

**FINAL REMINDER**

**This Announcement and Notice requires your immediate attention and does not constitute an invitation or offer to acquire, purchase or subscribe for the exchange traded fund described below.**

The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

**IMPORTANT: Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed termination, proposed cessation of trading, proposed delisting and proposed deauthorisation of the Ping An of China CSI RAFI A-Share 50 ETF\* (\*This is a synthetic ETF) (the “Sub-Fund”), a sub-fund of the Ping An of China Trust (the “Trust”). In particular, investors should note that, subject to the SFC’s and the SEHK’s respective approvals (where necessary):**

- **taking into account the relevant factors (see details of the factors in section 1 below), including, in particular, the relatively small Net Asset Value of the Sub-Fund and Net Asset Value per Unit (which, as at 24 July 2014, were HK\$9,353,058.28 and HK\$18.7061 respectively), the Manager has, by means of a resolution of the board of directors of the Manager dated 24 July 2014, decided to exercise its power under clause 24.3(a) of the Trust Deed to propose to terminate the Sub-Fund with effect from the Termination Date (as defined below);**
- **a provision of approximately HK\$1,920,000 (the “Provision”) will be set aside immediately after this Announcement and Notice has been published 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. As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value of the Sub-Fund and the Net Asset Value per Unit will be reduced to HK\$7,433,058.28 and HK\$14.8661 respectively before the commencement of the trading on the SEHK on 25 July 2014;**
- **the Last Trading Day of the Units in the Sub-Fund will be 25 August 2014, i.e. the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, but no creation of Units in the primary market through a Participating Dealer will be allowed from the date of this Announcement and Notice;**
- **the Units of the Sub-Fund will cease trading as from 26 August 2014 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK will be possible from the Trading Cessation Date onwards;**
- **all Base Securities of the Sub-Fund will be liquidated effective on the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards: (a) the Sub-Fund will only hold cash; (b) the Sub-Fund will cease to track the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index; and (c) the Units of the Sub-Fund will no longer be traded on the SEHK;**
- **the Manager will, after having consulted with the Sub-Fund’s Auditors, declare an interim distribution to the investors who remain so as at 28 August 2014, i.e. the Record Date, and**

the interim distribution will be payable on or around 28 November 2014 (the “Interim Distribution Date”);

- on or around the Long Stop Date, i.e. the date falling on or around 2 December 2019 or, if earlier, the CGT Clearance Date, should any of the circumstances under section 5.2(a) below take place, the CGT Provision Refund will be refunded to each Relevant Investor on a pro-rata basis by reference to its unitholding as at the Record Date and such refund will be effected via CCASS by the Long Stop Date;
- where, by the Long Stop Date, CGT is to be charged retrospectively and the CGT provision is to be fully utilised to discharge such liability which equals or exceeds the CGT provision, no investors will be entitled to any CGT Provision Refund;
- by the date the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any contingent or actual assets or liabilities, which the Manager and the Trustee expect to take place as soon as practicable after the Long Stop Date, the Trustee and the Manager will proceed with the completion of the termination of the Sub-Fund (such date being, the “Termination Date”);
- during the period from the Trading Cessation Date to, at least, the Termination Date, the Sub-Fund will remain listed on the SEHK and SFC authorized and will continue to comply with the UT Code and all the other applicable laws and regulations, albeit the Sub-Fund will be operated in a limited manner;
- while the Manager will apply to the SEHK for Delisting of the Sub-Fund in or around August 2014, the Manager will maintain the Sub-Fund's listing status, and, subject to the SEHK's approval, expects the Delisting to take effect at or around the same time as the Deauthorisation;
- the Manager will proceed with the Deauthorisation at such time on or after the Termination Date;
- investors should pay attention to the risk factors as set out in section 7.2 below (including liquidity risk, Units trading at a discount or premium risk, Net Asset Value downward adjustment risk, increased market volatility risk, possible provision for unforeseeable expenses risk, tracking error risks, failure to track the Underlying Index risk and Market Maker's inefficiency risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- ❖ forward a copy of this Announcement and Notice to their clients holding Units in the Sub-Fund, and inform them of the contents of this Announcement and Notice as soon as possible;
- ❖ facilitate their clients who want to dispose of Units in the Sub-Fund on or before the Last Trading Day;
- ❖ inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units;
- ❖ inform their clients of the CGT arrangements as set out in section 5 below and the possible impact in relation to such arrangements to their clients.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 8 below).

Relevant Investors (as defined below) are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Sub-Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

The Manager will, until the Last Trading Day, issue reminder announcements on a weekly basis to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Record Date. Also, further announcements will be made in due course to inform the investors of the Interim Distribution Date, the CGT Clearance Date, the Long Stop Date, the Termination Date, as well as the dates for the Delisting and Deauthorisation as and when appropriate in accordance with the applicable regulatory requirements.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

## **PING AN OF CHINA CSI RAFI A-SHARE 50 ETF\***

**(\*This is a synthetic ETF)**

### **a sub-fund of the PING AN OF CHINA TRUST**

(a Hong Kong unit trust authorized under  
section 104 of the Securities and Futures Ordinance  
(Cap. 571 of the laws of the Hong Kong SAR))

**(Stock Code: 2818)**

## **ANNOUNCEMENT AND NOTICE OF THE PROPOSED TERMINATION, CESSATION OF TRADING, VOLUNTARY DELISTING AND DEAUTHORISATION**

Ping An of China Asset Management (Hong Kong) Company Limited (the “**Manager**”), the manager of the Trust and the Sub-Fund which is listed on the SEHK, announces that, subject to the SEHK’s and SFC’s approval (where necessary), the Manager has, by means of a resolution of the board of directors of the Manager dated 24 July 2014, decided to propose to terminate the Sub-Fund and voluntarily seek the deauthorisation of the Sub-Fund from the SFC under section 106 of the Securities and Futures Ordinance (the “**Deauthorisation**”) and the delisting of the Sub-Fund from the SEHK (the “**Delisting**”). The proposed termination, Deauthorisation and Delisting will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Sub-Fund has no outstanding contingent or actual liabilities or assets.

Before the proposed termination, Delisting and Deauthorisation, the Units of the Sub-Fund will cease trading on the SEHK as from 26 August 2014 (the “**Trading Cessation Date**”). Accordingly, the last day on which the Units of the Sub-Fund can be traded on the SEHK will be 25 August 2014 (the “**Last Trading Day**”), and from the Trading Cessation Date onwards, no trading of Units on the

SEHK will be allowed. Also, while investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date, no creation of Units in the primary market through a Participating Dealer will be allowed from the date of this Announcement and Notice onwards.

The Manager has reached the above decisions in relation to the Sub-Fund after taking into account the relevant factors including interests of the investors as a whole, the relatively small Net Asset Value of the Sub-Fund and the Net Asset Value per Unit (which, as at 24 July 2014, were HK\$9,353,058.28 and HK\$18.7061 respectively) and the low trading volume of the Sub-Fund.

On the Trading Cessation Date, the Manager will liquidate all the Base Securities of the Sub-Fund. From the Trading Cessation Date onwards, the Sub-Fund will only hold cash and will cease to track the Underlying Index; thus the Sub-Fund will not be able to meet its investment objective of tracking the performance of the Underlying Index from the Trading Cessation Date. The Manager by this Announcement and Notice notifies the investors of the proposed termination of the Sub-Fund. Also, as required under Chapter 11.1A of the SFC's Code on Unit Trusts and Mutual Funds (the "UT Code"), one month's notice is hereby given to the investors, notifying them that the Sub-Fund will cease to track the Underlying Index, and cease trading, from the Trading Cessation Date.

This Announcement and Notice sets out the details of the proposed termination, cessation of trading, voluntary Delisting and Deauthorisation, their consequences and effects on the investors. Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the Prospectus dated 31 October 2011 (as supplemented).

## **1. Proposed termination of the Sub-Fund, cessation of trading and liquidation of Base Securities**

### **1.1 Proposed termination of the Sub-Fund**

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, in relation to such sub-fund, 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 Trust Deed does not require investors' approval for terminating the Sub-Fund on the ground set out in clause 24.3(a).

The Net Asset Value of the Sub-Fund, and the Net Asset Value per Unit, as at 24 July 2014, were HK\$9,353,058.28 and HK\$18.7061 respectively. Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value, the low trading volume of the Sub-Fund, the Manager is of the view that the proposed termination of the Sub-Fund would be in the best interests of the investors in the Sub-Fund. Therefore, the Manager has decided to exercise its power under clause 24.3(a) to propose termination of the Sub-Fund after the treatment of the CGT (as detailed in section 5 below) provision has been completed on or around the Long Stop Date, and on the date on which the Trustee and the Manager form an opinion that the Sub-Fund cease to have any contingent or actual assets or liabilities.

## 1.2 The proposed cessation of trading

The Manager will liquidate all Base Securities of the Sub-Fund effective from the Trading Cessation Date in exercise of its investment powers under clause 8.3 of the Trust Deed. Such liquidation will be at no additional cost compared to the costs associated with normal redemption of Base Securities.

In view of the above, the Manager will apply to the SEHK to have the Units of the Sub-Fund cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 26 August 2014, and proceed with the distribution of the Interim Distribution of a vast majority of the assets of the Sub-Fund as soon as practicable (see details in section 2.2 below). As such, 25 August 2014 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

Also, in view of the proposed cessation of trading, no further creation of Units will be allowed from the date of this Announcement and Notice.

## 1.3 Impacts on the proposed liquidation of the Base Securities

After the liquidation of all the Base Securities (as described in section 1.2 above), the Sub-Fund will only hold cash, primarily consisting of the proceeds from the liquidation of the Base Securities. It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index.

The actual total expense ratio of the Sub-Fund for the financial year 2013 is 4.95%. This total expense ratio includes all expenses as stated in audited financial statements as at 31 December 2013 for the financial year 2013, excluding transactional costs.

## 2 What will happen after the Trading Cessation Date?

### 2.1 Immediately from the Trading Cessation Date

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day and will not be allowed to do so from the Trading Cessation Date onwards.

### 2.2 During the period from the Trading Cessation Date until the Termination Date (as defined in section 2.3 below)

The Manager will, after having consulted the Sub-Fund's Auditors, declare an Interim Distribution (as defined in section 3.2 below) in respect of the Relevant Investors (i.e. those investors who do not sell their Units on or before the Last Trading Day). Such Interim Distribution will be made on or around 28 November 2014 (the "**Interim Distribution Date**"). In addition, there may be CGT Provision Refund to those Relevant Investors on or around the Long Stop Date. Please refer to sections 3.2 and 5 below for further details on the Interim Distribution and the CGT Provision Refund.

Following the treatment of the CGT (as detailed in section 5 below) provision has been completed on or around the Long Stop Date, on the date on which the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any contingent or actual assets or liabilities (the "**Termination Date**"), the Manager and the Trustee will commence the completion of the termination of the Sub-Fund.

During the period from the Trading Cessation Date until, at least, the Termination Date (as defined in section 2.3 below), the Sub-Fund will still have the listing status on the SEHK, and remain SFC authorized, albeit the Sub-Fund will be operated only in a limited manner (as described in section 4.2 below). The Manager will apply for the Deauthorisation on or after the Termination Date.

Also, while the Manager will apply to the SEHK in or around August 2014 for Delisting, the Manager expects, subject to the SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The proposed termination, Delisting and Deauthorisation will be subject to the payment of all outstanding fees and expenses, discharge of all outstanding CGT liability and any other liabilities of the Sub-Fund, termination audit being prepared by the Sub-Fund's Auditors, as well as the final approvals of the SFC and the SEHK.

Following the Deauthorisation, the Sub-Fund will no longer be subject to the regulations of the SFC. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance.

### 2.3 Important dates

Subject to the SFC's and the SEHK's respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Sub-Fund will be as follows:

<b>Last day for creation of Units of the Sub-Fund in the primary market.....</b>	<b>24 July 2014</b>
<b>Last day for redemption of Units of the Sub-Fund in the primary market.....</b>	<b>25 August 2014</b>
<b>Last day for dealings in the Units on the SEHK (the "Last Trading Day").....</b>	<b>25 August 2014</b>
<b>Dealings in the Units on the SEHK cease (the "Trading Cessation Date"), i.e. same date on which all the Base Securities of the Sub-Fund will be liquidated and the Sub-Fund will cease to be able to track the Underlying Index.....</b>	<b>26 August 2014</b>
<b>The date as at which an investor is recorded by HKSCC as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS to be entitled to the Interim Distribution and CGT Provision Refund, if any (the "Record Date") .....</b>	<b>28 August 2014</b>
<b>Interim Distribution (after the Manager having consulted with the Sub-Fund's Auditors) will be paid to the investors who are still holding Units as at the Record Date (the "Interim Distribution Date").....</b>	<b>On or around 28 November 2014</b>

<p><b>Relevant Investors will be entitled to a CGT Provision Refund (if any) by the Long Stop Date (as defined in the column against this).....</b></p>	<p><b>2 December 2019*or, if earlier, the CGT Clearance Date** (the “Long Stop Date”)</b></p>
<p><b>Termination of the Sub-Fund (the “Termination Date”).....</b></p>	<p><b>The date on which the Manager and the Trustee form an opinion that the Sub-Fund ceases to have any contingent or actual assets or liabilities (which the Manager and the Trustee expect to take place as soon as practicable after the Long Stop Date when the treatment of the CGT provision has been finalized and settled)</b></p>
<p><b>Delisting and Deauthorisation of the Sub-Fund.....</b></p>	<p><b>Around one month after 2 December 2019 ** (subject to the position of the CGT provision having been finalized and settled and the completion of the termination audit), or an earlier date if the Long Stop Date is the CGT Clearance Date.</b></p>
<p><i>Note*</i>: 2 December 2019 has been picked as the “benchmark” date for determining when the Long Stop Date should be because the Manager expects that, by that date, assuming none of the circumstances under section 5.2(b) below has occurred, an amount of CGT provision will be refunded to the Sub-Fund by the Base Securities Issuers, i.e. the UBS AG and Citigroup Global Markets Holdings Inc. in accordance with the terms of the relevant tax letters to which UBS AG and Citigroup Global Markets Holdings Inc. are subject respectively. After such refund of CGT provision, 100% of the aggregate CGT provision in respect of the Sub-Fund will have been refunded to the Sub-Fund. As such, the Manager, having consulted with the Trustee, is of the view that 2 December 2019 would be an appropriate time to release the relevant portion of the contingent CGT provision attributable to the Relevant Investors.</p>	
<p><i>Note**</i>: For the purposes of this Announcement and Notice, CGT Clearance Date means the date on which:</p> <p>(A) any CGT liability arising from selling underlying A shares in respect of the</p>	

relevant Base Securities has been cleared and settled with the relevant PRC tax authorities; or

- (B) it is confirmed that there will be no CGT liability to be borne by the Sub-Fund in this regard,

in each case of (A) and (B), as a result of any final tax decision made by the relevant PRC tax authorities.

The Manager will, on a weekly basis until the Last Trading Day, issue reminder announcements to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Record Date. Also, the Manager will issue further announcements in due course to inform the investors of the Interim Distribution Date, the CGT Clearance Date, the Long Stop Date, the Termination Date, as well as the dates for the Delisting and the Deauthorisation as and when appropriate in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

### **3. Potential actions to be taken by investors on or before the Last Trading Day**

#### **3.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to and including the Last Trading Day, an investor may continue to buy or sell its Units in the Sub-Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market maker of the Sub-Fund, UBS Securities Hong Kong Limited (the “**Market Maker**”), will continue to perform its market making functions in accordance with the Trading Rules of the SEHK.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a transaction levy (at 0.003% of the price of the Units) and a trading fee (at 0.005% of the price of the Units) will be payable by the buyer and the seller of the Units. No charge to stamp duty will arise in Hong Kong.

The trading price of Units may be below or above the Net Asset Value per Unit.

#### **3.2 Holding Units after the Last Trading Day**

For investors who are still holding Units in CCASS as at the Record Date (the “**Relevant Investor**”), the Manager will, after having consulted with the Sub-Fund’s Auditors, declare an interim distribution (the “**Interim Distribution**”) in respect of such Relevant Investors. Each Relevant Investor will be entitled to an Interim Distribution of an amount equal to the Sub-Fund’s then Net Asset Value in proportion to the Relevant Investor’s interests in the Sub-Fund as at the Record Date. The Sub-Fund’s then Net Asset Value will be the total value of the proceeds from the liquidation of the Base Securities as described in section 1.3 above, less: (a) the Unforeseeable Expenses Provision and the Provision (both terms as defined in section 6 below); and (b) the CGT provision held by the Trustee or the Base Securities Issuers as described in section 5.1 below.



The Interim Distribution to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 28 November 2014. The Manager will issue further announcement to inform the Relevant Investors of the exact day of payment of the Interim Distribution, together with the amount of Interim Distribution per Unit, in due course.

Each Relevant Investor may also be entitled to a CGT Provision Refund subject to the provisions in section 5 below.

**IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 7.2 below and consult with their professional and financial advisers before disposing of the Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Interim Distribution in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.**

#### **4. Consequences of the commencement of the cessation of trading**

##### 4.1 Continued existence of the Sub-Fund

Because of the uncertainty on the PRC CGT position, the Sub-Fund will continue to make CGT provisions for the potential CGT liabilities as described in the sub-section headed “Capital Gain Tax” of the Prospectus. Accordingly, the Sub-Fund, notwithstanding the commencement of the cessation of trading from the Trading Cessation Date, will continue to be operated (albeit in a limited manner). Also, the Sub-Fund will maintain its SEHK listing status and SFC authorisation status until the completion of the proposed termination, the Deauthorisation and the Delisting.

By the time when the CGT provisions are settled and the Trustee and the Manager form an opinion that the Sub-Fund cease to have any contingent or actual assets or liabilities, the Manager and the Trustee will complete the proposed termination process, and the Manager will proceed with applying to the SFC for the Deauthorisation, and to the SEHK to complete the Delisting respectively.

##### 4.2 Limited operation of the Sub-Fund

During the period from the Trading Cessation Date up till the Deauthorisation, the Sub-Fund will continue to comply with the UT Code and all the other applicable law and regulation, albeit will only be operated in a limited manner as there will not be any trading of Units and the Sub-Fund will have no investment activities from the Trading Cessation Date onwards.

Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Sub-Fund during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

## 5. PRC Capital Gain Tax (“CGT”) arrangements

### 5.1 CGT Provision

Generally, under the current PRC laws and regulations, capital gains realized on the selling of A-shares are subject to 10% withholding tax. However, as at the date of this Announcement and Notice, the PRC tax authorities have not been reported to have sought to collect such PRC withholding tax on capital gains realized by QFII on the selling of A shares. Since only the QFII’s interests in A shares are recognised under the PRC laws, this CGT liability would, if it arises, be payable by the QFII.

Under the terms of the relevant base securities, any CGT levied and payable by the relevant QFII will pass on to the Sub-Fund. Currently the CGT provision attributable to the Sub-Fund is only held by the present or former Base Securities Issuers, namely, UBS AG in relation to the CGT arising from the Base Securities issued by UBS AG and Citigroup Global Markets Holdings Inc. in relation to the CGT arising from the Base Securities issued by Citigroup Global Markets Holdings Inc.

As at 30 June 2014, the total CGT provision in respect of the Sub-Fund was US\$ 220,744.34 (approximately equivalent to HK\$1,711,025.80). The CGT provision arrangement previously agreed with each former or present (as the case may be) Base Securities Issuer is set out in the sub-section “Capital Gain Tax” of the Prospectus.

### 5.2 Notification to the Relevant Investors

On or around the Long Stop Date, the Manager will notify, by means of publishing announcement, the Relevant Investors of:

- (a) their entitlement (if any) to any refund of any CGT provision (where, by the Long Stop Date, no CGT is to be charged, or no CGT is to be charged retrospectively, or the CGT is to be charged retrospectively but the amount charged is less than the CGT provision withheld by or on behalf of the relevant Base Securities Issuers); OR
- (b) their not being entitled to any refund of the CGT provision (where, by the Long Stop Date, CGT is to be charged retrospectively and the CGT provision is to be fully utilised to discharge such liability which equals or exceeds the CGT provision).

### 5.3 Treatment of the Relevant Investors in relation to the CGT provision – where any of the circumstances under section 5.2(a) above take place by the Long Stop Date

Should any of the circumstances under section 5.2(a) above take place by the Long Stop Date, the following would apply:

- (a) each Relevant Investor will be notified by the Manager, by means of announcement as soon as practicable, that it will be entitled to a pro-rata portion of the CGT provision refund attributable to its unitholding as at the Record Date (the “**CGT Provision Refund**”);
- (b) the CGT Provision Refund will be refunded to each Relevant Investor via CCASS by crediting it to the account of its financial intermediary or stockbroker maintained with CCASS by the Long Stop Date;
- (c) if, after the Long Stop Date, the PRC tax authorities make a tax decision to the effect that a QFII should bear, and therefore, the Sub-Fund should have borne, CGT on the selling of A shares, Ping An of China Asset Management (Hong Kong) Limited, in its own personal capacity and not in its capacity as Manager, will be prepared to solely bear such CGT

payment attributable to the Relevant Investors (other than UBS Securities Hong Kong Limited, which treatment will be dealt with separately among the Trustee, the Manager and UBS Securities Hong Kong Limited) so that neither the Trustee nor any Relevant Investors (other than UBS Securities Hong Kong Limited, which treatment will be dealt with separately among the Trustee, the Manager and UBS Securities Hong Kong Limited) will be required to be responsible for any such CGT payment; and

- (d) based on the unitholding as at the date of this Announcement and Notice, the CGT Provision Refund per Unit is expected to be around HK\$3.4218.

The CGT Provision Refund (if any), together with the relevant Interim Distribution as described in section 3.2 above, to a Relevant Investor will, subject to the applicable laws and the applicable provisions of the Trust Deed, operate to discharge the Manager and the Trustee in full any liability or obligation they may owe to the Relevant Investor in respect of its unitholding in the Sub-Fund.

**IMPORTANT NOTES: If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of such CGT Provision Refund in respect of any Units so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.**

- 5.4 Treatment of the Relevant Investors in relation to the CGT provision - where any of the circumstances under section 5.2(b) above take place by the Long Stop Date

Should any of the circumstances under section 5.2(b) above take place by the Long Stop Date, no investors (including the Relevant Investors) will be entitled to any CGT Provision Refund and the proposed arrangements set out in section 5.3 above will not apply, and the Manager will notify the investors should this occur by means of announcement as soon as practicable. However, in such case, none of the Relevant Investors will be liable for any CGT liability shortfall should the CGT provision be insufficient to discharge the CGT liability of the Sub-Fund in full.

**IMPORTANT NOTE: Investors should note that, where, by the Long Stop Date, CGT is to be charged retrospectively and the CGT provision is to be fully utilised to discharge such liability which equals or exceeds the CGT provision, then no investors (including the Relevant Investors) will be entitled to any CGT Provision Refund, and the Manager will be liable for any CGT liability shortfall.**

## 6. Costs

As indicated in section 3.1 above, the stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

Immediately after this Announcement and Notice has been published, a certain portion of the assets of the Sub-Fund, amounting to approximately HK\$1,920,000 (the “**Provision**”), will be set aside. This Provision is to discharge any future costs, charges, expenses, claims and demands (including but not limited to any legal costs, Auditors’ 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 this Announcement and Notice has been published up to the Termination Date, in connection with or arising out of the ongoing maintenance of the Sub-Fund, and the termination process together with the Delisting and Deauthorisation (the “**Future Costs**”). The Trustee has confirmed that it has no objection to the amount of the Provision. As a result of the setting aside of the Provision immediately after this

Announcement and Notice has been published, the Net Asset Value of the Sub-Fund and the Net Asset Value per Unit will be reduced to HK\$7,433,058.28 and HK\$14.8661 respectively before the commencement of the trading on the SEHK on 25 July 2014.

If, during the period commencing immediately after the setting aside of the Provision up to the Last Trading Day, certain types of expenses in relation to or arising out of the on-going maintenance of the Sub-Fund, and the termination process together with the Delisting and Deauthorisation which are unforeseeable at the time of this Announcement and Notice (the “**Unforeseen Expenses**”) come to the attention of the Manager and/or the Trustee, subject to the Trustee’s approval, a further provision (the “**Unforeseeable Expenses Provision**”) may be set aside for such expenses. The Manager envisages that the amount of such Unforeseen Expenses, and therefore, the amount of the Unforeseeable Expenses Provision to be set aside, should be immaterial. However, if the Unforeseeable Expenses Provision to be set aside is, in the opinion of the Trustee and the Manager, a material amount, any setting aside of such Unforeseeable Expenses Provision, will be subject to the Trustee’s approval, and notification to the investors.

Where the Provision and, if applicable, the Unforeseeable Expenses Provision, are insufficient to cover any Future Costs and, if applicable any Unforeseen Expenses, any shortfall will be borne by the Manager. Conversely, where the Provision or, if applicable, the Unforeseeable Expenses Provision, is in excess of the actual amount of the Future Costs or, as the case may be, Unforeseen Expenses (when materialized), such excess will be refunded to the Relevant Investors on termination of the Sub-Fund.

For the avoidance of doubt, the costs of the on-going maintenance of the Sub-Fund, the proposed termination, the Deauthorisation and the Delisting, together with any Unforeseeable Expenses Provision and the Provision, will be borne by the Sub-Fund. But, where the actual costs or expenses incurred by the Sub-Fund exceed the amounts set aside as provision (including the Provision and, as the case may be, the Unforeseeable Expenses Provision), the Manager will bear any such shortfall.

The Sub-Fund does not have any unamortized preliminary expense as at the date of this Announcement and Notice.

## **7. Other matters**

### **7.1 Termination audit**

The Manager will appoint the Sub-Fund’s Auditors to prepare a termination audit of the Sub-Fund as at the Termination Date. Following the issue of the termination audit report, the Manager and the Trustee will then proceed with completion of the termination process of the Sub-Fund.

### **7.2 Other implications of the proposed cessation of trading, the proposed termination of the Sub-Fund and the proposed Delisting and Deauthorisation**

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the Sub-Fund and the proposed Delisting and Deauthorisation, investors should note the following:

**Liquidity risk** - Trading of Units on the SEHK from the date of this Announcement and Notice may become less liquid;

***Units trading at a discount or premium risk*** - Although up to (and including) the Last Trading Day, the Market Maker will continue to perform its market making functions in accordance with the Trading Rules of the SEHK, because there will be no creation of Units from the date of this Announcement and Notice, Units may trade at a discount or premium compared to their Net Asset Value in extreme market situations;

***Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day*** – The setting aside of the Provision (immediately after this Announcement and Notice has been published), and, where applicable, the Unforeseeable Expenses Provision will adversely affect the Net Asset Value per Unit. This reduction of Net Asset Value per Unit will cause the Sub-Fund’s return to substantially deviate from the performance of the Underlying Index so the Sub-Fund will not be able to properly track the performance of the Underlying Index during the period from the date of this Announcement and Notice to the Last Trading Day; thus triggering significant tracking error.

***Net Asset Value downward adjustment risk*** – Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the Base Securities. Also, the Net Asset Value of the Sub-Fund will be reduced as some of the Sub-Fund’s assets will be set aside as Provision. Such market movements and the setting aside of the Provision may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

***Increased market volatility*** – The possible entitlement to a CGT Provision Refund on or around the Long Stop Date may cause an unusual demand for the Units during the period from the date of this Announcement and Notice up to the Last Trading Day. This is particularly the case as no creation of Units will be allowed from the date of this Announcement and Notice.

***Possible provision for unforeseeable expenses*** – There may be certain expenses in relation to or arising out of the on-going maintenance of the Sub-Fund, and the termination process together with the Delisting and Deauthorisation which are unforeseeable at the time of this Announcement and Notice. If the need for incurring any such expenses come to the attention of the Manager and/or the Trustee during the period from the date of this Announcement and Notice to the Last Trading Day, a further provision (i.e. Unforeseeable Expenses Provision) may be set aside for such expenses. While the Manager envisages that the amount of such expenses should be immaterial, any setting aside of any such Unforeseeable Expenses Provision will reduce the Net Asset Value per Unit.

***Failure to track the Underlying Index*** – All Base Securities will be liquidated with effect from the Trading Cessation Date. Thereafter, the entirety of the Sub-Fund’s assets will be cash. It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index.

***Market Maker’s inefficiency risk*** – As there will be no creation of Units from the date of this Announcement and Notice onwards, the divergence between the supply of and demand for the Units may be larger than usual. In particular, should there be a large demand for the Units before the Trading Cessation Date, the Market Maker may not be able to effectively perform its market making activities to provide liquidity of the trading of Units on the SEHK. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice through the Last Trading Day.

### 7.3 Tax implications

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.

Investors should however pay attention to the CGT arrangement as set out in section 5 above. Also, investors should consult their professional financial advisers for tax advice.

### 8. Enquiries

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at Suites 1106-1110, 11th Floor, Chater House, 8 Connaught Road, Central, Hong Kong, or call: (852) 3762 9228, or visit the Manager's website: <http://asset.pingan.com.hk>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

#### **Ping An of China Asset Management (Hong Kong) Company Limited**

as Manager of the Trust and the Sub-Fund

Hong Kong

24 July 2014