

CIMB FTSE CHINA 25

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD ENDED 1 JANUARY 2012 TO 31 MARCH 2012

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INVESTOR LETTER

Dear Valued Investors,

We invite you to celebrate with us!

CIMB-Principal Asset Management has won the **Overall 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 Asian Investor 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

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

Fund category/ type

Exchange-traded fund / Equity / Index Tracking.

How long should you invest for?

Recommended 3 to 5 years.

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

High.

When was the Fund launched?

9 July 2010*

What was the size of the Fund as at 31 March 2012?

RM 11.97 million (13.65 million units).

What is the Fund's benchmark?

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

What is the fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial period ended 31 March 2012?

No distribution was declared for the period ended 31 March 2012.

* Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	31.03.2012	31.03.2011
	%	%
Sector		
Quoted investments	99.92	99.90
Liquid assets and others	0.08	0.10
	<u>100.00</u>	<u>100.00</u>

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

	31.03.2012	31.03.2011
Net Asset Value (RM million)	11.97	20.32
Units In circulation (Million)	13.65	19.50
Net Asset Value per Unit (RM)	0.8772	1.0421
Highest NAV per Unit (RM)	0.9538	1.0624
Lowest NAV per Unit (RM)	0.8595	0.9679
Market Price per Unit (RM)	0.8800	1.0400
Highest Market Price per Unit (RM)	0.9550	1.1565
Lowest Market Price per Unit (RM)	0.8600	0.9679
Total return (%) ^	2.01	1.61
-capital growth (%)	2.01	1.61
-income growth (%)	-	-
Management Expenses Ratio (%)	0.26	0.88
Portfolio Turnover Ratio (times) #	0.02	0.09

(Launch date : 9 July 2010)

For the period under review, the portfolio turnover ratio reduced to 0.02 times from 0.09 times as there were less trading activities within the Fund.

Period	Total return (%)	Annualised (%)
- Since inception (SI)^	(13.44)	(8.01)
- One year	(15.82)	(15.82)
- Benchmark SI	(11.62)	(6.90)
	01.04.2011 to 31.03.2012	Since inception to 31.03.2011
	(%)	(%)
Annualised return^ (%)	(15.82)	3.92

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures have been verified by Mercer (Malaysia) Sdn Bhd, (35090-H).

MARKET REVIEW (1 January to 31 March 2012)

Chinese equities made flying start in 2012 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 and as China's annual inflation rate hit a three-month high. Sentiments were then uplifted after People's Bank of China (PBoC) implemented policy easing with a 50 bps cut to banks' reserve requirement ratio in February. The rally in January and February changed course in March. Investors' sentiments were put off on news that China is expecting economic growth to slowdown this year, with the Chinese Premier Wen Jiabao cut his nation's 2012 growth target to an eight-year low of 7.50% in 2012. Investors' optimism continued to run low on worries that China may not relax their housing policies. Chinese equities further declined underpinned by downbeat comments on China's growth which illustrated further slowdown to the Chinese economy. China's March trade balance is RMB 5.4 billion surplus mainly due to much slower import growth, indicating a weak economy in the first quarter of 2012. However, the latest China's official PMI number in March is 53.1, significantly higher than in February (51.0) indicating less contraction.

FUND PERFORMANCE

	3 months to 31.03.2012 (%)	1 year to 31.03.2012 (%)	Since Inception to 31.03.2012 (%)
Income	-	-	-
Capital [^]	2.01	(15.82)	(13.44)
Total Return [^]	2.01	(15.82)	(13.44)
Annualised Return [^]	8.22	(15.82)	(8.02)
Benchmark	2.25	(16.18)	(11.62)
Market Price per Unit	1.15	(15.38)	(13.73)

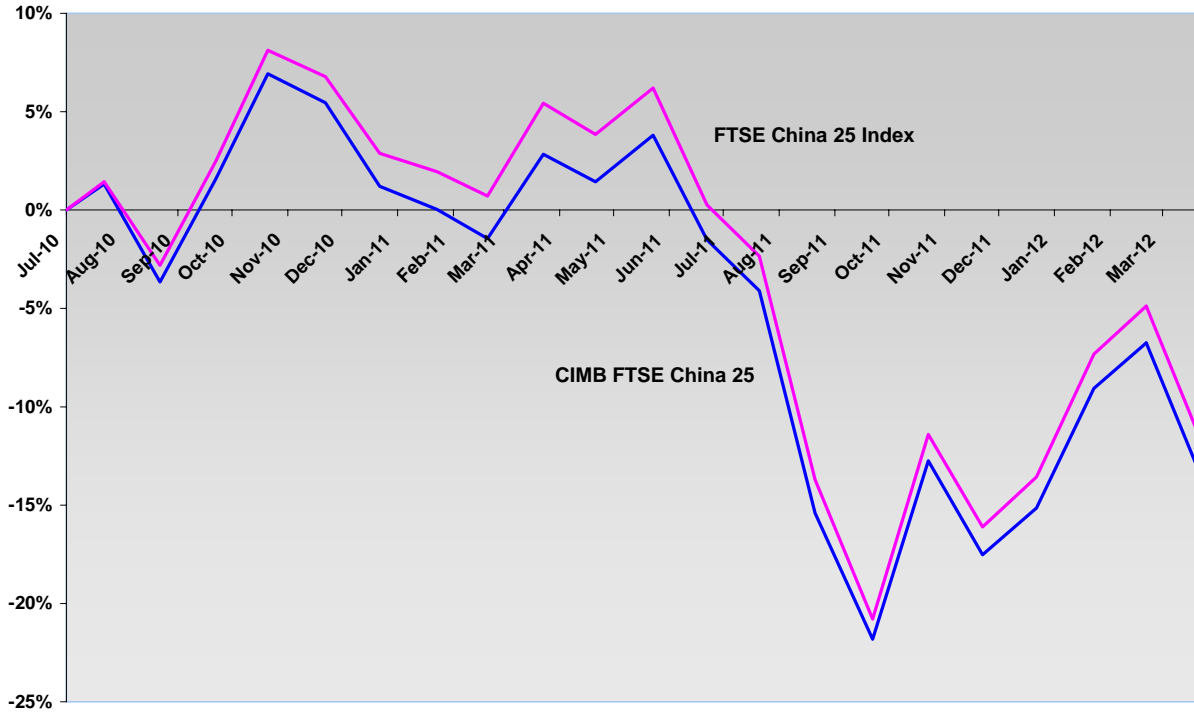
[^] Based on NAV per Unit

For the period under review, the Fund gained 2.01% while the benchmark gained 2.25%.

There were some minor adjustments to the weighting of the Fund following the quarterly review changes of the benchmark in March. However, no new names were added into the Fund as there was no replacement on the list of shares in the benchmark.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 0.8800, an increase of 1.15% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value (“NAV”)

	31.03.2012	31.03.2011	% changes
Net Asset Value per Unit (RM)	0.8772	1.0421	(15.82)
Net Asset Value (RM million)	11.97	20.32	(41.09)

For the 1-year period, the total NAV fell by 41.09% while the NAV per unit fell by 15.82%. The fall in the total NAV was attributable to fund redemptions and investment performance while the fall in NAV per unit was mainly attributable to investment performance.

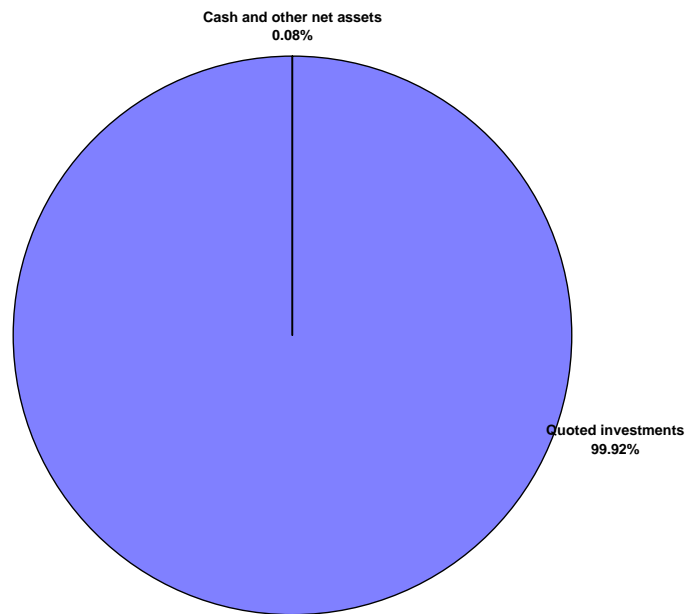
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.03.2012	31.03.2011
Quoted investments	99.92	99.90
Cash and other net assets	0.08	0.10
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

China market will continue to range trade either between economy slowing down and the expectation of government loosening, or that the economy will not slow down as worse as expected and hence further loosening from government may not happen. We believe the run up in April so far is mainly because of the hope of loosening, as new loans for March reached RMB1 trillion which is much higher than expected. However, this could be merely a continuation of planned projects for example, the suspended railway projects and the water/electricity utility related projects which is in line with what Premier Wen Jiabao has mentioned in two meeting sessions. The latest official PMI in March is relatively high in the expansion phase. Hence, in our view, further loosening is remote, unless EU crisis worsen.

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 March 2012 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	142	0.39	2.86
5,001 to 10,000	75	0.66	4.84
10,001 to 50,000	82	2.16	15.82
50,001 to 500,000	29	3.69	27.03
500,001 and above	7	6.75	49.45
	<u>335</u>	<u>13.65</u>	<u>100.00</u>

SOFT COMMISSIONS AND REBATES

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

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

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

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

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 11 to 38 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 March 2012 and of its financial performance, changes in equity and cash flows of the Fund for the financial period ended on that date in accordance with Financial Reporting Standards.

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

John Campbell Tupling
Chief Executive Officer/Director

Datuk Noripah Kamso
Director

Kuala Lumpur
15 May 2012

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 1 JANUARY 2012 TO 31 MARCH 2012

	Note	01.01.2012 to 31.03.2012 RM	01.01.2011 to 31.03.2011 RM
INCOME			
Net gain on financial assets at fair value through profit or loss	9	745,520	857,496
Net foreign currency exchange loss	4	(475,799)	(358,780)
		269,721	498,716
LESS: EXPENSES			
Management fee	5	18,636	29,315
Trustee and custodian fee	6	5,109	11,924
Transaction cost		2,212	-
Audit fee		6,233	1,392
Tax agent fee		748	-
Administration expenses		1,575	132,268
		34,513	174,899
PROFIT BEFORE TAXATION		235,208	323,817
TAXATION	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		235,208	323,817
Profit after taxation is made up as follows:			
Realised amount		(33,784)	(413,772)
Unrealised amount		268,992	737,589
		235,208	323,817

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	31.03.2012 RM	31.03.2011 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	11,963,571	20,300,629
Cash and cash equivalents	10	37,020	301,101
Amount due from broker		13,091	-
		<hr/>	<hr/>
TOTAL ASSETS		12,013,682	20,601,730
		<hr/>	<hr/>
CURRENT LIABILITIES			
Accrued management fee		6,284	10,059
Amount due to trustee		1,529	1,529
Other payables and accruals	11	32,747	268,219
		<hr/>	<hr/>
TOTAL LIABILITIES		40,560	279,807
		<hr/>	<hr/>
NET ASSET VALUE OF THE FUND	12	11,973,122	20,321,923
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Unitholders' capital		13,476,255	19,618,430
Retained earnings		(1,503,133)	703,493
		<hr/>	<hr/>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	12	11,973,122	20,321,923
		<hr/> <hr/>	<hr/> <hr/>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	13,650,000	19,500,000
		<hr/> <hr/>	<hr/> <hr/>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)	12	0.8772	1.0421
		<hr/> <hr/>	<hr/> <hr/>

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
FOR THE FINANCIAL PERIOD ENDED 1 JANUARY 2012 TO 31 MARCH 2012**

	Note	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2012		13,476,255	(1,738,341)	11,737,914
Total comprehensive income for the financial period		-	235,208	235,208
Balance as at 31 March 2012	12	13,476,255	(1,503,133)	11,973,122
Balance as at 1 January 2011		19,618,430	379,676	19,998,106
Total comprehensive income for the financial period		-	323,817	323,817
Balance as at 31 March 2011	12	19,618,430	703,493	20,321,923

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 1 JANUARY 2012 TO 31 MARCH 2012**

	Note	01.01.2012 to 31.03.2012 RM	01.01.2011 to 31.03.2011 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		291,038	1,879,856
Purchase of investments		(247,051)	(1,715,605)
Trustee and custodian fee paid		(4,488)	(4,439)
Management fee paid		(18,400)	(29,686)
Payments for other fees and expenses		(2,067)	(10,229)
		<hr/>	<hr/>
Net cash inflow from operating activities		19,032	119,897
		<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	-
Payments for cancellation of units		-	-
		<hr/>	<hr/>
Net cash outflow from financing activities		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		19,032	119,897
Effect of unrealised foreign exchange		(346)	(3,373)
Cash and cash equivalents at the beginning of the financial period		18,334	184,577
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	10	37,020	301,101
		<hr/> <hr/>	<hr/> <hr/>

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 JANUARY 2012 TO 31 MARCH 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 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 subject to the SC Guidelines on Exchange Traded Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The Manager, a company incorporated in Malaysia, is a wholly-owned subsidiary of CIMB Group Sdn. Bhd. and regards CIMB Group Holdings Bhd 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 applied 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") in Malaysia, the MASB approved accounting standards in Malaysia for entities other than private entities and the SC Guidelines on Exchange Traded Funds.

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.

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(n).

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 2011 are as follows:

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective 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 January 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 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 2013) 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.

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 quoted securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents and amount due from broker.

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

The Fund classifies accrued management fee, amount due to trustee and other payables and accruals as 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 profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities

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.

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

Quoted securities 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.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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 interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities

Recognition and measurement (continued)

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

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

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) Functional and presentation currency

Functional and presentation currency

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

(d) Income recognition

Profit income earned from deposits is recognised based on effective interest rate method on an accrual basis.

Dividend income is recognised on the ex-dividend date.

Realised gain or loss on disposal of quoted investments is calculated based on sales proceeds less cost of quoted investments which is determined on a weighted average cost basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Creation and cancellation of units

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

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

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

(h) Distribution

Distributions are at the discretion of the Fund Manager. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Board of Directors of the Manager.

(i) Proceeds and payments on creation and cancellation of units

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unitholders can redeem the units from the Fund.

(j) Transaction costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, 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:

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
As at 31.03.2012			
Financial assets at fair value through profit or loss (Note 9)	11,963,571	-	11,963,571
Cash and cash equivalents (Note 10)	-	37,020	37,020
Amount due from broker	-	13,091	13,091
	11,963,571	50,111	12,013,682
As at 31.03.2011			
Financial assets at fair value through profit or loss (Note 9)	20,300,629	-	20,300,629
Cash and cash equivalents (Note 10)	-	301,101	301,101
	20,300,629	301,101	20,601,730

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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.

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

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

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.

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 (inclusive of price risk, interest rate risk and currency risk), credit risk, liquidity risk, country risk, passive investment, tracking error 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 in the prospectus and the SC Guidelines on Exchange Traded Fund.

(a) Market risk

Any purchase of securities will involve an element of risk. The value of securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The market risk is managed through portfolio diversification and asset allocation whereby the equity exposure will be reduced in the event of anticipated market weakness.

(i) Price risk

This is the risk that the fair value of equity securities of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

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

	31.03.2012	31.03.2011
	RM	RM
Quoted securities designated at fair value through profit or loss	11,963,571	20,300,629

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of FTSE China 25 Index at the end of each reporting period.

The analysis is based on the assumptions that the Underlying Index fluctuates by 18.80%, which is the standard deviation of the daily fluctuation of the Underlying Index from the date of constitution of the Fund to 31 March 2012, 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 or 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	Market value	Change in net asset value
	RM	RM
31.03.2012		
18.80%	14,212,722	2,249,151
-18.80%	9,714,420	(2,249,151)
31.03.2011		
18.80%	24,117,147	3,816,518
-18.80%	16,484,111	(3,816,518)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment in collective investment schemes and its return will fluctuate because of changes in market interest rates.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. The Fund's investments in deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investor should be aware that if the Malaysian Ringgit appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the fund and vice versa. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the investment. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments foreign assets due to the volatile nature of the foreign exchange market. The Manager or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when its deemed necessary.

The following table sets out the foreign currency risk concentrations of the Fund at the end of each reporting period:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents and Amount due from brokers RM	Total RM
31.03.2012			
HKD	11,963,571	42,704	12,006,275
	<u>11,963,571</u>	<u>42,704</u>	<u>12,006,275</u>
31.03.2011			
HKD	20,300,629	282,305	20,582,934
	<u>20,300,629</u>	<u>282,305</u>	<u>20,582,934</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk

(iii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's investments and cash and cash equivalent's fair value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 6.20%, which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR from the date of constitution of the Fund to 31 March 2012, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any fluctuation in foreign exchange rate will result in a corresponding increase/decrease in the net assets attributable to unit holders by approximately 6.20%.

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

	Change in foreign exchange rate	Impact on net asset value / profit before tax
31.03.2012	%	RM
HKD	+6.20%	744,389
HKD	-6.20%	(744,389)
	<u> </u>	<u> </u>
31.03.2011	%	RM
HKD	+6.20%	1,276,142
HKD	-6.20%	(1,276,142)
	<u> </u>	<u> </u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

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

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

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

Industry	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from broker	Total
As at 31.03.2012	RM		RM	RM
Financial Services	4,751,763	37,020	-	4,788,783
Utilities	4,197,067	-	13,091	4,210,158
Telecommunication/ Services	2,217,929	-	-	2,217,929
Industrial	532,319	-	-	532,319
Materials	264,493	-	-	264,493
	<u>11,963,571</u>	<u>37,020</u>	<u>13,091</u>	<u>12,013,682</u>
As at 31.03.2011				
Financial Services	8,243,529	301,101	-	9,926,814
Utilities	8,085,045	-	-	4,935,065
Telecommunication/ Services	3,337,860	-	-	1,754,121
Industrial	-	-	-	1,647,206
Materials	634,195	-	-	1,583,739
Total	<u>20,300,629</u>	<u>301,101</u>	<u>-</u>	<u>20,601,730</u>

All financial assets of the Fund as at 31 March 2012 are neither past due nor impaired. As at 31 March 2012, 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 table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
As at 31.03.2012			
Accrued management fee	6,284	-	6,284
Amount due to trustee	1,529	-	1,529
Other payables and accruals	-	32,747	32,747
	7,813	32,747	40,560
Contractual cash out flows	7,813	32,747	40,560
As at 31.03.2011			
Accrued management fee	10,059	-	10,059
Amount due to trustee	1,529	-	1,529
Other payables and accruals	-	268,219	268,219
	11,588	268,219	279,807
Contractual cash out flows	11,588	268,219	279,807

(d) Tracking error risk

Changes in the NAV of the Fund are unlikely to replicate the exact changes in the Benchmark Index. This is due to, among other things, the fees and the expenses payable by the Fund and transaction fees and stamp duty incurred in adjusting the composition of the Fund's portfolio because of the changes in the Benchmark Index and dividends received, but not distributed, by the Fund. In addition, as a result of the unavailability of Index securities, the transaction costs in making an adjustment or for certain other reasons, there may be timing differences between changes in the Benchmark Index and the corresponding adjustment to the shares which comprise the Fund's portfolio.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign security risks

The Fund invests entirely within or relates within or relates to the equity markets of a single country. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. The principal risk factors, which could decrease the value of the investor's investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflations; and
- greater social, economic, and political uncertainty and the risk of nationalisation or expropriation of assets and risk of war or terrorism.

(f) 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.

(g) 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 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 unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(h) 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Fair value estimation (continued)

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 recognized 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.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

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)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Fair value estimation (continued)

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

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

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

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value at 31 March 2012:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
- Quoted securities	11,963,571	-	-	11,963,571

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, exchange traded funds and exchange traded derivatives. Investment in collective investment schemes, i.e. unit trust funds whose values are based on published prices in active markets is also classified within Level 1. 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. NET FOREIGN CURRENCY EXCHANGE LOSS

Breakdown of net foreign exchange loss for the financial period was as follows;

	01.01.2012	01.01.2011
	to	to
	31.03.2012	31.03.2011
	RM	RM
Realised foreign exchange loss	(8,826)	(92,983)
Unrealised foreign exchange loss	(466,973)	(265,797)
	<u>(475,799)</u>	<u>(358,780)</u>

5. 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 March 2012, the management fee is recognised at a rate of 0.60% per annum (31.03.2011: 0.60% per annum).

There will be no further liability to the Manager, other than amounts recognised above.

6. TRUSTEE AND CUSTODIAN FEE

In accordance with Clause 15.2 of the Deed, the Trustee is entitled to a fee not exceeding 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 March 2012, the trustee and custodian fee is recognised at a rate of 0.08% per annum (31.03.2011: 0.08% per annum).

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

7. LICENSE FEE

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

For the financial period ended 31 March 2012, the License fee is recognised at a rate of 0.04% per annum (31.03.2011: 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.

8. TAXATION

	01.01.2012	01.01.2011
	to	to
	31.03.2012	31.03.2011
	RM	RM
Tax charge for the financial period:		
Current taxation - foreign	-	-

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

	01.01.2012	01.01.2011
	to	to
	31.03.2012	31.03.2011
	RM	RM
Profit before taxation	235,208	323,817
Taxation at Malaysian statutory rate of 25% (31.03.2011: 25%)	58,802	80,954
Tax effects of:		
Income not subject to tax	-	-
Net realised (loss) on sale of investments not subject to tax	(67,431)	(124,678)
Expenses not deductible for tax purposes	1,851	2,985
Restriction on tax deductible expenses for exchange traded funds	6,778	40,739
Taxation	-	-

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.2012	31.03.2011
	RM	RM
Designated at fair value through profit or loss		
- Quoted investments	11,963,571	20,300,629
	01.03.2012	01.03.2011
	to	to
	31.03.2012	31.03.2011
	RM	RM
Net gain on financial assets at fair value through profit or loss		
- Realised gain/(loss) on disposals	9,556	(145,890)
- Change in unrealised fair value gain	735,964	1,003,386
	745,520	857,496

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

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31.03.2012				
Agricultural Bank of China	346,500	551,029	454,731	3.80
Air China Limited	42,000	151,463	89,051	0.74
Aluminium Corporation of China Limited	75,600	190,791	111,429	0.93
Anhui Conch Cement Company Limited	27,300	269,869	264,670	2.21
Bank of China Limited	588,000	851,977	725,317	6.06
Bank of Communications Company Limited	178,500	543,585	412,936	3.45
China Citic Bank Corporation Limited	226,800	449,532	417,413	3.49
China Coal Energy Company Limited	84,000	352,985	288,339	2.41
China Construction Bank Corporation	455,700	1,185,711	1,077,548	9.00
China Life Insurance Company Limited	60,900	737,284	483,614	4.04
China Merchants Bank Company Limited	73,500	557,885	459,986	3.84
China Minsheng Banking Corporation Limited	84,000	224,450	232,724	1.94
China Mobile Limited	37,800	1,208,460	1,272,947	10.63
China Pacific Insurance Group Company Limited	35,700	437,102	338,368	2.83
China Petroleum & Chemical Corporation (Sinopec)	142,800	371,553	476,107	3.98
China Shenhua Energy Company Limited	37,800	457,434	487,876	4.07
China Telecom Corporation Limited	287,700	462,673	487,545	4.07
China Unicom	88,200	411,627	457,437	3.82
CNOOC Limited	130,200	753,221	818,937	6.84
Industrial And Commercial Bank of China Limited	483,000	1,110,064	953,655	7.96
Petrochina Company Limited	111,300	410,620	481,619	4.02
PICC Property And Casualty Company Limited	73,500	329,430	267,649	2.24
Ping An Insurance (Group) Company of China Limited	21,000	627,619	485,807	4.06
Yanzhou Coal Mining Company Limited	39,900	386,681	264,802	2.21
Zijin Mining Group Company Limited	126,100	191,768	153,064	1.28
TOTAL QUOTED INVESTMENTS	3,857,800	13,224,813	11,963,571	99.92
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(912,689)		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(348,553)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		11,963,571		

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

	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of net asset value %
As at 31.03.2011				
Agricultural Bank of China	450,000	727,773	771,177	3.79
Air China Limited	99,000	362,880	276,994	1.36
Aluminium Corporation of China Limited	120,000	303,045	345,077	1.70
Bank of China Limited	729,000	1,182,224	1,226,643	6.04
Bank of Communications Company Limited	228,000	785,137	758,423	3.73
Chin Minsheng Banking Corporation Limited	120,000	319,564	333,419	1.64
China Citic Bank Corporation Limited	270,000	562,360	593,859	2.92
China Coal Energy Company Limited	123,000	523,515	506,657	2.49
China Construction Bank Corporation	720,000	1,874,615	2,039,684	10.04
China Cosco Holdings Company Limited	75,000	246,702	231,994	1.14
China Life Insurance Company Limited	66,000	914,851	748,910	3.69
China Merchants Bank Company Limited	93,000	736,440	778,813	3.83
China Mobile Limited	63,000	2,033,339	1,754,121	8.63
China Pacific Insurance Group Company Limited	52,500	655,409	667,129	3.28
China Petroleum & Chemical Corporation (Sinopec)	258,000	668,641	782,018	3.85
China Railway Group Limited	126,000	277,744	245,797	1.21
China Shenhua Energy Company Limited	60,000	716,144	854,531	4.21
China Telecom Corporation Limited	450,000	695,514	830,633	4.09
China Unicom Hong Kong Limited	150,000	650,768	753,107	3.71
CNOOC Limited	201,000	1,172,880	1,530,929	7.53
Industrial and Commercial Bank of China Limited	660,000	1,549,858	1,656,835	8.15
Petrochina Company Limited	189,000	680,360	865,187	4.26
Ping An Insurance (Group) Company of China Limited	26,100	804,038	799,733	3.94
Yanzhou Coal Mining Company Limited	60,000	589,475	659,843	3.25
Zijin Mining Group Company Limited	120,000	275,308	289,118	1.42
	<u>5,508,600</u>	<u>19,308,584</u>	<u>20,300,629</u>	<u>99.90</u>
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(888,434)		
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,880,479</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>20,300,629</u></u>		

10. CASH AND CASH EQUIVALENTS

	31.03.2012	31.03.2011
	RM	RM
Bank balance	37,020	301,101

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

	31.03.2012	31.03.2011
	RM	RM
- RM	7,406	18,796
- HKD	29,614	282,305
	37,020	301,101

11. OTHER PAYABLES AND ACCRUALS

	31.03.2012	31.03.2011
	RM	RM
Provision for audit fee	16,085	23,608
Provision for tax agent fee	5,261	2,235
Other accruals	11,401	242,376
	32,747	268,219

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

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

	Note	31.03.2012	31.03.2011
		RM	RM
Unit holders' contribution		13,476,255	19,618,430
Retained earnings		(1,503,133)	703,493
	(a)	11,973,122	20,321,923

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

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	31.03.2011		31.03.2011	
	No of units	RM	No of units	RM
At the beginning of the financial period	13,650,000	11,737,914	19,500,000	19,998,106
Add: Creations arising from application during the financial period	-	-	-	-
Less: Cancellation of units during the financial period	-	-	-	-
Total comprehensive income for the financial period	-	235,208	-	323,817
At end of the financial period	<u>13,650,000</u>	<u>11,973,122</u>	<u>19,500,000</u>	<u>20,321,923</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 March 2012, the number of units not yet issued is 486,350,000 (31.03.2011:480,500,000).

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

13. MANAGEMENT EXPENSE RATIO ("MER")

	01.01.2012 to 31.03.2012	01.01.2011 to 31.03.2011
MER	<u>0.26</u>	<u>0.88</u>

MER is derived based on the following calculation:

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

A	=	Trustee and custodian fee
B	=	Audit fee
C	=	Tax agent fee
D	=	Other expenses
E	=	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 12,457,203 (31.03.2011: RM 19,827,492)

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2012 to 31.03.2012	01.01.2011 to 31.03.2011
PTR (times)	0.02	0.09
	<u> </u>	<u> </u>

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 246,424 (31.03.2011: RM 1,715,605)

total disposal for the financial period = RM 281,588 (31.03.2011: RM 1,879,855)

15. 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-Principal Asset Management (S) Pte. Ltd.	Investment Adviser of the Fund
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Berhad (“CIMB”)	Ultimate holding company of the Manager
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

Units held by the Manager and parties related to the Manager

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

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

16. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CITI Group	514,922	97.52	1,053	95.70
China International Capital Corporation	13,090	2.48	47	4.30
	<u>528,012</u>	<u>100.00</u>	<u>1,100</u>	<u>100.00</u>

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

Brokers/dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CITI Group	1,876,965	52.21	2,970	32.81
CLSA Group	909,039	25.28	3,243	35.82
China International Capital Corporation	673,408	18.73	2,416	26.68
UOB Kay Hian Securities PT	136,048	3.78	425	4.69
	<u>3,595,460</u>	<u>100.00</u>	<u>9,054</u>	<u>100.00</u>

17. SEGMENT INFORMATION

The Fund is designed to provide investment results that 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 located in Malaysia. The Committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit and dividend income earned from investments and gains on the appreciation in the value of investments

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

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