

CIMB FTSE CHINA 25

UNAUDITED QUARTERLY REPORT

**FOR THE FINANCIAL PERIOD FROM 01 OCTOBER 2012
TO 31 DECEMBER 2012**

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INVESTOR LETTER

Happy New Year!

Year 2012 was a milestone and a fruitful year for us at CIMB-Principal.

By the time you're reading this, you'll most certainly have heard about the launch of our Private Retirement Schemes ("PRS") – the CIMB-Principal PRS Plus and CIMB Islamic PRS Plus ("PRS Plus"). Designed to help you increase your retirement savings, the schemes provide more choices, as well as access to investment performance and expertise. Each scheme has five funds, which comprises of four domestic funds and one Asia Pacific ex-Japan fund. The investment choice caters for investors with different risk appetite and those that want to diversify their investments offshore.

At CIMB-Principal, we do things differently. On the occasion to introduce our PRS Plus schemes, we held a signing ceremony on 21 November 2012 to establish the PRS Plus Partner Programme. The PRS Plus Partner Programme is created for organisations who team up with us to offer PRS benefits to their employees. Employees and individuals are keen to take advantage of the choice and control that PRS Plus grants.

With the savings set aside, you can now choose to invest according to your preference and change it as you see fit. On the other hand, you can simply choose the conventional or Islamic PRS Plus if you do not want to fuss with risk profiling and asset allocation decisions even though you want to boost your retirement savings. Then the appropriate fund will be selected based on your age and will switch to a more conservative fund as you approach retirement.

Over the years, we have launched a comprehensive range of investment products and asset management services to meet your investment objectives and financial needs at different stages of life. PRS Plus is a significant milestone for us and private retirement schemes will help Malaysia's population enjoy a more comfortable retirement. With the introduction of PRS Plus and the corresponding annual tax relief for PRS contributions of up to RM3000 a year, we believe that everyone is now properly incentivised to take a more active role to prepare financially for retirement, well before they reach their 50s.

Significant efforts need to be made over a number of years to educate the public about private retirement schemes. As a company, we have been engaging retail investors, financial planners and consultants, companies and the media through seminars, private meetings, luncheon talks and educational road shows to further their understanding and acceptance of PRS. Though it will take a number of years before it becomes apparent, the introduction of PRS is a fundamental shift in Malaysia's retirement landscape that will be impactful, as all sectors of the labour market will have an additional and alternative avenue to systematically save and invest for the years after they stop working.

The new year is the best time to start afresh and make a decision to enjoy a comfortable retirement by getting started with CIMB-Principal PRS Plus and CIMB Islamic PRS Plus. Please visit the newest section of our website which features a comprehensive introduction to PRS Plus at www.cimb-principal.com.my/prs/.

In this issue, Raymond Tang, Regional CIO of CIMB-Principal, will share our views on what's next for the economy and markets in 2013. Our consistent view is to look beyond short-term fluctuations and seriously assess the long-term outlook. It is important to keep a realistic and balanced view of the financial markets.

Finally, I would like to take this opportunity to announce that my time at CIMB-Principal is coming to a close. It has been rewarding time for me in Malaysia, working closely with colleagues and our partners to serve our clients the best that we can. There are many positive experiences here, both professional and personal, that I will remember fondly.

INVESTOR LETTER (CONTINUED)

After five incredible years, I am very proud of what we have accomplished together. Our assets under management have almost doubled, from RM19 billion to RM35.9 billion (as at 31 December 2012). Our consistent performance over time across our range of funds was recognised by the industry with CIMB-Principal winning the 2012 Edge-Lipper Award for Best Overall Fund Group. We became an ASEAN asset manager, with offices in Jakarta, Singapore and Bangkok and our achievements were recognised by Alpha Southeast Asia as Best Asset Manager in Southeast Asia for three years in a row. The successful introduction of the company's long-awaited private retirement schemes was a rewarding conclusion to my time here. 2013 has already kicked-off with a good start as we bagged 5 awards from Asia Asset Management Best of the Best Awards 2012.

Mr. Pedro Esteban Borda from Principal Financial Group will be succeeding me. Mr. Borda has 22 years of experience in the pension industry under his belt. His impressive background also includes positions as the Country Head – Mexico and Vice President of Principal Financial Group. Pedro's deep experience gives me great confidence in his ability to further serve our clients and build on our success. We have been working together closely in the past month to ensure a smooth transition and I continue to remain on the Board of CIMB-Principal.

In the meantime, your support has never been more important. We expect 2013 to be a more demanding year but we believe in the skills of our management and investment teams to bring out the best in our business.

As always, my very best wishes to everyone and Happy Investing in 2013!

Campbell Tupling

Director
CIMB-Principal Asset Managements

MANAGER'S REPORT

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

For the period under review, the Fund is in line with its stated objective and the details are shown under the Fund Performance review.

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 31 December 2012?

RM 28.10 million (29.25 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 period ended 31 December 2012?

No distribution was declared for the year ended 31 December 2012.

- Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	31.12.2012	31.12.2011	31.12.2010
	%		%
Sector			
Quoted investments	99.98	99.92	99.82
Liquid assets and others	0.02	0.08	0.18
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.12.2012	31.12.2011	31.12.2010
Net Asset Value (RM million)	28.10	11.74	20.00
Units In circulation (Million)	29.25	13.65	19.50
Net Asset Value per Unit (RM)	0.9608	0.8599	1.0255
Highest NAV per Unit (RM)	0.9608	0.9346	1.1565
Lowest NAV per Unit (RM)	0.8425	0.7224	1.0102
Market Price per Unit (RM)	0.9650	0.8700	1.0300
Highest Market Price per Unit (RM)	0.9650	0.9350	1.1500
Lowest Market Price per Unit (RM)	0.8450	0.7300	1.0100
Total return (%) [^]	13.62	8.53	(0.37)
-capital growth (%)	13.62	8.53	(0.37)
-income growth (%)	-	-	-
Management Expenses Ratio (%)	0.33	0.37	0.84
Portfolio Turnover Ratio (times) #	0.26	0.06	0.29

(Launch date : 9 July 2010)

In line with the nature of an exchange traded fund, the portfolio's turnover ratio was minimal at 0.26 times for the quarter. Trading activities were mostly due to baskets creations as well as portfolio rebalancing during the quarterly review of the Index.

Period	Total return (%)	Annualised (%)
- Since inception (SI) [^]	(5.19)	(2.12)
- One year	11.73	11.73
- Benchmark SI	(5.48)	(2.24)
	31.12.2011 to 31.12.2012	31.12.2010 to 31.12.2011
	(%)	(%)
Annualised return [^] (%)	11.73	(16.16)
		Since Inception to 31.12.2010
		(%)

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

MARKET REVIEW (01 OCTOBER 2012 TO 31 DECEMBER 2012)

After a dull third quarter, Chinese equities rebounded in the last quarter of 2012. Economic data was better than expected as national financial conditions eased, industrial profits rebounded, production stabilized and both HSBC (private sector) and official Purchasing Managers Index (PMI) gained strength, indicating higher manufacturing activity. The PMI number was up to 51.5 in December from 50.6 in November which means expansion in the economy. Both export orders and overall new orders showed a welcome increase. China saw Gross Domestic Product (GDP) growth of 7.80 percent in 2012, according to data from the National Bureau of Statistics. Although that was the lowest level for 13 years and a decline from the 9.30 percent recorded in 2011, it was still far higher than that of many of the world's major economies, under siege by ongoing debt and fiscal crises.

On the political front, the leadership transition in China progressed peacefully. After the conclusion of the 18th Chinese Communist Party Congress on 14 November 2012, the Party held the first plenary session and the new leadership was announced. At the top level, the number of standing committee members was reduced from nine to seven as widely expected. The members of the new Standing Committee are: Xi Jinping (succeeds Hu Jintao), Li Keqiang (succeeds Wen Jiabao as premier), Zhang Dejiang, Yu Zhengsheng, Liu Yunshan, Wang Qishan, and Zhang Gaoli. Other than Xi Jinping and Li Keqiang, the other five are new standing committee members. It is expected that these five new members will only serve one term so in five years there will be another mini version of political transition. In addition, Hu Jintao also relinquished his title as the chairman of Central Military Commission (in contrast to market expectations).

FUND PERFORMANCE

	3 months to 31.12.2012 (%)	1 year to 31.12.2012 (%)	Since Inception to 31.12.2012 (%)
Income	-	-	-
Capital [^]	13.62	11.73	(5.19)
Total Return [^]	13.62	11.73	(5.19)
Annualised Return [^]	65.06	11.73	(2.12)
Benchmark	14.30	9.69	(5.48)
Market Price per Unit	13.53	10.92	(5.39)

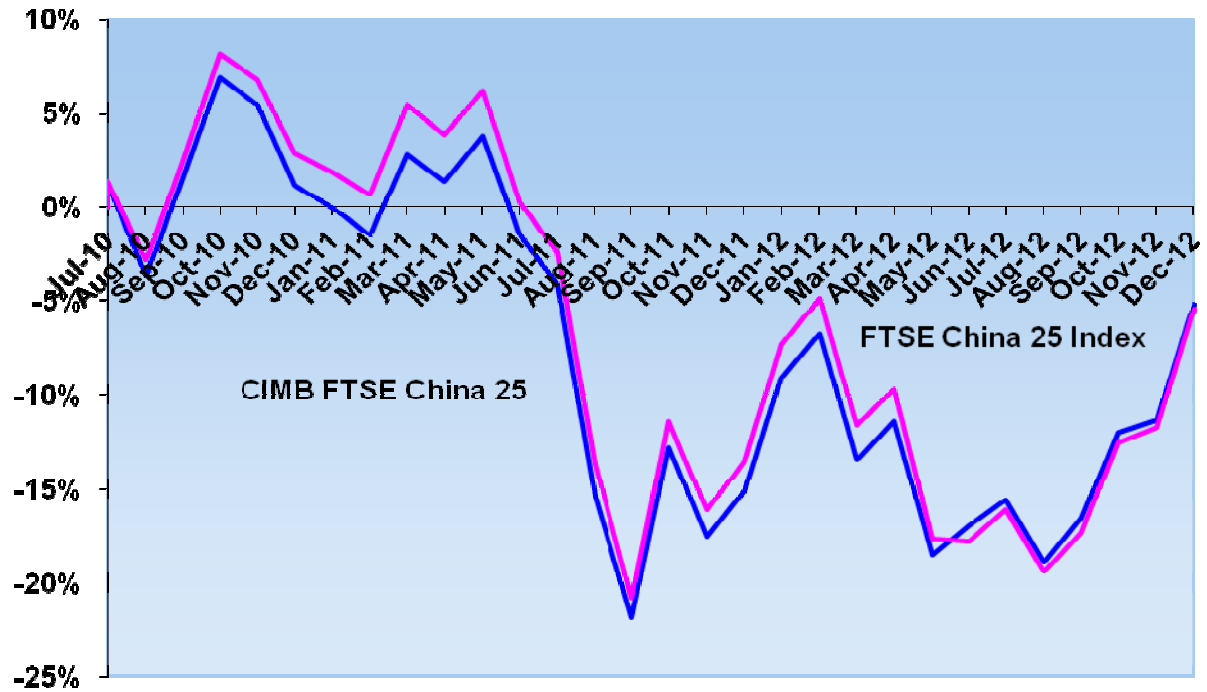
[^] Based on NAV per Unit

For the period under review, the Fund made strong gains of 13.62%, in line with the benchmark gains of 14.30% as market were buoyed with positive sentiments as described in the Market Review above.

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. CITIC Securities (H) was included in the Fund to replace Aluminum Corp of China (H).

The last available published market price of the Fund quoted on Bursa Malaysia was RM 0.965, an increase of 13.53% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value (“NAV”)

	31.12.2012	31.12.2011	% changes
Net Asset Value (“NAV”) (RM Million)	28.10	11.74	139.35
NAV/unit (RM)	0.9608	0.8599	11.73

Both NAV and NAV per unit registered remarkable gains for the 1-year period. On top of the encouraging performance of the Chinese equities for the year, which drove the NAV/unit higher, the Fund also saw commendable units creations which boosted the total NAV for the Fund by 139.35%.

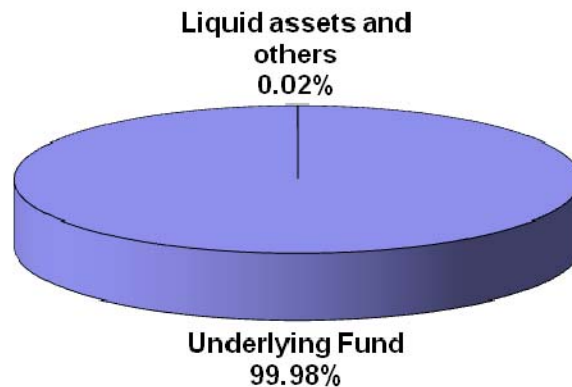
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2012	31.12.2011
Underlying Fund	99.98	99.92
Liquid assets and others	0.02	0.08
TOTAL	100.00	100.00

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



MARKET OUTLOOK

Following the encouraging manufacturing data and fourth quarter GDP growth coming in at 7.90%, compared with 7.40% in the third quarter, China appears to have navigated its 'soft landing' worry. We believe the policy of "maintaining economic growth and social stability" will continue to top the agenda of the new leaders. In terms of the structural reforms the economy requires, we expect that these will be implemented in phases albeit with varying priorities. We believe the less controversial reform policies which include tax reforms, financial sector, as well as energy sector reform, will likely be pushed through with less resistance.

We remain positive to China's long-term growth story, and are relatively optimistic following the new leadership transition. The slow but continuing shift towards a consumption-driven growth model, and away from an investment-led one, will continue to benefit the long-term health of the economy. Continuing urbanisation of the rural population, increased domestic consumer spending and large scale infrastructure investment will drive China's growth. We foresee the economy will continue to grow steadily this year, albeit at a slower rate than in previous years.

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 31 December 2012 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	129	0.37	1.26
5,001 to 10,000	67	0.60	2.05
10,001 to 50,000	101	2.75	9.40
50,001 to 500,000	31	3.93	13.44
500,001 and above	7	21.60	73.85
	<u>335</u>	<u>29.25</u>	<u>100.00</u>

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 25**

We, being the Directors of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 10 to 36 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2012 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period then ended 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

MUNIRAH BINTI KHAIRUDDIN
Director

Kuala Lumpur
18 February 2013

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 2012**

		01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
INCOME			
Dividend income		7,814	4,855
Net gain/(loss) on financial assets at fair value through profit or loss	8	3,070,904	(169,275)
Net foreign currency exchange loss		(18,605)	1,133,950
		<u>3,060,113</u>	<u>969,530</u>
LESS: EXPENSES			
Management fee	4	37,154	17,676
Trustee fee	5	4,955	4,537
Transaction cost		22,396	3,696
Audit fee	4	6,301	6,301
Tax agent fee	4	756	756
Custodian fee		7,049	3,372
Other expenses		2,845	11,039
		<u>81,456</u>	<u>47,377</u>
PROFIT/(LOSS) BEFORE TAXATION		2,978,657	922,153
TAXATION	7	(781)	982
PROFIT/(LOSS) AFTER TAXATION		<u>2,977,876</u>	<u>923,135</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		(131,126)	(243,966)
Unrealised amount		3,109,002	1,167,101
		<u>2,977,876</u>	<u>923,135</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	31.12.2012 RM	31.12.2011 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	28,096,931	11,728,727
Cash and cash equivalents	9	58,139	18,334
Due from broker		-	22,954
TOTAL ASSETS		<u>28,155,070</u>	<u>11,770,015</u>
CURRENT LIABILITIES			
Management fee payable		24,423	6,049
Amount due to trustee		1,860	1,529
Other payables and accruals	10	<u>26,528</u>	<u>24,523</u>
TOTAL LIABILITIES		<u>52,811</u>	<u>32,101</u>
NET ASSET VALUE OF THE FUND	11	<u>28,102,259</u>	<u>11,737,914</u>
EQUITY			
Unitholders' capital		27,035,385	13,476,255
Accumulated losses		1,066,874	(1,738,341)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	11	<u>28,102,259</u>	<u>11,737,914</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>29,250,000</u>	<u>13,650,000</u>
NET ASSET VALUE PER UNIT		<u>0.9608</u>	<u>0.8599</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM
1 OCTOBER 2012 TO 31 DECEMBER 2012**

	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2012	16,749,915	(1,911,002)	14,838,913
Movement in unitholders' contribution:			
Creation of units	10,285,470	-	10,285,470
Cancellation of units	-	-	-
Total comprehensive income for the financial period	-	2,977,876	2,977,876
Balance as at 31 December 2012	<u>27,035,385</u>	<u>1,066,874</u>	<u>28,102,259</u>
Balance as at 1 October 2011	13,476,255	(2,661,476)	10,814,779
Movement in unitholders' contribution:			
Creation of units	-	-	-
Cancellation of units	-	-	-
Total comprehensive income for the financial period	-	923,135	923,135
Balance as at 31 December 2011	<u>13,476,255</u>	<u>(1,738,341)</u>	<u>11,737,914</u>

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

**UNAUDITED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 2012**

	Note	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sales of investments		1,146,930	703,879
Purchase of investments		(11,395,981)	(694,258)
Dividends received		48,329	49,109
Trustee's fee paid		(4,081)	(4,488)
Manager's fee paid		(18,634)	(17,260)
Payments for other fees and expenses		(57,563)	(42,782)
Net cash outflow from operating activities		<u>(10,281,000)</u>	<u>(5,800)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from units created		10,285,470	-
Payments for cancellation of units		-	-
Net cash inflow from financing activities		<u>10,285,470</u>	<u>-</u>
Net increase in cash and cash equivalents		4,470	(5,800)
Effect of unrealised foreign exchange		670	(108)
Cash and cash equivalents at the beginning of the financial period		<u>52,999</u>	<u>24,242</u>
Cash and cash equivalents at the end of the financial period	9	<u><u>58,139</u></u>	<u><u>18,334</u></u>

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

**UNAUDITED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 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 Malaysian Accounting Standards Board (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 revenue 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. The Manager believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fairly. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) The amendments to published standards that are applicable and effective for Fund's financial year beginning on or after 1 January 2012 are as follows:

- Amendments to FRS 7 "Financial instruments: Disclosures" (effective 1 January 2012) 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 2013

In the financial year beginning on 1 January 2013, 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)

- 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 disclosure 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 currenciesFunctional 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, 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 RM	Financial assets at fair value through profit or loss RM	Total RM
31.12.2012			
Financial assets at fair value through profit or loss (Note 8)	-	28,096,931	28,096,931
Cash and cash equivalents (Note 9)	58,139	-	58,139
Amount due to broker	-	-	-
	<u>58,139</u>	<u>28,096,931</u>	<u>28,155,070</u>
31.12.2011			
Financial assets at fair value through profit or loss (Note 8)	-	11,728,727	11,728,727
Cash and cash equivalents (Note 9)	18,334	-	18,334
Amount due to broker	-	22,954	22,954
	<u>18,334</u>	<u>11,751,681</u>	<u>11,770,015</u>

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 Securities Commission 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:

	31.12.2012	31.12.2011
	RM	RM
Financial assets at fair value through profit and loss	28,096,931	11,728,727

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% (31.12.2011:18.80%), 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 31.12.2012	Market value RM	Change in net asset value/ profit after tax RM
-31.58%	36,969,942	8,873,011
0.00%	28,096,931	-
31.58%	19,223,920	(8,873,011)
31.12.2011		
-18.80%	13,933,728	2,205,001
0.00%	11,728,727	-
18.80%	9,523,726	(2,205,001)

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 Securities Commission 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	Amount due from broker RM	Dividends receivables RM	Total RM
31.12.2012				
Energy	8,083,934	-	-	8,083,934
Finance	10,558,157	-	-	10,558,157
Telecommunications	4,836,083	-	-	4,836,083
Industrial products	1,129,059	-	-	1,129,059
Insurance	3,489,698	-	-	3,489,698
Total	28,096,931	-	-	28,096,931
31.12.2011				
Energy	2,092,723	-	-	2,092,723
Finance	4,621,468	18,334	-	4,639,802
Telecommunications	4,180,717	-	11,334	4,192,051
Industrial products	833,819	-	11,620	845,439
Total	11,728,727	18,334	22,954	11,770,015

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.

	Less than 1 month RM	Less than 1 year RM	Total RM
31.12.2012			
Accrued management fee	24,423	-	24,423
Amount due to trustee	1,860	-	1,860
Other payables and accruals	-	26,528	26,528
	<u>26,283</u>	<u>26,528</u>	<u>52,811</u>
Contractual cash out flows	<u>26,283</u>	<u>26,528</u>	<u>52,811</u>
31.12.2011			
Accrued management fee	6,049	-	6,049
Amount due to trustee	1,529	-	1,529
Other payables and accruals	-	24,523	24,523
	<u>7,578</u>	<u>24,523</u>	<u>32,101</u>
Contractual cash out flows	<u>7,578</u>	<u>24,523</u>	<u>32,101</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 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets at fair value through profit or loss:				
- Quoted securities	28,096,931	-	-	28,096,931

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 period ended 31 December 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 FEE

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

For the financial period ended 31 December 2012, the Trustee 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 31 December 2012, 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. TAXATION

	01.10.2012 to 30.12.2012 RM	01.10.2011 to 31.12.2011 RM
Current taxation- foreign	<u>781</u>	<u>(982)</u>

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

	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
Profit/(loss) before taxation	<u>2,978,657</u>	<u>922,153</u>
Taxation at Malaysian statutory rate of 25%	744,664	230,538
Tax effects of:		
Income not subject to tax	-	(231)
Net realised loss/(gain) of investment subject to tax/(not subject to tax)	9,357	43,782
Unrealised loss on value of investment not subject to Tax	(777,083)	(290,312)
Net gain on foreign exchange currency subject to tax	4,651	5,361
Expenses not deductible for tax purposes	12,216	6,975
Restriction on tax deductible expenses for exchange traded funds	8,148	2,905
Lower tax rate in foreign jurisdiction	(1,172)	-
Taxation	<u>781</u>	<u>(982)</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2012 RM	31.12.2011 RM
Designated at fair value through profit or loss at inception		
- Foreign quoted shares	<u>28,096,931</u>	<u>11,728,727</u>
	01.10.2012 to 31.12.2012	01.10.2011 to 31.12.2011
Net gain / (loss) on financial assets at fair value through profit or loss		
- Realised loss on disposals	(37,427)	(175,128)
- Change in unrealised fair value gain / (loss)	3,108,331	5,853
	<u>3,070,904</u>	<u>(169,275)</u>

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

As at 31.12.2012	Quantity	Aggregate cost RM	Market value RM	Percentage of net asset value %
Agricultural Bank of China	756,000	1,046,288	1,142,267	4.07
Anhui Conch Cement Corporation Ltd	49,500	495,713	550,683	1.96
Bank of China Ltd	1,233,000	1,620,215	1,683,008	5.99
Bank of Communication Corporation	387,000	967,068	891,602	3.17
China CITIC Bank Corporation Ltd	418,500	728,744	759,452	2.70
China Coal Energy Corporation Ltd	157,500	555,421	523,166	1.86
China Construction Bank Corporation	1,012,500	2,400,448	2,484,462	8.84
China Life Insurance Corporation	117,000	1,219,091	1,167,759	4.16
China Merchants Bank	144,000	927,600	971,417	3.46
China Minsheng Banking Corporation Ltd	220,500	588,000	779,406	2.77
China Mobile Ltd	76,500	2,538,177	2,723,677	9.69
China Overseas Land & Investment Ltd	121,500	950,889	1,107,223	3.94
China Pacific Insurance	103,500	1,079,242	1,169,801	4.16
China Petroleum & Chemical Corporation (SINOPEC)	319,500	906,991	1,106,655	3.94
China Shenhua Energy Company Ltd	85,500	1,043,204	1,145,125	4.08
China Telecom Corporation Ltd	594,000	1,009,973	1,009,975	3.59
China Unicom	225,000	1,092,824	1,102,430	3.92
Citic Securities Corporation Ltd	22,500	152,865	173,975	0.62
CNOOC Ltd	288,000	1,747,737	1,906,477	6.78
Industrial and Commercial Bank of China Ltd	1,021,500	2,110,203	2,216,400	7.89
Petrochina Corporation Ltd	256,500	1,003,718	1,111,058	3.95
PICC Property and Casualty Company Ltd	135,000	562,824	578,377	2.06
Ping An Insurance Group Corporation of China Ltd	45,000	1,190,696	1,152,137	4.10
Yanzhou Coal Mining Corporation Ltd	72,000	508,512	364,139	1.30
Zijin Mining Group Corporation Ltd	229,600	315,041	276,260	0.98
TOTAL QUOTED INVESTMENTS	8,091,100	26,761,484	28,096,931	99.98
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,644,178		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(308,731)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		28,096,931		

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

As at 31.12.2011	Quantity	Aggregate cost RM	Market value RM	Percentage of net asset value %
Agricultural Bank of China	346,500	551,029	472,877	4.03
Air China Ltd	42,000	151,463	98,505	0.84
Aluminium Corporation Of China Ltd	75,600	190,791	104,409	0.89
Anhui Conch Cement Corporation Ltd	27,300	269,869	257,118	2.19
Bank of China Ltd	602,700	873,276	704,313	6.00
Bank of Communication Corporation	178,500	543,585	396,038	3.37
China CITIC Bank Corporation Ltd	231,000	457,857	412,469	3.51
China Coal Energy Corporation Ltd	84,000	352,985	287,622	2.45
China Construction Bank Corporation	470,400	1,223,960	1,041,753	8.88
China Life Insurance Corporation	58,800	720,196	461,293	3.93
China Merchants Bank	73,500	557,885	471,504	4.02
China Minsheng Banking Corporation Ltd	84,000	224,450	230,990	1.97
China Mobile Ltd	37,800	1,208,460	1,172,282	9.99
China Pacific Insurance	37,800	467,228	341,336	2.91
China Petroleum & Chemical Corporation (SINOPEC)	142,800	371,553	476,704	4.06
China Shenhua Energy Company Ltd	35,700	428,583	491,582	4.19
China Telecom Corporation Ltd	245,700	388,377	443,737	3.78
China Unicom	71,400	324,057	476,704	4.06
CNOOC Ltd	142,800	826,113	792,367	6.75
Industrial and Commercial Bank of China Ltd	493,500	1,134,196	929,579	7.92
Petrochina Corporation Ltd	126,000	464,853	497,846	4.24
PICC Property and Casualty Company Ltd	75,600	338,842	324,347	2.76
Ping An Insurance Group Corporation of China Ltd	21,000	627,619	439,327	3.74
Yanzhou Coal Mining Corporation Ltd	37,800	372,482	256,079	2.18
Zijin Mining Group Corporation Ltd	124,000	189,159	147,946	1.26
TOTAL QUOTED INVESTMENTS	3,866,200	13,258,868	11,728,727	99.92
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(1,648,652)		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		118,511		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		11,728,727		

9. CASH AND CASH EQUIVALENTS

	31.12.2012	31.12.2011
	RM	RM
Bank balances in a licensed bank	<u>58,139</u>	<u>18,334</u>

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

	31.12.2012	31.12.2011
	RM	RM
- Ringgit Malaysia	4,104	16,881
- Hong Kong Dollar	<u>54,035</u>	<u>1,453</u>
	<u>58,139</u>	<u>18,334</u>

10. OTHER PAYABLES AND ACCRUALS

	31.12.2012	31.12.2011
	RM	RM
Provision for audit fee	7,102	9,852
Provision for tax agent fee	3,213	4,512
Other accruals	<u>16,213</u>	<u>10,159</u>
	<u>26,528</u>	<u>24,523</u>

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

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

	Note	31.12.2012	31.12.2011
		RM	RM
Unit holders' contribution	(a)	27,035,385	13,476,255
Accumulated profit/(losses)		1,066,874	(1,738,341)
		<u>28,102,874</u>	<u>11,737,914</u>

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	31.12.2012		31.12.2011	
	No of units	RM	No of units	RM
At the beginning of the financial period	17,550,000	14,838,913	13,650,000	10,814,779
Add: Creations arising from application	11,700,000	10,285,470	-	-
Less: Cancellation of units	-	-	-	-
Total comprehensive income for the financial period	-	2,977,876	-	923,135
At end of the financial period	<u>29,250,000</u>	<u>28,102,259</u>	<u>13,650,000</u>	<u>11,737,914</u>
Approved size of the Fund	<u>500,000,000</u>		<u>500,000,000</u>	

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 31 December 2012 the number of units not yet issued is 470,750,000 (31.12.2011: 486,350,000).

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 31 December 2012.

12. MANAGEMENT EXPENSE RATIO (“MER”)

	01. 10.2012 to 31.12.2012	01.10.2011 to 31.12.2011
MER	0.33	0.37

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 period calculated on daily basis is RM 24,566,421 (31.12.2011: RM 11,677,640)

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.10.2012 to 31.12.2012	01.10.2011 to 31.12.2011
PTR (times)	0.26	0.06

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period	=	RM 11,395,981 (31.12.2011: RM 692,411)
total disposal for the financial period	=	RM 1,146,930 (31.12.2011: RM 691,553)

14. UNITS HELD BY THE MANAGER AND RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Berhad	The Manager
CIMB Group Sdn Berhad	Holding company of the Manager
CIMB Group Holdings Berhad ("CIMB")	Ultimate holding company of the Manager
CIMB Bank Berhad	Fellow subsidiary to the Manager
CIMB Investment Bank Berhad	Fellow subsidiary 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.

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers for the financial period ended 31 December 2012 are as follows:

	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
Brokers/dealers	RM	%	RM	%
BNP Paribas Securities Ltd	9,094,235	72.39	6,311	71.63
China International Capital Corporation HK Securities Ltd	39,771	0.32	99	1.13
CIMB Securities Ltd #	3,428,181	27.29	2,400	27.24
	<u>12,562,187</u>	<u>100.00</u>	<u>8,810</u>	<u>100.00</u>

Details of transactions with all brokers for the financial period ended 31 December 2011 are as follows:

	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
Brokers/dealers	RM	%	RM	%
Credit Suisse Sec (HK) Pte Ltd	1,321,934	95.52	2,041	92.90
China International Capital Corporation HK Securities Ltd	62,030	4.48	156	7.10
	<u>1,383,964</u>	<u>100.00</u>	<u>2,197</u>	<u>100.00</u>

Included in transactions by the Fund are trades conducted on normal terms with CIMB Securities Ltd a company related to the Manager amounting to RM 3,428,181.

16. 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.

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