chinese markets fall in tandem as markets began worrying about rising US recession risks, escalating Euro-area stress and inflationary pressure in large emerging markets. The fall was further compounded during the global markets sell-off as Fed disappointed markets on Operation Twist. Worries on global recession along with Eurozone debt problems and a possibility of hard landing in China drove the Chinese stock market deeper into the red. In September, Chinese markets had a temporary rebound as European leaders moved to resolve their region's sovereign debt crisis. However, the stock market turned jittery again in November as the Eurozone debt crisis resolution appeared difficult and elusive, along with discouraging news of the slump in Chinese exports and manufacturing activities.

Entering 2012, Chinese equities made a flying start after China released better-than-expected economic growth data in the final quarter of 2011. However, sentiments were dented after marathon talks over Greece's massive debt ended without firm agreement. Coupled with China's annual inflation rate hitting a three month high, the rally fizzled out in March. Investors' sentiments were further dented on news that China is expecting a slowdown in economic growth this year as the Chinese Premier Wen Jiabao cut his nation's 2012 growth target to an eight-year low of 7.50%. Investors' optimism continued to run low on worries that China may not relax their housing policies. China's rate cut in June provided some support to the market in the final weeks of the period under review but worries about the weak economic momentum and downside on corporate earnings had the Chinese market ending the year negative territory.

FUND PERFORMANCE

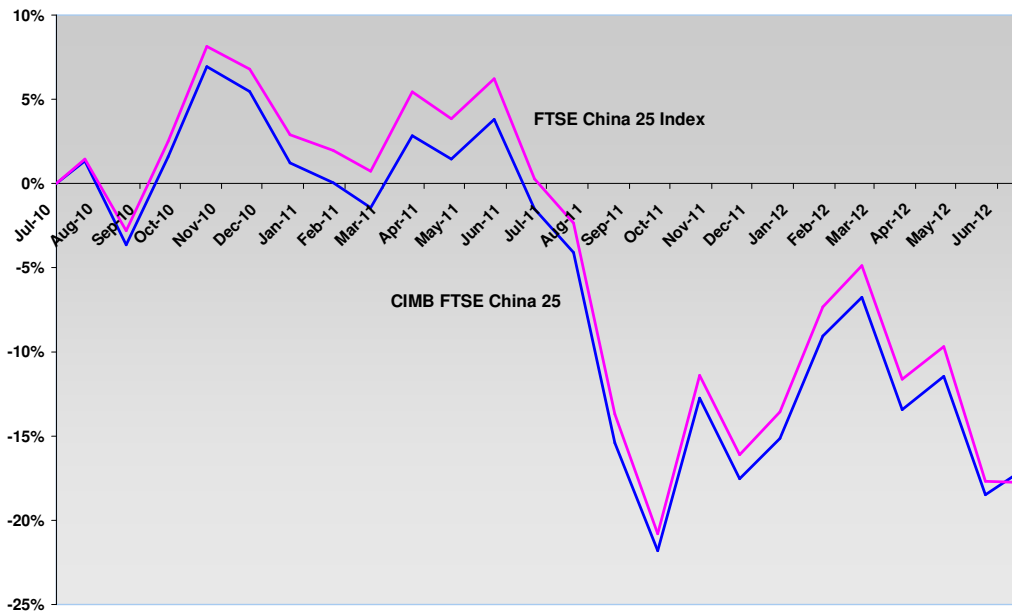
	1 Year to 30.06.2012 (%)	Since Inception to 30.06.2012 (%)
Income	-	-
Capital^	-	-
Total Return^	(15.68)	(16.95)
Annualised Return^	(15.68)	(8.96)
Benchmark	(17.87)	(17.76)
Market Price per Unit	0.8400	1.0050

^ based on NAV per Unit

For the period under review, the Fund declined by 15.68% outperforming the benchmark which declined by 17.87%.

During the period under review, there were some adjustments to the weighting and composition of the Fund following the quarterly review changes of the benchmark. Both Anhui Conch Cement and PICC Property & Casualty were included in the Fund to replace China Railway Group and China COSCO Holdings respectively.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 0.84, a decline of 16.42% for the period.



Changes in Net Asset Value (“NAV”)

	30.06.2012	30.06.2011	Changes (%)
Net Asset Value (“NAV”) (RM million)	11.49	13.62	(15.64)
NAV / unit (RM)	0.8416	0.9981	(15.68)

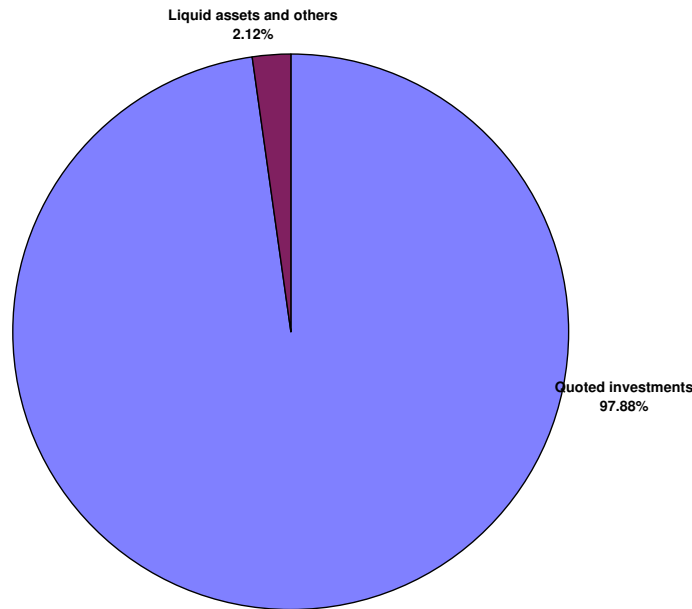
Both NAV and NAV per unit fall in sync for the period under review. The losses were due to poor performance of Chinese equities over the year as stated under the Market Review section.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2012	30.06.2011
Quoted investments	97.88	99.47
Liquid assets and others	2.12	0.53
TOTAL	100.00	100.00

The Fund was almost fully invested during the period under review. The increased in liquid assets for the period under review was largely due to dividend receivables from the underlying stocks.



MARKET OUTLOOK

As the Chinese government continues to work to engineer a soft landing, investor sentiment remains mixed, and the economic outlook to remain challenging in the short term. The reengineering of China from being the world's factory to becoming the world's biggest buyer of almost everything will take longer, as median income in China still lags the world. The median disposable income for urban China (Beijing, Shanghai, and Shenzhen) is USD6796 per person, as estimated by the National Bureau of Statistics. In comparison, the US per capita GDP is USD 32716, four times that of urban China.

The basic material output (eg cement, steel) has shown drastic slowdown and we expect growth will continue to be weak in the 2H12 and 2013 as over-capacity are observed in almost all sectors. Property curb on investment will remain and hence property price unlikely to move sharply upwards. Investors are still worried about the weak economic momentum and downside on corporate earnings. However, we retain our view that China will not have a hard landing in 2012. We expect the Chinese government to step up supportive measures (both monetary and fiscal) to ensure a soft landing and a smooth power transition in late 2012/early 2013 as stability is the top priority for the Chinese government at present.

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 2012 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	144	0.40	2.96
5,001 to 10,000	71	0.64	4.68
10,001 to 50,000	94	2.43	17.77
50,001 to 500,000	28	4.21	30.88
500,001 and above	5	5.97	43.71
	<u>342</u>	<u>13.65</u>	<u>100.00</u>

REBATES AND SOFT COMMISSIONS

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB FTSE 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 25 to 53](#) are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2012 and of its financial performance, changes in equity and cash flows for the financial year 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
16 July 2012

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF CIMB FTSE CHINA 25**

We have acted as Trustee for CIMB FTSE China 25(Fund) for the financial year ended 30 June 2012. 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 Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation/pricing for the Fund has been carried out in accordance with the Deeds of the Fund and relevant regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deeds of the Fund and relevant regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Jacqueline William
Chief Executive Officer

Kong Seah Yen
Senior Trust Officer

Kuala Lumpur
16 July 2012

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CIMB FTSE CHINA 25

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of of CIMB FTSE China 25 on [pages 25 to 53](#), which comprise the statement of financial position as at 30 June 2012 of the Fund, and the statements of comprehensive income, changes in net asset value, equity and cash flows for the year ended 30 June 2012, and a summary of significant accounting policies and other explanatory notes, as set out on [Note 1 to 19](#).

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 controls as the Manager determine 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 judgment, 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 2012 and of its financial performance and cash flows for the year then ended.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 25 (CONTINUED)****OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 19 on page 53 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
16 July 2012

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	Note	2012 RM	2011 RM
NET INVESTMENT INCOME			
Dividend income		398,249	405,984
Net (loss)/gain on financial assets at fair value through profit or loss	9	(2,360,716)	430,719
Net foreign currency exchange gain / (loss)		407	(32,686)
		<u>(1,962,060)</u>	<u>804,017</u>
EXPENSES			
Management fee	4	72,215	116,193
Trustee fee	5	17,557	17,557
Custodian fee		6,827	19,858
Transaction costs		17,951	76,705
Audit fee		25,000	25,000
License fee	6	-	7,746
Tax agent fee		3,000	3,000
Other expenses	7	16,343	371,460
		<u>158,893</u>	<u>637,519</u>
(LOSS)/PROFIT BEFORE TAXATION		(2,120,953)	166,498
Taxation	8	(15,736)	(18,221)
(LOSS) / PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE FINANCIAL YEAR / PERIOD		<u>(2,136,689)</u>	<u>148,277</u>
Profit after taxation is made up as follows:			
Realised amount		(154,341)	188,792
Unrealised amount		(1,982,348)	(40,515)
		<u>(2,136,689)</u>	<u>148,277</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	2012 RM	2011 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	11,244,525	13,549,859
Cash and cash equivalents	10	21,950	156,624
Dividend receivables		264,437	226,613
TOTAL ASSETS		<u>11,530,912</u>	<u>13,933,096</u>
CURRENT LIABILITIES			
Amount due to manager		5,572	6,685
Amount due to trustee		986	1,480
Other payables and accruals	11	36,511	300,399
TOTAL LIABILITIES		<u>43,069</u>	<u>308,564</u>
NET ASSET VALUE OF THE FUND	12	<u>11,487,843</u>	<u>13,624,532</u>
EQUITY			
Unitholders' capital		13,476,255	13,476,255
(Accumulated losses)/Retained earnings		(1,988,412)	148,277
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	12	<u>11,487,843</u>	<u>13,624,532</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>13,650,000</u>	<u>13,650,000</u>
NET ASSET VALUE PER UNIT		<u>0.8416</u>	<u>0.9981</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	Note	Unitholders' capital RM	(Accumulated loss)/ Retained earnings RM	Total RM
Balance as at 1 July 2011		13,476,255	148,277	13,624,532
Movement in unitholders' contribution:				
Total comprehensive loss for the financial year		-	(2,136,689)	(2,136,689)
Balance as at 30 June 2012		<u>13,476,255</u>	<u>(1,988,412)</u>	<u>11,487,843</u>
Balance as at 19 April 2010		-	-	-
Movement in unitholders' contribution:				
Creation of units	12	24,348,415	-	24,348,415
Cancellation of units	12	(10,872,160)	-	(10,872,160)
Total comprehensive income for the financial year		-	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 YEAR ENDED 30 JUNE 2012**

	Note	2012 RM	19.04.2010 (date of constitution) to 30.06.2011 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sales of investments		2,372,304	15,049,876
Purchase of investments		(2,427,687)	(14,126,074)
Dividends received		360,425	179,371
Management fee paid		(73,328)	(109,508)
Trustee fee paid		(18,051)	(16,077)
Custodian fee paid		-	(19,858)
License fee paid		-	(7,746)
Net realised loss from foreign exchange		(33,122)	-
Payments for other fees and expenses		(333,008)	(99,063)
Tax paid		(15,736)	(18,221)
Net cash (outflow)/inflow from operating activities		<u>(168,203)</u>	<u>832,700</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	6,249,636
Payments for cancellation of units		-	(6,893,026)
Net cash outflow from financing activities		<u>-</u>	<u>(643,390)</u>
Net (decrease)/increase in cash and cash equivalents		(168,203)	189,310
Currency translation differences		33,529	(32,686)
Cash and cash equivalents at the beginning of the financial year/period		156,624	-
Cash and cash equivalents at the end of the financial year/period	10	<u>21,950</u>	<u>156,624</u>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2012****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE 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, before expenses, closely correspond to the performance of the FTSE 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 establishment and the 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 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)

The amendments to published standards that are applicable and effective for Fund's financial year beginning on or after 1 July 2011 are as follows:

- Amendments to FRS 7 "Financial instruments: Disclosures" (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. This amendment does not have any impact on the classification and valuation of the Fund's financial statements.

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

- Financial year beginning on/after 1 January 2012

In the financial year beginning on 1 July 2012, the Fund will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. There is no significant impact to the Fund's financial statements arising from the transition of existing FRSs to MFRSs.

- Financial year beginning on/after 1 January 2013

MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones. The Fund will apply this standard when effective.

This standard is not expected to have a significant impact on the Fund's financial statements.

- Financial year beginning on/after 1 January 2015

MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

- Financial year beginning on/after 1 January 2015 (continued)

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply. The Fund will apply this standard when effective.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

This standard is not expected to have a significant impact on the Fund's financial statements.

(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 Manager, 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)**

Recognition and measurement (continued)

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

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

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

Gains or losses arising from changes in the fair value of the investments including the effect of currency translation 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 period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Foreign quoted 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 and other financial liabilities 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 profit rate, the discount rate for measuring any impairment loss is the current effective profit 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities (continued)

Recognition and measurement (continued)

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 statement of comprehensive income.

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

(c) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Creation and cancellation of units (continued)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 of the Fund are as follows:

	Loans and receivables	At fair value through profit or loss	Total
2012	RM	RM	RM
Financial assets at fair value through profit or loss (Note 9)	-	11,244,525	11,244,525
Cash and cash equivalents (Note 10)	21,950	-	21,950
Dividend receivables	264,437	-	264,437
	286,387	11,244,525	11,530,912
2011	RM	RM	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 receivables	226,613	-	226,613
	383,237	13,549,859	13,933,096

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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.

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

The Fund's overall exposures to price risk were as follows:

	2012 RM	2011 RM
Financial assets at fair value through profit and loss	11,244,525	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").

The analysis is based on the assumptions that the Underlying Index fluctuates by 31.58% (2011:18.80%), which is the standard deviation of the daily fluctuation of the Underlying Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the 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 2012	Underlying index	Market value RM	Change in net asset value/ profit after tax RM
-31.58%	10,030	7,693,922	(3,550,603)
0.00%	14,659	11,244,525	-
31.58%	19,288	14,795,128	3,550,603
<hr/>			
2011			
-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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risk (continued)

(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 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
2012			
HKD	11,244,525	18,745	11,263,270
	<u> </u>	<u> </u>	<u> </u>
2011			
HKD	13,549,859	34,475	13,584,334
	<u> </u>	<u> </u>	<u> </u>

The table below summarises the sensitivity of the Fund's investments, cash and cash equivalent fair value to changes in foreign exchange movements for the Fund. The analysis is based on the assumption that the foreign exchange rate fluctuates by 7.49% (2011: 6.20%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any fluctuation in foreign exchange rate will result in a corresponding increase/decrease in the net assets attributable to unit holders by approximately 7.49% (2011: 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 asset value/ profit after tax RM
2012		
HKD	7.49	843,651
	<u> </u>	<u> </u>
2011		
HKD	6.20	842,229
	<u> </u>	<u> </u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 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. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Exchange-Traded Funds.

Bank balances of the Fund are placed with a licensed bank with a credit rating AA1 (2011: AA1).

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

Industry	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2012			
Basic Materials	-	5,539	5,539
Energy	-	43,605	43,605
Finance	21,950	204,036	225,986
Telecommunications	-	9,001	9,001
Transportation	-	2,256	2,256
Total	<u>21,950</u>	<u>264,437</u>	<u>286,387</u>
2011			
Basic Materials	-	5,324	5,324
Energy	-	54,938	54,938
Finance	156,624	151,430	308,054
Telecommunications	-	14,921	14,921
Total	<u>156,624</u>	<u>226,613</u>	<u>383,237</u>

All financial assets of the Fund are neither past due nor impaired. At the end of each reporting period, all cash and cash equivalents are placed with Deutsche Bank.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. 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.

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 bank balance, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days. The Fund has a policy of maintaining a minimum level of 2% of liquid assets at all times to reduce the liquidity risk.

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

	1 month	1 year	Total
2012	RM	RM	RM
Amount due to Manager	5,572	-	5,572
Amount due to trustee	986	-	986
Other payables and accruals	-	36,511	36,511
	<u>6,558</u>	<u>36,511</u>	<u>43,069</u>
Contractual cash out flows	<u>6,558</u>	<u>36,511</u>	<u>43,069</u>
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
	<u>8,165</u>	<u>300,399</u>	<u>308,564</u>
Contractual cash out flows	<u>8,165</u>	<u>300,399</u>	<u>308,564</u>

(d) 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)**(e) 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 unitholders. 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.

(f) Fair value estimation

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Fair value estimation (continued)

The fair value are based on the following methodology and assumptions:

- (i) Bank balance and deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short term nature.

Fair value hierarchy

The Fund adopted the amendments to FRS 7, effective 1 January 2011. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
- Quoted securities	11,244,525	-	-	11,244,525

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

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 2012, the management fee is recognised at a rate of 0.60% per annum (2011: 0.60%).

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

5. TRUSTEE 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 year ended 30 June 2012, the Trustee's fee is recognised at a rate of 0.08% per annum (2011: 0.08%). The Trustee's fee for the financial period ended 30 June 2011 was calculated prorata based on the minimum fees of RM 18,000 per annum. The Trustee has changed the minimum fees to RM12,000 per annum with effect from 1 June 2012.

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 was 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

	2012 RM	19.04.2010 (date of constitution) to 30.06.2011 RM
Professional fees	-	277,668
Printing costs	15,972	26,070
Listing fee	-	25,000
Other expenses	371	42,722
	<u>16,343</u>	<u>371,460</u>

8. TAXATION

	2012	19.04.2010
	RM	(date of constitution) to 30.06.2011
		RM
Current taxation-foreign	<u>15,736</u>	<u>18,221</u>

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

	2012	19.04.2010
	RM	(date of constitution) to 30.06.2011
		RM
Net profit before taxation	<u>(2,120,953)</u>	<u>166,498</u>
Taxation at Malaysian statutory rate of 25% (2011: 25%)	(530,238)	41,625
Tax effects of:		
Investment loss/(income) not deductible for tax purposes/(subject to tax)	490,515	(201,004)
Expenses not deductible for tax purposes	15,419	124,082
Restriction on tax deductible expenses for exchange-traded funds	24,304	35,297
Effect of foreign tax on foreign taxable income	<u>15,736</u>	<u>18,221</u>
Taxation	<u>15,736</u>	<u>18,221</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	RM	RM
Designated at fair value through profit or loss at inception		
- Foreign quoted shares	<u>11,244,525</u>	<u>13,549,859</u>
Net gain on assets at fair value through profit or loss		
- Realised (loss)/gain on disposals	(344,840)	438,548
- Change in unrealised fair value loss	<u>(2,015,876)</u>	<u>(7,829)</u>
	<u>(2,360,716)</u>	<u>430,719</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

2012	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Quoted Securities – Foreign				
Basic Materials				
Aluminium Corporation of China Limited	75,600	190,791	102,387	0.89
Zijin Mining Group Company Limited	121,900	185,381	130,072	1.13
Anhui Conch Cement Company Limited	25,200	249,110	216,667	1.89
	<u>222,700</u>	<u>625,282</u>	<u>449,126</u>	<u>3.91</u>
Energy				
China Coal Energy Company Limited	84,000	352,985	218,563	1.90
China Petroleum & Chemical Corporation	142,800	371,553	403,203	3.51
China Shenhua Energy Company Limited	42,000	502,596	466,256	4.06
CNOOC Limited	130,200	753,221	822,885	7.16
Petrochina Company Limited	109,200	402,872	445,916	3.88
Yanzhou Coal Mining Company Limited	39,900	386,681	196,172	1.71
	<u>548,100</u>	<u>2,769,908</u>	<u>2,552,995</u>	<u>22.22</u>
FINANCE				
Agricultural Bank of China Limited	340,200	541,010	431,420	3.75
Bank of China Limited	581,700	842,849	701,865	6.11
Bank of Communications Company Limited	178,500	543,585	380,201	3.31
China Citic Bank Corporation Limited	224,700	445,370	364,257	3.17
China Construction Bank Corporation Limited	453,600	1,180,247	984,773	8.57
China Life Insurance Corporation	60,900	737,284	498,867	4.34
China Merchants Bank Company Limited	73,500	557,885	436,177	3.80
China Minsheng Banking Corporation Limited	115,500	318,884	325,646	2.83
China Pacific Insurance Group Company Limited	35,700	437,102	364,817	3.18
Industrial and Commercial Bank of China	501,900	1,142,267	883,653	7.69
Ping An Insurance Group Company	18,900	564,857	478,580	4.17
PICC Property and Casualty Company Limited	73,500	329,430	261,525	2.28
	<u>2,658,600</u>	<u>7,640,770</u>	<u>6,111,781</u>	<u>53.20</u>

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

2012	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Quoted Securities – Foreign (continued)				
Transportations				
Air China Limited	42,000	151,463	78,255	0.68
Telecommunications				
China Mobile Limited	35,700	1,141,323	1,241,696	10.81
China Telecom Corporation Limited	300,300	480,893	415,329	3.62
China Unicom Holding Limited	98,700	458,591	395,343	3.44
	<u>434,700</u>	<u>2,080,807</u>	<u>2,052,368</u>	<u>17.87</u>
TOTAL QUOTED INVESTMENTS	<u>3,906,100</u>	13,268,230	<u>11,244,525</u>	<u>97.88</u>
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		185,031		
UNREALISED LOSS ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(2,208,736)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		<u>11,244,525</u>		

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

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)

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 TROUGH PROFIT OR LOSS		<u>13,549,859</u>		

10. CASH AND CASH EQUIVALENTS

	2012 RM	2011 RM
Bank balances in a licensed bank	<u>21,950</u>	<u>156,624</u>

11. OTHER PAYABLES AND ACCRUALS

	2012	2011
	RM	RM
Provision for audit fee	22,250	25,000
Provision for tax agent fee	1,700	3,000
Other accruals	12,561	272,399
	<u>36,511</u>	<u>300,399</u>

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

Net asset value (NAV) attributable to unit holders is represented by:

	Note	2012	2011
		RM	RM
Unit holders' contribution	(a)	13,476,255	13,476,255
(Accumulated losses) / retained earnings		(1,988,412)	148,277
		<u>11,487,843</u>	<u>13,624,532</u>

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	No of units	2012	No of units	19.04.2010
		RM	(date of constitution)	to 30.06.2011
			No of units	RM
At the beginning of the financial year / period	13,650,000	13,624,532	-	-
Add: Creation arising from applications during the financial year / period	-	-	24,050,000	24,348,415
Less: Cancellation of units during the financial year / period	-	-	(10,400,000)	(10,872,160)
Total comprehensive (loss) / income for the financial year / period	-	(2,136,689)	-	148,277
At the end of the financial year / period	<u>13,650,000</u>	<u>11,487,843</u>	<u>13,650,000</u>	<u>13,624,532</u>
Approved size of the Fund	<u>500,000,000</u>		<u>500,000,000</u>	

12. 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 2012, the number of units not yet issued is 486,350,000 (2011: 486,350,000)

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 30 June 2012 (2011: nil).

13. MANAGEMENT EXPENSE RATIO (“MER”)

	19.04.2010 (date of constitution) 2012 to 30.06.2011 %	19.04.2010 (date of constitution) 2011 to 30.06.2011 %
MER	1.17	2.84

MER is derived based on the following calculation:

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

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

The average net asset value of the Fund for the financial year calculated on daily basis is RM11,999,891 (2011: RM 19,761,427).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	19.04.2010 (date of constitution) 2012 to 30.06.2011	19.04.2010 (date of constitution) 2011 to 30.06.2011
PTR (times)	0.21	1.29

PTR is derived from the following calculation:

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

where:

total acquisition for the financial year/period	=	RM2,369,087 (2011 :RM 32,179,880)
total disposal for the financial year/period	=	RM2,717,144 (2011 :RM 18,622,193)

15. 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 year/period.

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

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers for the financial year ended 30 June 2012 are as follows:

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Citi Group	2,851,421	60.13	7,548	57.80
Credit Suisse Hong Kong Limited	1,321,714	27.88	3,472	26.59
China International Capital Corporation Securities Limited	568,256	11.99	2,038	15.61
	<u>4,741,391</u>	<u>100.00</u>	<u>13,058</u>	<u>100.00</u>

16. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
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
	<u>51,253,863</u>	<u>100.00</u>	<u>33,107</u>	<u>100.00</u>

Included in transactions by the Fund are trades conducted on normal terms with CIMB Bank Berhad, a fellow subsidiary to the Manager, amounting to NIL (2011:RM 19,055,054).

17. 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 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 FRS. The chief operating decision maker is responsible for the performance of the fund and considers the business to have a single operating segment.

18. 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:

	2012	19.04.2010 (date of constitution) to 30.06.2011
	RM	RM
Creations		
- Fair value of Underlying Index shares	-	18,098,779
- Cash component	-	6,249,636
	<u>-</u>	<u>24,348,415</u>
Cancellations		
- Fair value of Underlying Index shares	-	(3,979,134)
- Cash component	-	(6,893,026)
	<u>-</u>	<u>(10,872,160)</u>

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

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

	2012	2011
	RM	RM
Total (accumulated losses)/retained earnings of the Fund		
- Realised	(2,429,631)	(900,136)
- Unrealised	441,219	1,048,413
	<u>(1,988,412)</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.

DIRECTORY

Head office of the Manager

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
Level 5, Menara Milenium,
8, Jalan Damanlela,
Bukit Damansara.
50490 Kuala Lumpur, MALAYSIA.

Postal address

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

Internet site

www.cimb-principal.com.my

E-mail address

cimb-p.custsupport@cimb.com

General investment enquiries

(03) 7718 3100

Trustee for the CIMB FTSE China 25

Deutsche Trustees Malaysia Berhad
Level 20, Menara IMC,
8 Jalan Sultan Ismail,
50250 Kuala Lumpur, MALAYSIA.

Auditors of the Trusts and of the Manager

PricewaterhouseCoopers (Company No. AF: 1146)
Level 10, 1 Sentral,
Jalan Travers, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.