CIMB FTSE CHINA 25

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD ENDED 1 JULY 2013 TO 30 SEPTEMBER 2013

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INVESTOR LETTER

CIMB-Principal Asset Management Berhad ("CIMB Principal") was recently awarded the Asian Investor 2013 Investment Performance Award for Asian Fund House of the Year. This prestigious award is granted to the best overall fund house headquartered in Asia Pacific, recognised for a combination of business strategy, execution, investment performance, asset gathering, innovation and success.

Being deemed the 'Best Asian Fund House' is a confirmation of our efforts as Asian investment manager. This regional recognition of our performance and capabilities also demonstrates our success in pursuing our strategy towards offering products, services and solutions that match the risk profile and investment appetite of our clients in the region.

In conjunction with the award presentation held on 2 July 2013, CIMB-Principal also shares its insights on the market outlook and investment strategy entitled, "The Asian Growth Story: More to Go?" with guests and media. During the talk, our Chief Investment Officer, ASEAN Region CIMB-Principal, Raymond Tang highlighted the fundamental opportunities in Asia. This was then followed by an in-house expert panel discussion that deeply explored our investment perspectives on the region. The discussion also touched and debated on the effects on a potential tapering of the quantitative easing programme. The discussion was concluded with a questions and answers session with the participants. Our panelists were (1) Raymond Tang; (2) Lee Heng Guie - Director, Economic Research, CIMB Investment Bank; and (3) Ken Goh, Chief Executive Officer, CIMB-Principal Asset Management (S) Pte Ltd.

On another note: As the second half of 2013 gets solid underway, it's the perfect time to evaluate your retirement plan. It is worth thinking about paying more now to have that little extra during your retirement years. If you are a member of PRS Plus, you're doing more for your retirement than most people. PRS Plus allows you to get the best bang for your savings. In addition to giving you the opportunity to earn potentially higher returns, the extra contributions made to PRS Plus are tax efficient savings for retirement. Contributing to PRS Plus can grant tax relief of up to RM3,000 per year* on a continuous basis for a period of 10 years from year assessment 2012. If you have not made a total contribution of RM3,000* to any PRS approved by the Securities Commission Malaysia ("SC") this year, it is a good time to maximise your PRS tax relief in this last quarter. Remember this unused tax credit will be lost forever.

Before signing off, I am pleased to announce that Puan Munirah Khairuddin has been promoted to Chief Executive Officer (CEO), CIMB-Principal, helming the business in Malaysia. Having joined the company in November 2006 and appointed as Deputy CEO in November 2008, the action formalises and reflects her business responsibilities in Malaysia. I have been re-designated as the CEO, ASEAN Region, focusing on the growth and competitiveness of our regional business.

Happy Investing!

Yours sincerely,
Pedro Esteban Borda
Executive Director / CEO, ASEAN Region
CIMB-Principal Asset Management Berhad

*Assuming that you do not contribute to deferred annuities

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 performance of the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund provided returns of 16.39% while the Benchmark Index gained 16.32%.

What are the Fund investment policy and its strategy?
A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy.

Replication Strategy

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

Representative Sampling Strategy

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

Fund category/ type
Exchange-traded fund / Equity / Index Tracking

How long should you invest for?
Recommended 3 to 5 years.

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

When was the Fund launched?
9 July 2010*

What was the size of the Fund as at 30 Sept 2013?
RM 36.48 million (37.05 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 30 Sept 2013?
No distribution was declared for the period ended 30 September 2013.

* Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	30.09.2013	30.09.2012	30.09.2011
	%	%	%
Sector			
Quoted investments	99.67	99.71	99.50
Liquid assets and others	0.33	0.29	0.50
	100.00	100.00	100.00

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

	30.09.2013	30.09.2012	30.09.2011
Net Asset Value (RM million)	36.48	14.84	10.82
Units In circulation (Million)	37.05	17.55	13.65
Net Asset Value per Unit (RM)	0.9846	0.8455	0.7923
Highest NAV per Unit (RM)	1.0243	0.8734	1.0106
Lowest NAV per Unit (RM)	0.8156	0.7940	0.7779
Market Price per Unit (RM)	0.9900	0.8500	0.7900
Highest Market Price per Unit (RM)	1.0250	0.8750	1.0150
Lowest Market Price per Unit (RM)	0.8200	0.7950	0.7650
Total return (%) ^	16.39	0.48	(20.62)
-capital growth (%)	16.39	0.48	(20.62)
-income growth (%)	-	-	-
Management Expenses Ratio (%)	0.23	0.34	0.35
Portfolio Turnover Ratio (times) #	0.17	0.22	0.09

(Launch date : 9 July 2010)

#In line with the nature of an exchange-traded fund, the portfolio's turnover ratio was minimal at 0.17 times for the quarter. Trading activities were mostly due to basket creations as well as portfolio rebalancing during the quarterly review of the Index.

	Total return	Annualised
Period	**(%)**	**(%)**
- Since inception (SI)^	(2.80)	(0.87)
- One year	16.49	16.49
- Benchmark SI	(5.94)	(1.88)

	01.10.2012 to 30.09.2013	01.10.2011 to 30.09.2012	Since inception to 30.09.2011
		(%)	(%)
Annual total return (%)	16.49	6.73	(21.82)

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 (1 July to 30 September 2013)

Chinese equities had an impressive quarter after a sharp sell-offs in the previous quarter. The rebound was led by positive remarks from Premier Li that the government would take the necessary action to keep real Gross Domestic Product (GDP) growth rate above 7%. The 2Q13 GDP came in at 7.5% versus 7.7% in 1Q13. The stock market was further lifted as the world's second-largest economy posted stronger manufacturing data on the back of its official purchasing managers' index (PMI) August reading of 51 (50.3 in July), the fastest expansion in over a year. The improved trade data also helped the stock market. At the same time, the delay in the implementation of the tapering of the quantitative easing in the US proved to be positive news for China.

The People's Bank of China (PBoC) removed the lower limit on lending rates offered by banks in the country which help lower companies' funding costs, as the government continued on its path of reform. China has also taken several measures to widen channels for foreign investors buying into mainland stocks, bonds and money market instruments. China expanded the Qualified Foreign Institutional Investor (QFII) quota to USD 150billion from current USD 80billion, permitting greater foreign portfolio inflows. At the same time, China introduced a Renminbi Qualified Foreign Institutional Investor (RQFII) scheme to Singapore and London, permitting Renminbi (RMB) flows from these offshore markets to the on-shore markets. The scheme is currently available only through designated institutions in Hong Kong.

FUND PERFORMANCE

	3 months to 30.09.2013 (%)	1 year to 30.09.2013 (%)	Since Inception to 30.09.2013 (%)
Income	-	-	-
Capital^	16.39	16.49	(2.80)
Total Return^	16.39	16.49	(2.80)
Annualised Return^	81.43	16.49	(0.87)
Benchmark	16.32	13.75	(5.94)
Market Price per Unit	15.79	16.47	(2.94)

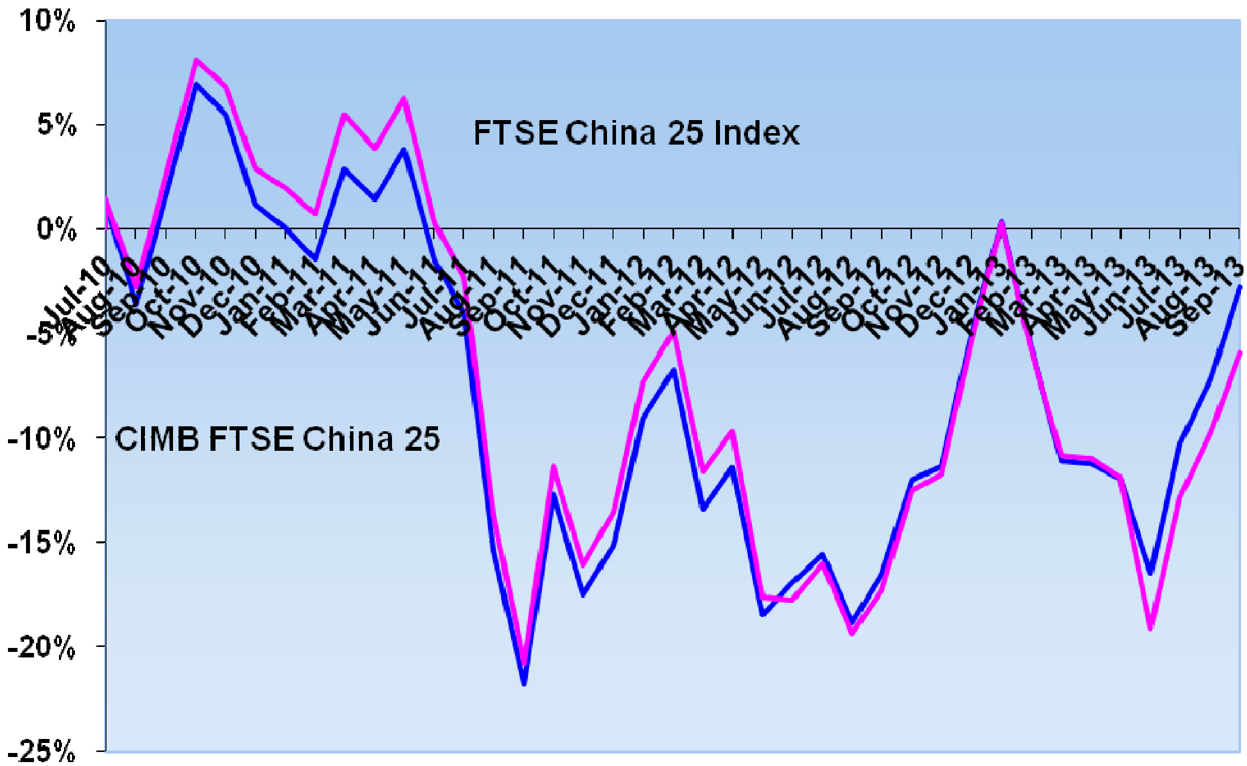
^ Based on NAV per Unit

For the period under review, the Fund gained 16.39% in line with the benchmark gains of 16.32%.

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. People's Insurance Company (Group) of China (H) was included in the Fund to replace China Coal Energy (H).

The last available published market price of the Fund quoted on Bursa Malaysia was RM 0.99. This represents an increase of 16.47% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value ("NAV")

	30.09.2013	30.09.2012	% changes
Net Asset Value (RM million)	36.48	14.84	145.82
Net Asset Value per Unit (RM)	0.9846	0.8455	16.45

Both NAV and NAV per unit showed positive gains for the 1-year period. The total NAV soared by 145.82% attributed to positive investment performance in the Chinese equities as well as unit creations. Meanwhile, the NAV per unit increased 16.45%, which was more or less in line with the benchmark.

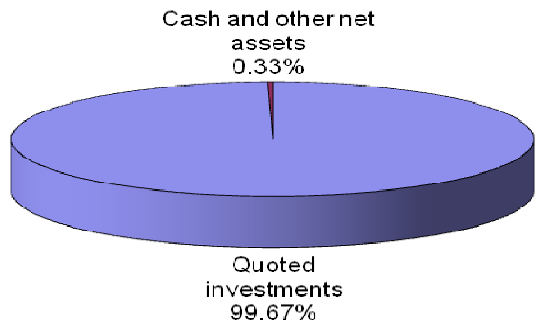
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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)	30.09.2013	30.09.2012
Quoted investments	99.67	99.71
Cash and other net assets	0.33	0.29
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

In China, we expect growth to be in the 7%-7.5% range in 2014, but sustaining this growth rate will require significant economic reform. The Chinese economy is adjusting to a new economic order, one that accepts a lower level of headline growth that is probably of better quality. If the government delivers its reform, this should be positive for the economy and the market.

We continue to expect reform to be introduced in China, particularly financial reform, deregulation to promote the private sector and hukou reform. On financial reform, we expect the implementation to be slow or moderate on a nationwide basis. Post the Shanghai Interbank Offered Rate (SHIBOR) event in June, we have seen some deceleration in Total Social Financing growth (TSF) as the government reins in rampant credit growth. The government is slowing the growth in borrowings by Local Government Financing Vehicle (LGFV) and proliferation of wealth management products. As to the implication to the economy, these measures would likely to see its effects only in the medium term, potentially in 2H14. China’s hukou system — a social management system that ties benefits like health care and pensions to a person’s place of birth — prevents 200 million-plus migrant workers from fully participating in the labor market, as reported by the director of the Institute of Population Studies at the Chinese Academy of Social Sciences. Reforms that allow migrants to tap urban benefits would boost the size of the labor force. This will be positive for China’s growth going forward.

INVESTMENT STRATEGY

As this is an exchange-traded fund, the Fund will continue to remain fully invested in the benchmark index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 30 September 2013 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	125	0.34	0.92
5,001 to 10,000	66	0.57	1.54
10,001 to 50,000	82	2.26	6.10
50,001 to 500,000	30	4.09	11.04
500,001 and above	7	29.79	80.40
	310	37.05	100.00

SOFT COMMISSIONS AND REBATES

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

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 9 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 30 September 2013 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 Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

PEDRO ESTEBAN BORDA
Director

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Director

Kuala Lumpur

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

	Note	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
INCOME			
Dividend income		226,356	70,559
Net gain on financial assets at fair value through profit or loss	8	4,299,971	67,558
Net foreign currency exchange loss		(11,984)	(18,090)
		4,514,343	120,027
LESS: EXPENSES			
Management fee	4	47,212	17,630
Trustee and custodian fee	5	6,295	3,025
Transaction cost		18,450	-
Audit fee		6,301	6,301
Tax agent fee		756	935
Administration expenses		11,416	11,762
		90,430	39,653
PROFIT BEFORE TAXATION		4,423,913	80,374
TAXATION	7	(21,621)	(2,964)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		4,402,292	77,410
Profit after taxation is made up as follows:			
Realised amount		140,598	(171,898)
Unrealised amount		4,261,694	249,308
		4,402,292	77,410

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	Note	30.09.2013 RM	30.09.2012 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	36,355,302	14,796,251
Cash and cash equivalents	9	62,413	52,999
Dividend receivables		142,131	41,296
TOTAL ASSETS		36,559,846	14,890,546
CURRENT LIABILITIES			
Accrued management fee		17,860	5,903
Amount due to trustee		2,382	986
Other payables and accruals	10	61,750	44,744
TOTAL LIABILITIES		81,992	51,633
NET ASSET VALUE OF THE FUND	11	36,477,854	14,838,913
EQUITY			
Unitholders' capital		34,443,370	16,749,915
Retained earning/accumulated loss		2,034,484	(1,911,002)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	11	36,477,854	14,838,913
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	37,050,000	17,550,000
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)	11	0.9846	0.8455

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 ENDED 30 SEPTEMBER 2013

	Note	Unitholders' capital RM	Retained earning/ accumulated loss RM	Total RM
Balance as at 1 July 2013		29,303,820	(2,367,808)	26,936,012
Movement in unitholders' contribution:				
Creation of units		6,369,350	-	6,369,350
Cancellation of units		(1,229,800)	-	(1,229,800)
Total comprehensive income for the financial period		-	4,402,292	4,402,292
Balance as at 30 September 2013	11	34,443,370	2,034,484	36,477,854
Balance as at 1 July 2012		13,476,255	(1,988,412)	11,487,843
Movement in unitholders' contribution:				
Creation of units		3,273,660	-	3,273,660
Cancellation of units		-	-	-
Total comprehensive income for the financial period		-	77,410	77,410
Balance as at 30 September 2012	11	16,749,915	(1,911,002)	14,838,913

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 30 SEPTEMBER 2013

	Note	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		2,322,114	797,198
Purchase of investments		(8,693,877)	(4,281,366)
Dividend received		710,590	293,700
Trustee and custodian fee paid		(5,650)	(3,025)
Management fee paid		(42,382)	(17,299)
Tax paid		-	(2,964)
Payments for other fees and expenses		(26,717)	(10,765)
Net cash outflow from operating activities		(5,735,922)	(3,224,521)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from units created		6,369,350	3,273,660
Payments for cancellation of units		(1,229,800)	-
Net cash inflow from financing activities		5,139,550	3,273,660
Net (decrease)/increase in cash and cash equivalents		(596,372)	49,139
Effect of unrealised foreign exchange		658,785	21,950
Cash and cash equivalents at the beginning of the financial period		-	(18,090)
Cash and cash equivalents at the end of the financial period	9	62,413	52,999

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 ENDED 30 SEPTEMBER 2013

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 in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards and the requirements.

The financial statements for the financial year ended 30 June 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 ‘First-time adoption of MFRS’. The Fund has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 July 2011 (transition date) and throughout all financial years presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to MFRS on the Fund's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS 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).

(i) 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 July 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.

- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset. The Fund will apply this standard when effective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) 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 July 2014

- Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. 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 July 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.

  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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Classification

The Fund designates its investments in 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 dividends receivable.

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, amount due to stockbrokers, 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 profit or loss.

Financial liabilities, within the scope of MFRS 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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 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.

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

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

(c) Income recognition

Dividend income is recognised on the ex-dividend date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign 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.

(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 put back 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 if the unitholder exercises the right to put back 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 unitholders 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 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 year.

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include 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)

(i) 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.

(j) Unitholders' capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under the MFRS 132 "Financial Instruments: Presentation".

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 obligation 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.

(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 geographical 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 30.09.2013			
Financial assets at fair value through profit or loss (Note 8)	36,355,302	-	36,355,302
Cash and cash equivalents (Note 9)	-	62,413	62,413
Dividend receivables	-	142,131	142,131
	36,355,302	204,544	36,559,846

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
As at 30.09.2012			
Financial assets at fair value through profit or loss (Note 8)	14,796,251	-	14,796,251
Cash and cash equivalents (Note 9)	-	52,999	52,999
Dividend receivables	-	41,296	41,296
	14,796,251	94,295	14,890,546

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.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission Guidelines on Exchange-Traded Funds.

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

(i) Price risk

Price risk is the risk that the fair value of investment in quoted securities will fluctuate because of changes in market prices (other than those arising from currency risk). The value of quoted 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 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 exposure to price risk was as follows:

	30.09.2013 RM	30.09.2012 RM
Quoted securities designated at fair value through profit or loss	36,355,302	14,796,251

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of FTSE China 25 Index (the "Benchmark Index").

The analysis is based on the assumptions that the Benchmark Index fluctuates by 19.99% (30.09.2012: 31.58%) which is the standard deviation of the daily fluctuation of the Benchmark 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 Benchmark 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 Benchmark Index is used as the Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index.

% Change in underlying index	Market value RM	Change in net asset value RM
30.09.2013		
+19.99%	43,622,727	7,267,425
0%	36,355,302	-
-19.99%	29,087,877	(7,267,425)
30.09.2012		
+31.58%	19,468,907	4,672,656
0%	14,796,251	-
-31.58%	10,123,595	(4,672,656)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk

The Fund's investments are denominated in foreign currencies. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currency of the Fund.

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents and RM	Total RM
30.09.2013			
HKD	36,355,302	48,555	36,403,857
30.09.2012			
HKD	14,796,251	18,690	14,814,941

The table below summarises the sensitivity of the Fund's investments, and cash and cash equivalents fair value to changes in foreign exchange movements for the Fund. The analysis is based on the assumption that the foreign exchange rate fluctuates by 6.13% (30.09.2012: 7.49%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any fluctuation in foreign exchange rate will result in a corresponding increase/decrease in the net assets attributable to unit holders by approximately 6.13% (30.09.2012: 7.49%)

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
30.09.2013	**%**	**RM**
HKD	6.13	2,231,556
30.09.2012	**%**	**RM**
HKD	7.49	1,109,639

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

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

The credit risk arising from cash and cash equivalents 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 concentration of the Fund:

Industry	Financial assets at fair value through profit or loss	Cash and cash equivalents	Dividend receivables	Total
As at 30.09.2013	**RM**		**RM**	**RM**
Consumer Goods	1,134,327	-	8,958	1,143,285
Energy	5,831,307	-	46,504	5,877,811
Financial Services	20,159,242	62,413	21,230	20,242,885
Industrial	-	-	-	-
Information Technology	2,634,482	-	-	2,634,482
Material	597,241	-	-	597,241
Telecommunication/ Services	5,998,703	-	66,590	6,065,293
	36,355,302	62,413	143,282	36,560,997
As at 30.09.2012				
Energy	3,297,188	-	20,267	3,317,455
Financial Services	8,347,322	52,999	-	8,400,321
Insurance	-	-	1,202	1,202
Material	566,516	-	-	566,516
Telecommunications	2,585,225	-	19,827	2,605,052
Total	14,796,251	52,999	41,296	14,890,546

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	Between 1 month to 1 year RM	Total RM
As at 30.09.2013			
Accrued management fee	17,860	-	17,860
Amount due to trustee	2,382	-	2,382
Other payables and accruals	-	61,750	61,750
Contractual cash out flows	20,242	61,750	81,992
As at 30.09.2012			
Amount due to trustee	986	-	986
Other payables and accruals	5,903	44,744	50,647
Contractual cash out flows	6,889	44,744	51,633

d) Passive Investment

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in the Benchmark Index. The Fund invests in the Index Securities included in the Benchmark Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) 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 expenses payable by the Fund and transaction fees and stamp duty incurred in adjusting the composition of the Fund's portfolio because of 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 outweighing the anticipated benefits of such 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.

During times when Index Securities are unavailable, illiquid or when the Manager determines it is in the best interests of the Fund to do so, the Fund may maintain a small cash position or invest in other Authorised Securities until Index Securities become available or liquid. Such costs, expenses, cash balances, timing differences or holdings could cause the NAV of the Fund to be lower or higher than the relative level of the Benchmark Index. Regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Benchmark Index. However, it is the aim of the Manager to minimise the tracking error between the Fund and the Benchmark Index.

(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 Manager will provide In-Kind Creation Basket which comprises a portfolio of the Benchmark Index shares in substantially the same composition and weighting as the Benchmark 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 unitholders' and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Fair value estimation (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is 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

As at 30.09.2013	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial assets at fair value through profit or loss:				
- Quoted securities	36,355,302	-	-	36,355,302

As at 30.09.2012	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial assets at fair value through profit or loss:				
- Quoted securities	14,796,251	-	-	14,796,251

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 30 September 2013, the management fee is recognised at a rate of 0.60% per annum (30.09.2012: 0.60% per annum).

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

5. 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 30 September 2013, the trustee and custodian fee is recognised at a rate of 0.08% per annum (30.09.2012: 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.

6. LICENSE FEE

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

For the financial period ended 30 September 2013, the License fee is recognised at a rate of 0.04% per annum (30.09.2012: 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

	01.07.2013 to 30.09.2013	**01.07.2012 to 30.09.2012**
Tax charge for the financial period:	**RM**	**RM**
Current taxation - foreign	21,621	2,964

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

7. TAXATION (CONTINUED)

	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
Profit before taxation	4,423,913	80,374
Taxation at Malaysian statutory rate of 25% (30.09.2012: 25%)	1,105,978	20,094
Tax effects of:		
Income not subject to tax	(1,128,586)	(30,008)
Expenses not deductible for tax purposes	8,442	3,931
Effect of foreign tax on foreign taxable income	21,621	2,964
Restriction on tax deductible expenses for exchange traded funds	14,166	5,983
Taxation	21,621	2,964

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2013 RM	30.09.2012 RM
Designated at fair value through profit or loss		
- Quoted investments	36,355,302	14,796,251

	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
Net gain on financial assets at fair value through profit or loss		
- Realised gain/(loss) on disposals	26,293	(183,263)
- Change in unrealised fair value gain	4,273,678	250,821
	4,299,971	67,558

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

As at 30.09.2013	Quantity	Aggregate cost RM	Market value RM	Percentage of net asset value %
Agricultural Bank of China	986,100	1,393,396	1,481,375	4.06
Anhui Conch Cement Corporation Ltd	57,000	582,210	597,241	1.64
Bank of China Ltd	1,499,100	2,029,664	2,233,107	6.12
Bank of Communication Corporation Ltd	370,500	892,978	888,666	2.44
Belle International Holdings	239,400	1,275,390	1,134,327	3.11
China CITIC Bank Corporation Ltd	347,700	594,708	588,175	1.61
China Construction Bank Corporation Ltd	1,322,400	3,181,943	3,322,102	9.11
China Life Insurance Corporation Ltd	165,300	1,591,266	1,398,121	3.83
China Merchants Bank	210,900	1,326,571	1,251,329	3.43
China Minsheng Banking Corporation Ltd	233,700	704,832	911,621	2.50
China Mobile Ltd	102,600	3,436,672	3,741,034	10.26
China Overseas Land & Investment Ltd	148,200	1,239,355	1,424,984	3.91
China Pacific Insurance	102,600	1,092,056	1,200,239	3.29
China Petroleum & Chemical Corporation (SINOPEC)	587,100	1,374,623	1,499,604	4.11
China Shenhua Energy Company Ltd	142,500	1,631,525	1,415,150	3.88
China Telecom Corporation Ltd	746,700	1,256,464	1,212,856	3.32
China Unicom	205,200	990,649	1,044,813	2.86
CITIC Pacific	39,900	277,425	261,251	0.72
CNOOC Ltd	216,600	1,330,442	1,438,273	3.94
Industrial and Commercial Bank of China Ltd	1,293,900	2,719,274	2,945,600	8.08
People’s Insurance Company (Group) of China Ltd	171,000	267,883	261,923	0.72
Petrochina Corporation Ltd	410,400	1,553,652	1,478,280	4.05
PICC Property and Casualty Company Ltd	137,340	559,663	607,979	1.67
Ping An Insurance Group Corp of China Ltd	57,000	1,464,640	1,382,770	3.79
Tecent Holdings Limited	15,390	1,831,738	2,634,482	7.22
TOTAL QUOTED INVESTMENTS	9,808,530	34,599,019	36,355,302	99.67
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,365,951		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		390,332		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		36,355,302		

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

As at 30.09.2012	Quantity	Aggregate cost RM	Market value RM	Percentage of net asset value %
Agricultural Bank of China	518,400	754,313	618,243	4.17
Aluminium Corporation Of China Ltd	89,100	200,271	112,946	0.76
Anhui Conch Cement Corporation Ltd	29,700	292,711	283,244	1.91
Bank of China Ltd	766,800	1,057,247	893,287	6.02
Bank of Communication Corporation Ltd	243,000	657,309	504,753	3.40
China CITIC Bank Corporation Ltd	261,900	487,093	380,601	2.56
China Coal Energy Corporation Ltd	94,500	367,929	264,212	1.78
China Construction Bank Corporation Ltd	645,300	1,581,954	1,370,980	9.24
China Life Insurance Corporation Ltd	64,800	739,195	573,205	3.86
China Merchants Bank	91,800	644,760	473,449	3.19
China Minsheng Banking Corporation Ltd	135,000	361,102	326,266	2.20
China Mobile Ltd	43,200	1,401,934	1,466,280	9.88
China Overseas Land & Investment Ltd	75,600	586,287	588,730	3.97
China Pacific Insurance	54,000	599,118	500,062	3.37
China Petroleum & Chemical Corporation (SINOPEC)	202,500	541,611	578,963	3.90
China Shenhua Energy Company Ltd	48,600	579,870	577,683	3.89
China Telecom Corporation Ltd	310,500	511,158	549,322	3.70
China Unicom	113,400	537,010	569,623	3.84
CNOOC Ltd	170,100	1,001,035	1,068,043	7.20
Industrial and Commercial Bank of China Ltd	680,400	1,461,297	1,230,600	8.29
Petrochina Corporation Ltd	151,200	573,312	606,642	4.09
PICC Property and Casualty Company Ltd	86,400	372,667	324,816	2.19
Ping An Insurance Group Corp of China Ltd	24,300	689,827	562,330	3.79
Yanzhou Coal Mining Corporation Ltd	43,200	369,452	201,645	1.36
Zijin Mining Group Corporation Ltd	137,800	200,673	170,326	1.15
TOTAL QUOTED INVESTMENTS	5,081,500	16,569,135	14,796,251	99.71
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(1,447,043)		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(325,841)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		14,796,251		

9. CASH AND CASH EQUIVALENTS

	30.09.2013 RM	30.09.2012 RM
Bank balance	62,413	52,999

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

	30.09.2013 RM	30.09.2012 RM
- RM	13,858	35,009
- HKD	48,555	17,990
	62,413	52,999

10. OTHER PAYABLES AND ACCRUALS

	30.09.2013 RM	30.09.2012 RM
Provision for audit fee	31,301	28,551
Provision for tax agent fee	15,857	2,457
Other accruals	14,592	13,736
	61,750	44,744

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

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

	Note	30.09.2013 RM	30.09.2012 RM
Unit holders' contribution		34,443,370	16,749,915
Retained earning/accumulated loss		2,034,484	(1,911,002)
	(a)	36,477,854	14,838,913

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

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	30.09.2013		30.09.2012	
	No of units	**RM**	**No of units**	**RM**
At the beginning of the financial period	31,850,000	26,936,012	13,650,000	11,487,843
Add: Creations arising from application during the financial period	6,500,000	6,369,350	3,900,000	3,273,660
Less: Cancellation of units during the financial period	(1,300,000)	(1,229,800)	-	-
Total comprehensive income income for the financial period		4,402,292	-	77,410
At end of the financial period	37,050,000	36,477,854	17,550,000	14,838,913
Approved size of the Fund	500,000,000		500,000,000	

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the Securities Commission. The maximum number of units that can be issued out for circulation of the Fund is 500,000,000. As at 30 September 2013, the number of units not yet issued is 462,950,000 (30.09.2012: 482,450,000).

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 30 September 2013.

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2013 to 30.09.2013	01.07.2012 to 30.09.2012
MER	0.23	0.34

MER is derived based on the following calculation:

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

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 31,203,079 (30.09.2012: RM 11,706,979)

13. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2013 to 30.09.2013	01.07.2012 to 30.09.2012
PTR (times)	0.17	0.22

PTR is derived from the following calculation:

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

where:
total acquisition for the financial period = RM8,181,806 (30.09.2012: RM 4,281,366)
total disposal for the financial period = RM2,323,130 (30.09.2012: RM 980,461)

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

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

Related parties	Relationship
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.

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers for the financial period ended 30 September 2013 are as follows:

Brokers/dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities Ltd (Singapore)	7,576,998	72.13	13,481	73.07
Citigroup Global Markets Aisa Ltd (HK)	2,468,394	23.50	3,904	21.16
Credit Suisse (Hong Kong) Limited	305,299	2.91	513	2.78
UBS Securities Asia Ltd (HK)	125,228	1.19	447	2.42
China International Capital Hk Securities Ltd	29,016	0.27	105	0.57
	10,504,935	100.00	18,450	100.00

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

Brokers/dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
BNP Paribas Securities Asia Ltd	3,263,088	64.26	5,813	90.42
Citigroup Global Markets Asia Ltd (Hk)	1,525,854	30.04	2,416	2.11
China International Capital Corp Hk Securities Ltd	289,622	5.70	1,038	7.47
	5,078,564	100.00	9,267	100.00

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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