

**Ping An of China CSI RAFI A-Share 50 ETF\***  
(\*This is a synthetic ETF) (Stock Code: 2818)

(A Sub-Fund of Ping An of China Trust as an umbrella unit trust  
under Hong Kong Law)

Termination Report

Period from 1 January 2016 to 30 June 2016

(date of termination)

Manager



**中国平安资产管理(香港)**  
PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)



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TERMINATION REPORT

Ping An of China CSI RAFI A-Share 50 ETF\*  
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For the period from 1 January 2016 to 30 June 2016  
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PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\* (\*THIS IS A SYNTHETIC ETF)  
(A SUB-FUND OF PING AN OF CHINA TRUST)

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IMPORTANT :

This report is available in English only.

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Sub-Fund, please refer to the prospectus of the Sub-Fund which is available at our website:<http://asset.pingan.com.hk>

Investors should not rely on the information contained in this report for their investment decisions.

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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(A SUB-FUND OF PING AN OF CHINA TRUST)

## MANAGEMENT AND ADMINISTRATION

### **Manager**

Ping An of China Asset Management (Hong Kong) Company Limited  
Suites 1106- 1110  
11th Floor, Chater House  
8 Connaught Road, Central  
Hong Kong

### **Directors of the Manager**

Cai Fangfang	Chan Tak Yin
Gao Peng	Huang Yong
Tung Hoi	Tan Sin Yin
Yao Jun	Wan Fang
Yu Wenjie	Yao Jason Bo
Chang Jack P(Appointed on 2 Feb 2015)	Chow Woon San Shirley(Appointed on 17 Jun 2016)
Mak Kim Ho Nixon(Resigned on 17 Jun 2016)	

### **Investment Adviser**

Ping An Asset Management Co., Ltd  
30th Floor, No. 1333  
Lujiazui Ring Road,  
Pudong New District, Shanghai,  
PRC (200120)

### **Trustee, Custodian and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

### **Service/Conversion Agent**

HK Conversion Agency Services Limited  
2nd Floor, Infinitus Plaza  
199 Des Voeux Road, Central  
Hong Kong

### **Legal Adviser to the Manager**

Baker & McKenzie Solicitors  
23rd Floor, One Pacific Place  
88 Queensway  
Hong Kong

### **Auditors**

Ernst & Young  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

### **Participating Dealers**

UBS Securities Hong Kong Limited 52nd Floor, Two International Finance Centre 8 Finance Street, Central, Hong Kong	Citigroup Global Markets Asia Limited 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road, Central, Hong Kong
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PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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## REPORT OF THE MANAGER TO THE UNITHOLDERS

### **Introduction**

The Manager of Ping An of China CSI RAFI A-Share 50 ETF\* (the "Sub-Fund") made an application to the Stock Exchange of Hong Kong Limited (the "SEHK") for the cessation of trading of the Units of the Fund on the SEHK with effect from 9:00 am (Hong Kong time) on 26 August 2014 (the "Trading Cessation Date"). The application was approved by the SEHK and the Sub-Fund ceased trading as from the Trading Cessation Date.

As of 25 August 2014 (the "Last Trading Day"), the Net Asset Value ("NAV") of the Sub-Fund and the NAV per Unit were HK\$7,630,483.27 and HK\$15.2610 respectively.

All Base Securities of the Sub-Fund were liquidated on the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards:

- (a) the Sub-Fund only held cash;
- (b) the Sub-Fund ceased to track the Underlying Index, and was not able to meet its investment objective of tracking the performance of the Underlying Index; and
- (c) the Units of the Sub-Fund were no longer traded on the SEHK.

The Manager paid an interim distribution of HK\$15.07 per Unit to the investors on 28 November 2014, with the record date as at 28 August 2014.

The Manager, on 31 May 2016, resolved that (1) an aggregate amount of HK\$1,020,000.00 (equivalent to HK\$2.0400 per Unit) to be paid in cash by the Sub-Fund in the form of CGT Provision Refund (the "CGT Provision Refund") to the Relevant Investors, and (2) an aggregate amount of HK\$605,450.00 (equivalent to HK\$1.2109 per Unit) to be paid in cash by the Sub-Fund in the form of a final distribution (the "Final Distribution") to the Relevant Investors. The aggregate amount of CGT Provision Refund and Final Distribution was HK\$1,625,450.00, which was equivalent to HK\$3.2509 per Unit. The Final Distribution and CGT Provision Refund were credited to the CCASS accounts of the relevant financial intermediaries and stockbrokers through whom the Relevant Investors held the Units on 14 June 2016.

The Trustee and the Manager on 30 June 2016 (date of termination) determined that the Sub-Fund ceased to have any contingent or actual assets or liabilities, hence the termination process of the Sub-Fund had been completed. The termination and the Deauthorisation of the Sub-Fund became effective on 30 June 2016 (date of termination). The Delisting of the Sub-Fund from the SEHK became effective from 9:00 a.m. on 30 June 2016 (date of termination).

Please refer to announcements published on the Manager's website and the HKSE website for further details.

### **Performance of the A-Share 50 ETF**

As at 25 August 2014, the NAV per unit of the A-Share 50 ETF was HK\$ 15.261, and the total outstanding units were 500,000. The total size of the A-Share 50 ETF was approximately HK\$ 7.63 million. All Base Securities of the Sub-Fund were liquidated on the Trading Cessation Date; consequently no performance data was available during the period from 1 January 2016 to 30 June 2016 (date of termination).

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

A summary of the performance of the A-Share 50 ETF (Note 1) is given below:

	2014##	2013	2012	2011	Since Inception
Performance (As at 25 August, 2014)					
CSI RAFI 50 Index#	0.89%	-10.37%	10.21%	-11.26%	-17.91%
NAV of the A-Share 50 ETF	-27.52%*	-16.59%	8.50%	-12.99%	-47.88%
A-Share 50 ETF Mark-to-market (MKT) (Note 4)	-24.12%	-15.96%	7.00%	-17.06%	-42.63%

#Index performance is the price return

##Performance calculated up to the Last Trading Date and includes provisions deducted for Future Costs relating to termination and delisting

**Activities of the A-Share 50 ETF**

According to data released by Bloomberg, the average daily trading volume of the A-Share 50 ETF was approximately 5,007 units during 2014. As at the Last Trading Day, the total outstanding units were 500,000.

**Activities of the Index**

A review of the CSI RAFI 50 Index is conducted on the 1st trading day of July each year. As at the Last Trading Day, the A-Share 50 ETF comprised of all 50 constituent stocks in the CSI RAFI 50 Index.

Notes:

1. Past performance figures shown are not indicative of the future performance of the A-Share 50 ETF.
2. An investor cannot invest directly in the CSI RAFI 50 Index and the index returns do not reflect management fees, transaction costs or other expenses, which will reduce performance returns.
3. Units in the A-Share 50 ETF are issued and redeemed at NAV and its returns are calculated from NAV. The A-Share 50 ETF does not publish a bid price.
4. Market returns are calculated using historical market closing prices on the SEHK (when NAV is normally determined for the A-Share 50 ETF) since 7 May 2010 and do not represent the returns you would receive if you traded units at other times.
5. Inception date is 4 May 2010, with an initial issue price of HK\$29.2811 per unit.

Ping An of China Asset Management (Hong Kong) Company Limited  
 5 September 2016

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of the Ping An of China CSI RAFI A-Share 50 ETF>(\*This is a synthetic ETF) (a Sub-Fund of Ping An of China Trust) has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 19 April 2010, as amended by supplemental deed dated 28 April 2010, 4 October 2011 and 1 February 2012 (together the “Trust Deed”), for the period from 1 January 2016 to 30 June 2016 (date of termination).

HSBC Institutional Trust Services (Asia) Limited  
5 September 2016

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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## STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

### **Manager's Responsibilities**

The Manager of the Ping An of China CSI RAFI A Share 50 ETF>(\*This is a synthetic ETF) (A Sub-Fund of Ping An of China Trust, the "Sub-Fund") is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 19 April 2010, as amended by supplemental deed dated 28 April 2010, 4 October 2011 and 1 February 2012 (together the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to assume this.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Ping An of China Trust (the "Trust") is an umbrella unit trust governed by its Trust Deed.

On the 24 July 2014, the Manager, by means of a resolution of the Board of Directors, decided to terminate the Ping An of China CSI RAFI A Share 50 ETF\* (\*This is a Synthetic ETF). As at 30 June 2016 (date of termination), the Trust has established with three sub-funds which are trading in the SEHK namely, Ping An of China CSI HK Dividend ETF, Ping An of China CSI HK Mid Cap Select ETF and Ping An of China CSI RAFI HK50 ETF.

### **Trustee's Responsibilities**

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund in all material respects is managed in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period should the Manager not be managing the Sub-Fund in accordance to the Trust Deed.

## **Independent auditors' report**

### **To the unitholders of Ping An of China CSI RAFI A-Share 50 ETF\* (\*This is a synthetic ETF) (a Sub-Fund of Ping An of China Trust)**

We have audited the financial statements of Ping An of China CSI RAFI A-Share 50 ETF\* (\*This is a synthetic ETF) (the "Sub-Fund") set out on pages 8 to 33, which comprise the statement of financial position as at 30 June 2016 (date of termination), and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of distribution and the statement of cash flows for the period from 1 January 2016 to 30 June 2016 (date of termination), and a summary of significant accounting policies and other explanatory information.

#### **Trustee's and Manager's Responsibility for the Financial Statements**

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-Fund dated 19 April 2010, as amended by supplemental deeds dated 28 April 2010, 4 October 2011 and 1 February 2012 (together the "Trust Deed"), and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code") and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. We are also required to assess whether the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Sub-Fund's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, as well as evaluating the overall presentation of the financial statements.

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

## **Independent auditors' report (continued)**

**To the unitholders of Ping An of China CSI RAFI A-Share 50 ETF\***  
**(\*This is a synthetic ETF)**  
**(a Sub-Fund of Ping An of China Trust)**

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30 June 2016 (date of termination), and of its financial performance and cash flows for the period from 1 January 2016 to 30 June 2016 (date of termination) in accordance with International Financial Reporting Standards.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

### **Emphasis of matter**

We draw attention to note 2.1 to the financial statements which describes that the financial statements for the period from 1 January 2016 to 30 June 2016 (date of termination) have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Hong Kong  
5 September 2016

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 (date of termination)

	Notes	As at 30 June 2016 (date of termination) HK\$	As at 31 December 2015 HK\$
<b>ASSETS</b>			
Other receivables		-	1,025,625
Cash and cash equivalents	11	348,573	1,033,418
<b>TOTAL ASSETS</b>		<u>348,573</u>	<u>2,059,043</u>
<b>LIABILITIES</b>			
Trustee fee payable	6	-	2,325
Accounts payable and accrued liabilities	7	348,573	415,058
<b>TOTAL LIABILITIES</b>		<u>348,573</u>	<u>417,383</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	12	<u>-</u>	<u>1,641,660</u>
<b>NUMBER OF REDEEMABLE UNITS IN ISSUE</b>	12	<u>-</u>	<u>500,000</u>
<b>NET ASSET VALUE PER UNIT</b>	12	<u>-</u>	<u>3.28</u>

The accompanying notes are an integral part of these financial statements.

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2016 to 30 June 2016 (date of termination)

	Notes	Period from 1 January 2016 to 30 June 2016 (date of termination) HK\$	Year ended 31 December 2015 HK\$
<b>INCOME</b>			
Other income	5	-	2,132,900
		<u>-</u>	<u>2,132,900</u>
<b>EXPENSES</b>			
Termination expenses	7	( 12,815)	-
		<u>( 12,815)</u>	<u>-</u>
(LOSS)/PROFIT BEFORE INVESTMENT AND EXCHANGE LOSSES		( 12,815)	2,132,900
<b>INVESTMENT AND EXCHANGE LOSSES</b>			
Net exchange losses		( 3,395)	( 88)
		<u>( 3,395)</u>	<u>( 88)</u>
(LOSS)/PROFIT BEFORE TAXATION		( 16,210)	2,132,812
TAXATION	9	-	( 1,506)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		<u>( 16,210)</u>	<u>2,131,306</u>

The accompanying notes are an integral part of these financial statements.

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Period from 1 January 2016 to 30 June 2016 (date of termination)

	Note	Period from 1 January 2016 to 30 June 2016 (date of termination) HK\$	Year ended 31 December 2015 HK\$
BALANCE BROUGHT FORWARD		1,641,660	( 489,646)
Total comprehensive income for the period/year		( 16,210)	2,131,306
Distributions to unitholders	10	( 1,625,450)	-
Net assets attributable to unitholders at the period/year end		-	1,641,660

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF DISTRIBUTION

Period from 1 January 2016 to 30 June 2016 (date of termination)

	Note	Period from 1 January 2016 to 30 June 2016 (date of termination) HK\$	Year ended 31 December 2015 HK\$
Total comprehensive income and loss before distribution for the period/year		( 16,210)	2,131,306
Final distribution distributed out of capital on 31 May 2016 (HK\$3.2509 per unit)	10	( 1,625,450)	-
Transfer from/(to) capital		1,641,660	( 2,131,306)
Undistributed income at the period/year end		-	-

The amount available for distribution is the net distributable income of the Sub-Fund in respect of the relevant year that is total income minus all expenses, subject to adjustments made in accordance with the Trust Deed. Total Income includes amounts receivable by way of interest (e.g. generated from bank deposits), dividends income, or other receipts as determined by the Manager to be in the nature of income. Unrealised gains or losses do not form part of Total Income and therefore would not impact on the amount available for distribution. The Manager may at its discretion pay distributions out of the capital of the Sub-Fund or pay distributions out of gross income while charging/paying all or part of the Sub-Fund's fee and expenses to/out of the capital of the Sub-Fund.

For the period from 1 January 2016 to 30 June 2016 (date of termination), as set out in the 24 July 2014 announcement and notice on the termination of the Sub-Fund, the final distribution was declared on 31 May 2016 to the investors who had held units as at the record date (28 August 2014). Such distributions were paid 100% out of capital. Amounts payable to unitholders in respect of any distribution did not bear interest.

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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STATEMENT OF CASH FLOWS

Period from 1 January 2016 to 30 June 2016 (date of termination)

	Note	Period from 1 January 2016 to 30 June 2016 (date of termination) HK\$	Year ended 31 December 2015 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		( 16,210)	2,132,812
Decrease in other receivable		1,025,625	715,176
Decrease in trustee fee payable		( 2,325)	( 2)
Decrease in accounts payable and accrued liabilities		( 66,485)	( 3,209,173)
Cash generated from/(used in) operations		940,605	( 361,187)
Taxation paid		-	( 1,506)
Net cash flows generated from/(used in) operating activities		940,605	( 362,693)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Distributions paid and net cash used in financing activity		( 1,625,450)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		( 684,845)	( 362,693)
Cash and cash equivalents at the beginning of the period/year		1,033,418	1,396,111
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	11	348,573	1,033,418
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	11	348,573	1,033,418

The accompanying notes are an integral part of these financial statements.

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

1. THE TRUST

Ping An of China Trust (the “Trust”) is an umbrella unit trust governed by its trust deed dated 19 April 2010, as amended by supplemental deed dated 28 April 2010, 4 October 2011 and 1 February 2012 (together the “Trust Deed”) and authorised by the Securities & Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. Authorisation by the SFC does not imply official approval or recommendation.

The Trust has established four sub-funds (each a separate Sub-Fund of the Trust).

Name of the sub-fund	Listing Date on the stock exchange of Hong Kong Limited (The “SEHK”)	Listing codes
Ping An of China CSI RAFI A-Share 50 ETF* (*This is a synthetic ETF)	7 May 2010	2818
Ping An of China CSI HK Dividend ETF	15 February 2012	3070
Ping An of China CSI HK Mid Cap Select ETF	15 February 2012	3072
Ping An of China CSI RAFI HK50 ETF	15 February 2012	3098

These financial statements relate to the Ping An of China CSI RAFI A-Share 50 ETF\* (\*This is a synthetic ETF) of the Trust (the “Sub-Fund”). The manager of the Trust is Ping An of China Asset Management (Hong Kong) Company Limited (the “Manager”) and the trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Trustee and the Manager (the “Management”) are responsible for the preparation of the financial statements.

The investment objective of the Sub-Fund (until termination) was to provide investment results that closely correspond to the performance of the CSI RAFI 50 Index, which is the first fundamental index in China A-share market co-developed by CSI and Research Affiliates consisting of the 50 largest economic scale stocks in China’s A-share market (an A Share index). The Sub-Fund did not invest directly in A shares but rather gained access to the CSI RAFI 50 Index through base securities (“Base Securities”, each of which is a financial derivative) which tracked the performance of the constituent A Shares of the CSI RAFI 50. Base Securities do not provide the Sub-Fund any legal or equitable interest of any type in the underlying A Shares but represented an obligation of each Base Securities issuer to provide the economic performance equivalent to holding the underlying A Shares.

According to clause 24.3(a) of the trust deed dated 19 April 2010 (as amended and restated on 1 February 2012) governing the Trust and the Sub-Fund (the “Trust Deed”), at any time one year after the establishment of any sub-fund, where the aggregate net asset value of the units of the relevant classes outstanding in respect of such sub-fund shall be less than HK\$200,000,000, the Manager may in its absolute discretion terminate the Sub-Fund. The Manager, by means of a resolution of the Board of Directors of the Manager dated 24 July 2014, decided to terminate the Sub-Fund with the last trading day of the units of the Sub-Fund on the SEHK being 25 August 2014. No creation of units in the primary market through a participating dealer was allowed from 24 July 2014 onwards.

The Sub-Fund liquidated all investments on 26 August 2014. A final distribution, which was equal to the net asset value of the Sub-Fund as of 30 May 2016, was paid to unitholders on 14 June 2016. The net asset value per unit of the Sub-Fund was nil as at 30 June 2016 (date of termination) (2015: HK\$3.28).

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

1. THE TRUST (continued)

Pursuant to the written resolution passed on 31 May 2016, the directors of the Sub-Fund resolved to terminate its operation fully on 30 June 2016 (date of termination).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong.

As further explained below, the financial statements have been prepared under the liquidation basis. As a result, all assets have been written down to their estimated net realisable values and all non-current assets and non-current liabilities have been classified as current assets and current liabilities, respectively. The estimated expenses associated with liquidation of HK\$348,573 have been accrued in the Statement of Financial Position as at 30 June 2016 (date of termination).

Owing to the shorter reporting period adopted for these financial statements in the current period, the amounts presented in the financial statements and the related explanatory notes for the period from 1 January 2016 to 30 June 2016 (date of termination) are not entirely comparable with the amounts presented for year ended 31 December 2015.

The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest HK\$ except where otherwise indicated.

The Sub-Fund liquidated all investments on 26 August 2014. Accordingly, the financial statements of the Sub-Fund have been prepared on the liquidation basis. If the provision for termination related expenses is insufficient to cover any future costs or any unforeseen expenses, any shortfall will be borne by the Manager.

Accordingly, the financial statements for the period from 1 January 2016 to 30 June 2016 (date of termination) and the year ended 31 December 2015 were not prepared on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Sub-Fund has adopted revised IFRSs for the first time for the current period's financial statements.

The adoption of the revised IFRSs has had no significant financial effect on these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than as adjusted for the adoption of liquidation basis as further explained in note 2.1 to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below.

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(a) *Classification*

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with IAS 39.

Financial assets at fair value through profit or loss

Financial assets designated as at fair value through profit or loss upon initial recognition: these include equity securities and debt instruments that are not held for trading. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Sub-Fund. This category includes listed equity securities and derivative contracts.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to cash and cash equivalent and other short-term receivables.

Financial liabilities

This category includes all financial liabilities. The Sub-Fund includes in this category amounts relating to management fee payable, custodian, fund administration and trustee fee payable, accrued liabilities and other short-term payables.

(b) *Recognition*

The Sub-Fund recognises a financial asset or financial liability when, and only when, they become a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

(c) *Initial measurement*

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as designated as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(d) *Subsequent measurement*

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value.

Subsequent changes in the fair value of those financial instruments are recorded in "Net unrealised fair value change on financial assets at fair value through profit or loss". Interests earned on such instruments are recorded separately in "Interest income on financial assets at fair value through profit and loss".

PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\*  
(\*THIS IS A SYNTHETIC ETF)  
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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(d) *Subsequent measurement (continued)*

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a 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 through 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 Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees 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.

(e) *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either (a) the Sub-Fund has transferred substantially all the risks or rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Sub-Fund continues to recognise the transferred asset to the extent of the Sub-Fund’s continuing involvement. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Sub-Fund could be required to repay.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Sub-Fund measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Sub-Fund liquidated all investments on 26 August 2014.

Impairment of financial assets

The Sub-Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets classified as loans and receivables is impaired. Impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Sub-Fund first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Sub-Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

*Financial assets carried at amortised cost (continued)*

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise cash on hand and demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Sub-Fund's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Redeemable units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Sub-Fund's net assets.
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund and;
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32.

The issuance, acquisition, and cancellation of redeemable units are accounted for as financial liabilities transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Sub-Fund in issuing or its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments that are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale issuance, or cancellation of Sub-Fund's own equity instruments.

Collateral arrangement

The Manager is required to manage the Sub-Fund at least 100% of the Sub-Fund's gross total counterparty risk exposure to each Base Securities Issuer with the value of the collateral marked to market by the end of each trading day. In order to mitigate the potential counterparty risks with an aim to maintain at least 100% of the Sub-Fund's gross total counterparty risk exposure to each Base Securities Issuer with the value of the collateral marked to market by the end of each trading day, the Manager and the Trustee (acting in accordance with the direction of the Manager) have, on behalf of the Sub-Fund, entered into collateral arrangements with the respective Base Securities Issuer or its affiliate for the provision of collateral by way of a securities borrowing and lending agreement. Where collateral taken is in the nature of equity securities, such collateral shall be subject to an additional requirement such that the market value of such equity collateral represents at least 120% of the related gross counterparty risk exposure.

Where less than 100% of the Sub-Fund's gross total counterparty risk exposure to each Base Securities Issuer with the value of the collateral marked to market by the end of each trading day, the relevant Base Securities Issuer or its affiliated collateral provider(s) has to procure collateral to be delivered to the Sub-Fund to maintain at least 100% of the Fund's gross total counterparty risk exposure to each Base Securities Issuer with the value of the collateral marked to market by the end of each trading day.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collateral arrangement (continued)

As at 30 June 2016 (date of termination) and 31 December 2015, the Sub-Fund did not hold any investments and did not enter into any collateral agreements with the respective Base securities issuer or its affiliates for the provision of collateral by way of a securities borrowings and lending agreement.

Base Securities on loan are included in the investment portfolio of the Sub-Fund as the Sub-Fund is entitled to the dividend income from the Base Securities on loan and retains substantially all the risks and rewards. The Sub-Fund needs to pay a risk mitigation expense for the collateral arrangement. Relevant risk mitigation expenses paid by the Sub-Fund are accounted for in profit or loss.

Collateral received for the purpose of securities on loan generally consists of share or cash collateral. Share collateral received is treated as an off-balance sheet transaction and is therefore not included in the statement of financial position because the Sub-Fund is not entitled to the dividend income from the share collateral and does not retain substantially all the risks and rewards. Cash collateral received (if any) is treated as an on-balance sheet transaction with a corresponding liability shown separately.

Dividend income from the Base Securities on loan is recognised as income by the Sub-fund in profit or loss. Income from the share collateral is not income of the Sub-Fund and is paid to the counterparty that provides the collateral to the Sub-Fund. Income from the cash collateral is recognised as income in profit or loss.

Foreign currency translation

These financial statements are presented in HK\$, which is the Sub-Fund's functional and presentation currency. Foreign currency transactions recorded by the Sub-Fund is initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or transaction of monetary items are recognised in profit or loss.

Distributions to unitholders

Distributions are subject to the discretion of the Sub-Fund's Manager. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from retained profit. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager of the Sub-Fund.

Taxation

The Sub-Fund incurred withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in profit or loss. Withholding taxes are shown as a separate item in profit or loss.

Contingent liabilities recognised

A contingent liability recognised in a termination of a business is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for termination related expenses and ongoing maintenance

An amount of approximately HK\$1,920,000 has been set aside as Provision (as set in the announcement published by the Manager on 24 July 2014). Such provision is to discharge any future costs, charges, expenses, claims and demands (including but not limited to any legal costs, Auditor's fees, regulatory maintenance costs, termination related expenses and the fees payable to any service provider to the Sub-Fund, including the Trustee) that the Trustee and the Manager may incur or make during the period from the time after the announcement of the cessation of trading and Notice has been published up to the Termination Date in connection with or arising out of the on-going maintenance of the Sub-Fund and the Trust, and the termination process together with the Delisting and Deauthorisation.

As at 30 June 2016 (date of termination), the total expense outstanding is HK\$348,573. All other liabilities and expenses payable up to 30 June 2016 (date of termination) were settled, with all over-provision returned to the relevant investors in the Final Distribution declared on 31 May 2016. (Please refer to announcement published by the Manager on 31 May 2016.)

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies: (continued)

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts and their accompanying disclosures recognised in the financial statements and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

As further explained in note 2.1 to the financial statements, the Management has terminated the Sub-Fund and determined that the going concern basis is no longer applicable. Therefore, these financial statements have been prepared under liquidation basis. Upon adoption of liquidation basis, all assets have been written down to their net realisable values and all known liquidation costs have been accrued as at 30 June 2016 (date of termination) as determined by the directors of the Manager based on their knowledge up to the date of this report.

Functional currency

The Management considers HK\$ to be the currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The HK\$ is the currency in which the Sub-Fund measures its performance and reports its results, as well as the currency in which the Sub-Fund determines the net asset value per unit at the time of issue or redemption. This determination also considers that the Sub-Fund is listed on the Stock Exchange of Hong Kong Limited and their shares are quoted in HK\$.

Taxation

In preparing these financial statements, the Management has made certain assumptions and used various estimates concerning the tax exposure, which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

Valuation of base securities

The Sub-Fund does not hold A Shares directly but rather gains access to the CSI RAFI 50 ETF Index through Base Securities, being derivative instruments linked to A Shares, issued by one or more Base Securities issuers. Each Base Securities issuer, through a Qualified Foreign Institutional Investor ("QFII"), may buy and sell the underlying A Shares to which the Base Securities issuer aims to track in order to hedge the obligations of the Base securities bought or sold by the Sub-Fund.

Period from 1 January 2016 to 30 June 2016 (date of termination) and year ended 31 December 2015, there is no withheld amount held by the Base Securities issuers from the Base Security returns in respect of the distribution tax and PRC capital gains tax.

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## NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Valuation of base securities (continued)

The Manager understood that, at the request of the State Administration of Taxation ("SAT"), each Base Securities Issuer filed information and documents to the PRC tax authorities to facilitate the SAT's assessment (the "Tax Assessment") of withholding income tax on capital gains ("WIT") payable by such Base Securities Issuer in respect of its trading of PRC securities prior to 17 November 2014. The Manager had liaised with each Base Securities Issuer with a view to determining whether there was any outstanding liability between such Base Securities Issuer and the Sub-Fund.

As at 18 February 2016, the Manager's understanding was that the Tax Assessment for each Base Securities Issuer had been completed. The Manager was unaware of any circumstance which indicated that the total amount of WIT which, according to the Base Securities Issuers, was attributable to the trading of the A Shares in respect of the Sub-Fund had not been paid by the Base Securities Issuers to the SAT. Since the amount of the WIT withheld for or on behalf of the Sub-Fund was greater than the actual WIT liability owed by the Sub-Fund (as advised by the Base Securities Issuers), the difference of HK\$1,020,000.00 was refunded by the relevant Base Securities Issuer to the Sub-Fund on 18 February 2016. Following the refund, as far as the Manager was aware, there was no outstanding liability between each Base Securities Issuer and the Sub-Fund as to CGT. As a result of the above, as of 30 June 2016, the Manager did not expect the Sub-Fund to have any contingent assets or liabilities in respect of CGT.

### 5. OTHER INCOME

Other income represented reversal of over-accrual of capital gain tax, refund of withheld capital gain tax from a base securities broker and over-provision of termination expenses in prior years.

### 6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS

The following is a summary of significant related party transactions entered into during the period between the Sub-Fund and the Trustee, Manager and their connected persons. Connected persons of the Manager are those as defined in the "SFC Code". All Transactions entered into during the period between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of Manager's knowledge, the Sub-Fund does not have any other transactions with Connected Persons except for those disclosed below:

#### Management fee

The Manager is entitled to receive a fee, calculated at an annual rate of 0.97% (2015: 0.97%) on the net asset value of the Sub-Fund at each dealing day and payable monthly in arrears. Effective following the Trading Cessation Date, no management fee will be charged. The Manager is responsible for the payment of the investment advisory fees to the investment advisor, Ping An Asset Management Co., Ltd., out of its fees received from the Sub-Fund. There are no management fee for the period from 1 January 2016 to 30 June 2016 (date of termination) and year 2015. As at 30 June 2016 (date of termination) and 31 December 2015, no management fee was payable to the Manager.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS  
(continued)

Fee and charges paid to the Trustee/Custodian and its Connected Persons

Safe custody fee and bank charges pertain to the amount charged by The Hong Kong and Shanghai Banking Corporation Limited (“HSBC”) to the Sub-Fund as safe keeping fees. The safe custody fee and bank charges amounting to HK\$1,164 have been included in the Termination expenses for the period from 1 January 2016 to 30 June 2016 (date of termination) (for the year ended 31 December 2015: HK\$582).

As at 30 June 2016 (date of termination) and 31 December 2015, no safe custody fee was payable to the Trustee by the Sub-Fund.

Trustee fee

The Trustee, is entitled to receive a trustee fee, accrued daily, and calculated as at each dealing day and payable monthly in arrears. The trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the rate of 0.15% (2015: 0.15%) per annum for the first HK\$800 million of the net asset value, 0.12% (2015: 0.12%) per annum for the portion between HK\$800 million to HK\$1.6 billion of the net asset value, and 0.10% (2015: 0.10%) per annum for the portion above HK\$1.6 billion of the net asset value, and is currently subject to a monthly minimum of HK\$70,000. Effective following the Trading Cessation Date, the trustee fee is US\$300 monthly.

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one (1) month notice to unitholders, increase the rate of the trustee fee payable in respect of the Sub-Fund up to or towards the maximum rate of 1% (2015: 1%) per annum of the net asset value of the Sub-Fund accrued daily and calculated as at each dealing day and payable monthly in arrears.

The trustee fee amounting to HK\$13,980 has been included in the Termination expenses for the period from 1 January 2016 to 30 June 2016 (date of termination) (year ended 31 December 2015: HK\$27,907). As at 30 June 2016 (date of termination), no outstanding trustee fee was payable to the Trustee (31 December 2015: HK\$2,325).

Bank balance

Bank balance is maintained with HSBC, Hong Kong Branch, an affiliate of the Trustee. Bank balance deposited with affiliates of the Trustee is summarised below:

	HK\$
As at 30 June 2016 (date of termination)	
Bank balance deposited with Trustee’s affiliates	348,573
	=====
As at 31 December 2015	
Bank balance deposited with Trustee’s affiliates	1,033,418
	=====

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

7. PROVISION FOR TERMINATION RELATED EXPENSE AND ONGOING MAINTENANCE

The Sub-Fund set aside a provision of approximately HK\$1,920,000 on 24 July 2014 for discharging any future costs, charges, expenses claims and demands that the Trustee and the Manager may incur in connection with or arising out of, among others, the on-going maintenance of the Sub-Fund until the termination date.

During the period from 1 January 2016 to 30 June 2016 (date of termination), the entire provisions of capital gain tax, liquidity provisions and other outstanding liabilities have been settled except for the outstanding liabilities in the sum of HK\$348,571 as at 30 June 2016 (date of termination).

Liabilities in the sum of HK\$348,573 as at 30 June 2016 (date of termination) (31 December 2015: HK\$415,058) comprised the provision for liquidation in the amount of nil (31 December 2015: HK\$415,058) (that was the expected expenses until termination) and other outstanding liabilities of HK\$348,573 as at 30 June 2016 (date of termination) (31 December 2015: nil).

As at 30 June 2016 (date of termination) and 31 December 2015, the provision for termination related expense and ongoing maintenance is analysed as follows:

	30 June 2016 (date of termination) HK\$	31 December 2015 HK\$
Trustee's fees	-	33,744
Audit fees	25,992	11,652
Legal fees	321,999	321,924
Others	582	47,738
	----- 348,573 =====	----- 415,058 =====

8. SOFT COMMISSION ARRANGEMENTS

The Manager (and its Connected Persons) has not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund. The Manager (and its Connected Persons) has not retained any cash rebates from any broker or dealer.

9. TAXATION

No provision for Hong Kong profit tax has been made for the Sub-Fund as the dividend income and realised gain on disposal of investment of the Sub-Fund is excluded from the charge to profits tax under Section 14, Section 26, or Section 26A of the Hong Kong Inland Revenue Ordinance.

*Distribution tax*

A 10% (2015: 10%) PRC withholding tax has been levied on dividend and interest payments from PRC listed companies to foreign investors. As such, the QFII will pass on this tax liability to the Sub-Fund in the form of a distribution tax and therefore, the Sub-Fund is subject to a distribution tax of 10% (2015: 10%). The Manager considers that there is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

9. TAXATION (continued)

*Distribution tax (continued)*

No tax will be payable by investors in Hong Kong in respect of the Interim Distribution or in respect of any CGT Provision Refund, except that Hong Kong profits tax may arise where the transactions giving rise to such distribution or refund form part of a trade, profession or business carried on in Hong Kong.

*Capital gains tax*

Under new PRC laws and regulations, capital gains realised after 17 November 2014 on the sale of A Shares are exempt from withholding tax. However, capital gains realised before 17 November 2014 on the sale of A Shares are subject to 10% withholding tax as described in note 4 above.

10. DISTRIBUTIONS

The CGT provision refund and final distribution (collectively “Final Distribution”) of HK\$3.2509 per unit of the Sub-Fund totaling HK\$1,625,450 was declared on 31 May 2016 and was paid in cash to the relevant Investors (2015: nil).

11. CASH AND CASH EQUIVALENTS

	HK\$
As at 30 June 2016 (date of termination)	
Cash at bank	348,573
	=====
As at 31 December 2015	
Cash at bank	1,033,418
	=====

The cash at bank held with HSBC Hong Kong Branch, an affiliate company of the Trustee, was placed in non-interest bearing accounts.

12. THE REDEEMABLE UNITS

	HK\$
Period from 1 January 2016 to 30 June 2016 (date of termination)	
Units in issue at the beginning of the period	500,000
Issue of units	-
Redemption of units	( 500,000)
	-----
Units in issue at the end of the period	-
	=====

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30 June 2016 (date of termination)

12. THE REDEEMABLE UNITS (continued)

	HK\$
For the year ended 31 December 2015	
Units in issue at the beginning of the year	500,000
Issue of units	-
Redemption of units	-
	-----
Units in issue at the end of the year	500,000
	=====
	HK\$
As at 30 June 2016 (date of termination)	
Net asset value (in accordance with Sub-Fund's Trust Deed)	-
	-----
Net asset value per unit (in accordance with Sub-Fund's Trust Deed)	-
	=====
As at 31 December 2015	
Net asset value (in accordance with Sub-Fund's Trust Deed)	1,641,660
	-----
Net asset value per unit (in accordance with Sub-Fund's Trust Deed)	3.2833
	=====

The redemption of units of the Sub-Fund can only be facilitated by or through Participating Dealers. Investors other than the Participating Dealers make a request to create or redeem units through a Participating Dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a Participating Dealer.

The Trustee shall pay redemption proceeds for the redemption of units to the relevant Participating Dealer in such form and manner as prescribed by the Trust Deed.

Units are denominated in HK\$ and no fractions of a unit shall be created or issued by the Trustee.

Units of the Ping An of China CSI RAFI A-Share 50 ETF are offered and issued at their dealing net asset value only in aggregations of a specified number of application units generally in exchange for a basket of Base Securities linked to such equity securities included in the Sub-Fund's underlying index (Index Shares constituting the relevant basket) together with the payment of a cash component.

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NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

12. THE REDEEMABLE UNITS (continued)

Units are redeemable only in an application unit or multiple thereof, in exchange for portfolio securities and cash components at the dealing net asset value. Normally, creation and redemption of units will be effected “in kind”. Creation/redemption applications in cash may only be effected at the Manager’s discretion under certain circumstance.

13. FINANCIAL INSTRUMENTS, ASSETS AND LIABILITIES AND RISK MANAGEMENT POLICY

Risk Management

The Sub-Fund’s objective in managing risk is the creation and protection of unitholders value. Risk is inherent in the Sub-Fund’s activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Sub-Fund’s continuing profitability. The Sub-Fund was exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments they held. Please refer to note 1 for details of the investment objective and policies of the Sub-Fund.

The Sub-Fund’s Manager is responsible for identifying and controlling risks. The board of directors of the Manager supervises the Manager and is ultimately responsible for the overall risk management approach within the Sub-Fund.

The Sub-Fund itself is subject to various risks. The main risks associated with the investments, assets and liabilities of the Sub-Fund are set out below:

(a) Market risk

(i) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

As at 30 June 2016 (date of termination) and 31 December 2015, the Sub-Fund did not hold any investments and was not exposed to market price risk.

Sensitivity analysis in the event of a possible change in the index by 5% as estimated by the Manager

As at 30 June 2016 (date of termination) and 31 December 2015, the Sub-Fund did not expose to market price risk, as all the Sub-Fund’s investments had been disposed hence the Manager considers sensitivity analysis is not applicable.

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13. FINANCIAL INSTRUMENTS, ASSETS AND LIABILITIES AND RISK MANAGEMENT POLICY (continued)

Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The Manager considers that the Sub-Fund is not subject to significant amount of risk due to fluctuation in the prevailing level of market interest rate. As the Sub-Fund has no investments in fixed income assets, the Manager considers that changes in their fair value in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis has been disclosed.

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

The Sub-Fund had transactional currency exposures. Such exposures arise from purchases and sales of financial instruments by operating units in currencies other than the Sub-Fund's functional currency. Approximately 100% of the Sub-Fund's sales and purchases were denominated in currencies other than the Sub-Fund's functional currency.

As at 30 June 2016 (date of termination), the Sub-Fund held deposits of HK\$0.3 million (31 December 2015: HK\$1 million) and nil investment in financial instrument (31 December 2015: HK\$1 million) and all these assets were denominated in United State dollar ("USD"). Under the pegging currency mechanism between HK\$ and USD, the currency risk exposure in relation to these assets is minimal.

The following table demonstrates the sensitivity at the statement of financial position date to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Sub-Fund's profit before tax and the equity.

	Increase/ (decrease) in USD rate	Increase/ Increase/ in profit before tax HK\$ '000	(decrease) in equity HK\$ '000
30 June 2016 (date of termination)			
If HK\$ strengthens against USD	1%	0	0
If HK\$ weakens against USD	1%	0	0
31 December 2015			
If HK\$ strengthens against USD	1%	(10)	(10)
If HK\$ weakens against USD	1%	10	10

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13. FINANCIAL INSTRUMENTS, ASSETS AND LIABILITIES AND RISK MANAGEMENT POLICY (continued)

Risk Management (continued)

(b) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

The table below sets out the net exposure of the Sub-Fund to counterparties as at 30 June 2016 (date of termination) with their credit ratings of senior long-term debt by Standard & Poor's Rating Services:

	Credit Rating	Net exposure to Counterparties HK\$	% of Net Asset Value
30 June 2016 (date of termination)			
<u>Custodian &amp; Bank</u>			
- The Hongkong and Shanghai Banking Corporation Limited	A	348,573	N/A
31 December 2015			
<u>Custodian &amp; Bank</u>			
- The Hongkong and Shanghai Banking Corporation Limited	A	1,033,418	62.95%

The Maximum exposure to credit risk at the end of the reporting period is the carrying amount of the assets as shown on the statement of financial position. The Manager considered that none of these assets were impaired nor past due as at 30 June 2016 (date of termination).

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash, resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

As at 30 June 2016 (date of termination), the Sub-Fund held liquid assets, comprising bank balances and other receivables that are expected to readily generate cash inflows for managing liquidity risk.

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13. FINANCIAL INSTRUMENTS, ASSETS AND LIABILITIES AND RISK MANAGEMENT POLICY (continued)

Risk Management (continued)

(c) Liquidity risk (continued)

The table below summarises the Sub-Fund's maturity analysis for financial assets and liabilities as at 30 June 2016 (date of termination) as bellow.

As at 30 June 2016 (date of termination)

	<1 month HK\$	>1 to 3 months HK\$	> 3 to 12 months HK\$	> 1 to 5 years HK\$	Total HK\$
<b>Financial assets</b>					
Cash and cash equivalents	348,573	-	-	-	348,573
Total	348,573	-	-	-	348,573
<b>Financial liabilities</b>					
Accounts payable and accrued liabilities	321,999	26,574	-	-	348,573
Total	321,999	26,574	-	-	348,573

As at 31 December 2015

	<1 month HK\$	>1 to 3 months HK\$	> 3 to 12 months HK\$	> 1 to 5 years HK\$	Total HK\$
<b>Financial assets</b>					
Other receivables	-	1,025,625	-	-	1,025,625
Cash and cash equivalents	1,033,418	-	-	-	1,033,418
Total	1,033,418	1,025,625	-	-	2,059,043
<b>Financial liabilities</b>					
Trustee fee payable	2,325	-	-	-	2,325
Accounts payable and accrued liabilities	-	28,556	386,502	-	415,058
Total	2,325	28,556	386,502	-	417,383

(d) Capital management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strived to invest the subscriptions of redeemable participating units in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

The Manager manages the capital of the Sub-Fund, in accordance with the Sub-Fund's investment objectives and policies stated in the Prospectus.

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## NOTES TO FINANCIAL STATEMENTS

30 June 2016 (date of termination)

### 14. EVENTS AFTER THE REPORTING PERIOD

On 25 July 2016, the part of the provision for termination related expense and ongoing maintenance related to legal fees of HK\$321,999 was settled in full by the Sub-Fund. No exchange gain / loss was incurred by this settlement.

On 12 August 2016, the part of the provision for termination related expense and ongoing maintenance related to audit fees of HK\$25,992 was settled in full by the Sub-Fund. No exchange gain / loss was incurred by this settlement.

On 25 August 2016, the part of the provision for termination related expense and ongoing maintenance related to bank charges of HK\$582 was settled in full by the Sub-Fund. No exchange gain / loss was incurred by this settlement.

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 5 September 2016.

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PERFORMANCE RECORD

Period from 1 January 2016 to 30 June 2016 (date of termination)

**Net asset value attributable to unitholders  
 (calculated in accordance with the Sub-Fund's Trust Deed)**

	HK\$
30 June 2016 (date of termination)	-
31 December 2015	1,641,660
31 December 2014	( 489,646)

**Net asset value per unit**

	HK\$
30 June 2016 (date of termination) (note 13)	-
31 December 2015 (note 13)	3.28
31 December 2014 (note 13)	( 0.98)

**Highest and lowest net asset value per unit**

	Highest HK\$	Lowest HK\$
Financial period from 1 January 2016 to 30 June 2016 (date of termination)	-	-
Financial year ended 31 December 2015	-	-
Financial year ended 31 December 2014 ("Last Trading Day is 25 August 2014")	20.8337	15.0328
Financial year ended 31 December 2013	27.9001	20.7019
Financial year ended 31 December 2012	25.6424	20.6507
Financial year ended 31 December 2011	30.4853	22.9276