

**YUANTA TRACKER FUND (H.K.) SERIES (the “Trust”)**

***Yuanta/P-shares Taiwan Top 50 ETF (H.K.) (the “Sub-Fund”) (Stock Code: 3002)***

**Announcement and Notice to Unitholders**

**IMPORTANT:** The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited and the Securities and Futures Commission 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.

If you are in any doubt about the contents of this Announcement and Notice, you should consult your stockbroker(s), bank manager(s), solicitor(s), accountant(s) or other financial adviser(s). Yuanta Securities (Hong Kong) Company Limited accepts full responsibility for the information contained in this Announcement and Notice as being accurate at the date hereof, 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.

If you have sold or transferred all your Units in the Sub-Fund, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Investments involve risks, including the loss of principal. You are advised to consider your investment objectives and circumstances in determining the suitability of an investment in the Trust and the Sub-Fund. An investment in the Trust and the Sub-Fund may not be suitable for everyone.

The SFC’s authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

This Announcement and Notice is important and requires your immediate attention and does not constitute an invitation or offer to acquire, purchase or subscribe for Units in the Sub-Fund.

Dear Unitholders,

**ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE OF CERTAIN PROVISIONS OF THE CODE**

**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 cessation of trading, proposed termination, proposed deauthorisation and proposed delisting of the Trust and the Sub-Fund, and the waivers from strict compliance of certain provisions of the Code for the period from 4 July 2016 (i.e. the Trading Cessation Date) to the Deauthorisation date. In particular, investors should note

that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Sub-Fund (see details of the factors in section 1 below), the Manager has, by means of a resolution of the board of directors of the Manager dated 20 May 2016, decided to exercise its power under Clause 35.6(A) of the Trust Deed to propose to terminate the Trust and the Sub-Fund with effect from the Termination Date (as defined below);
- the Provision in respect of the Trust and the Sub-Fund, in the amount of HK\$460,000 will be set aside immediately after this Announcement and Notice has been published for discharging all Future Costs (as defined below) until the Termination Date. As a result, the Net Asset Value and Net Asset Value per Unit of the Sub-Fund will be reduced before the commencement of trading on SEHK on 30 May 2016 as follows:

Before setting aside Provision		After setting aside Provision	
NAV	NAV per Unit	NAV	NAV per Unit
HK\$9,684,431.07	HK\$9.68	HK\$9,224,431.07	HK\$9.22

- the Last Trading Day of the Units in the Sub-Fund will be 30 June 2016, i.e. the last day on which investors may buy or sell Units on SEHK and the last day for redemption of Units in accordance with the usual trading arrangements currently in place, but no creation of Units in the primary market through the Participating Dealer will be allowed from 30 May 2016;
- the Units of the Sub-Fund will cease trading as from 4 July 2016 (the “**Trading Cessation Date**”); that means, no further buying or selling Units on SEHK and no redemption of Units will be possible from the Trading Cessation Date onwards;
- following the date of this Announcement and Notice, there will be no further creation of Units;
- from the Trading Cessation Date onwards: (i) there will be no further trading of Units and no further redemption of Units; (ii) the Manager will start to realise all the assets of the Trust and the Sub-Fund and the Sub-Fund will therefore cease to track the Underlying Index via the Yuanta/P-shares Taiwan Top 50 ETF (the “**Master Fund**”) and will not be able to meet its investment objective of tracking the performance of the Underlying Index; (iii) the Trust and the Sub-Fund will no longer be marketed to the public in Hong Kong; and (iv) the Trust and the Sub-Fund will mainly hold cash, and the Sub-Fund will only be operated in a limited manner;
- with a view to minimising the further costs, fees and expenses in managing the Trust and the Sub-Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the following provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) paragraphs 4, 17(a) and 17(b) of Appendix I (with regard to providing estimated Net Asset Value or RUPV and last closing Net Asset Value on a real time or near-real time basis); and (iii) Chapters 6.1 and 11.1B (with regard to updating the Explanatory Memorandum of the Trust and the Sub-Fund dated 20 January 2015 (as amended) (the “**Explanatory Memorandum**”) and the product key facts statement of the Sub-Fund (the “**KFS**”). The details and the conditions on which such waiver is granted are as described in

section 5 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of the Trust and the Sub-Fund until the Deauthorisation date;
- the Manager will, after having consulted with the Trust's and the Sub-Fund's Auditors, declare a Final Distribution (please refer to section 3.2 below for further information) to the investors who remain so as at close of business on 25 July 2016, i.e. the Distribution Record Date, and the Final Distribution will be payable on or around 1 August 2016 (the "**Final Distribution Date**");
- if there is any further distribution after the Final Distribution (please refer to section 3.2 below for further information), the Manager will issue an announcement to confirm the amount of further distribution (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any)) on or around 12 August 2016 and such further distribution (if any) will be payable on or around 2 September 2016;
- by the date the Trustee and the Manager have formed an opinion that the Trust and the Sub-Fund cease to have any contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the termination of the Trust and the Sub-Fund (such date being the "**Termination Date**");
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Trust's and the Sub-Fund's SFC authorisation status and the Sub-Fund's SEHK listing status, and, subject to SEHK's approval, expects the Delisting to take effect at or around the same time as the Deauthorisation;
- the Manager expects that the Deauthorisation and the Delisting will take place either on the Termination Date or immediately after the Termination Date (please note that any product documentation for the Trust and the Sub-Fund previously issued to investors, including the Explanatory Memorandum and the KFS should be retained for personal use only and not for public circulation);
- upon the termination and Deauthorisation of the Trust and the Sub-Fund and the Delisting of the Sub-Fund, the Manager understands that Yuanta Securities Investment Trust Co. Ltd., the manager of the Master Fund, shall apply to the SFC for withdrawal of authorisation of the Master Fund;
- investors should pay attention to the risk factors as set out in section 7.1 below (including liquidity risk, Units trading at a discount or premium and Market Maker's inefficiency risk, tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, possible provision for unforeseen expenses risk, failure to track the Underlying Index risk and delay in distribution 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:

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- 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; and
- 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.

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 9 below).

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 Distribution Record Date. Also, further announcements will be made in due course to inform the investors of the Final Distribution Date, together with the amount of Final Distribution per Unit, the Termination Date, the dates for the Deauthorisation and the Delisting and whether there is any further distribution after the Final Distribution 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.

Terms otherwise not defined in this Announcement and Notice will have the same meaning as those defined in the Explanatory Memorandum.

According to Clause 35.6(A) of the Trust Deed, if the aggregate Net Asset Value of all units outstanding under the Trust shall be less than HK\$100 million, the Manager may in its absolute discretion by notice in writing to the Trustee, terminate the Trust and the Sub-Fund.

As at 20 May 2016, the aggregate Net Asset Value of all units outstanding under the Trust and the Sub-Fund was less than HK\$100 million. The Manager therefore announces that it has, by means of a resolution of the board of directors of the Manager dated 20 May 2016, decided to seek the termination and the voluntary Deauthorisation of the Trust and the Sub-Fund and Delisting of the Sub-Fund, and has provided the Trustee with written notice of such decision. The Proposal will be subject to the final approval of the SFC and SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Trust and the Sub-Fund have no outstanding contingent or actual liabilities or assets.

Before the proposed termination, Deauthorisation and Delisting, the Units of the Sub-Fund will cease trading on SEHK as from 4 July 2016, the Trading Cessation Date. Accordingly, the last day on which the Units of the Sub-Fund can be traded on SEHK will be 30 June 2016, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on SEHK will be allowed. Also, while investors may continue to trade Units on SEHK on any trading day before the Trading Cessation Date, no creation of Units in the primary market through the Participating Dealer will be allowed from 30 May 2016 following the publication of this Announcement and Notice.

The Manager by this Announcement and Notice notifies the investors of the proposed termination of the Trust and the Sub-Fund. Also, as required under Chapter 11.1A of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Sub-Fund will cease to track the Underlying Index via the Master Fund, and cease trading, from the Trading Cessation Date.

Provision will be set aside in respect of the Trust and the Sub-Fund for discharging all Future Costs from the date of this Announcement and Notice up to and including the Termination Date. A further Unforeseen Expenses Provision may also be set aside in respect of the Trust and the Sub-Fund to cover Unforeseen Expenses. Where (i) the Provision is insufficient to cover Future Costs until the Termination Date; and/or (ii) if applicable, the Unforeseen Expenses Provision is insufficient to cover Unforeseen Expenses until the Termination Date, any shortfall will be borne by the Manager.

Regarding the costs for effecting the Proposal, please refer to section 5 below.

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

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

According to Clause 35.6(A) of the Trust Deed, the Trust and the Sub-Fund may be terminated by the Manager in its absolute discretion if the aggregate Net Asset Value of all units outstanding under the Trust shall be less than HK\$ 100 million. The Trust Deed does not require investors' approval for terminating the Trust and the Sub-Fund on the ground set out in Clause 35.6(A) of the Trust Deed.

The Net Asset Value and the Net Asset Value per Unit of the Sub-Fund as at 26 May 2016 was HK\$9,612,823.38 and HK\$9.61 respectively.

Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value of the Sub-Fund and the relatively low trading volume of the Sub-Fund, the Manager is of the view that the proposed termination of the Trust (and therefore 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 35.6(A) of the Trust Deed and provided written notice to the Trustee to propose the termination of the Trust (and therefore the Sub-Fund) on the date on which the Trustee and the Manager form an opinion that the Trust and the Sub-Fund cease to have any contingent or actual assets or liabilities.

The total expense ratio of the Sub-Fund was 8.37% as of 31 December 2015, which is calculated by dividing the total expenses over the year from 1 January 2015 to 31 December 2015 by the average Net Asset Value of the Sub-Fund over the same period.

#### **1.2 The proposed cessation of trading**

The Manager will apply to SEHK to have the Units of the Sub-Fund cease trading on SEHK with effect from the Trading Cessation Date, i.e. 4 July 2016. The Manager will aim to realise all of the assets of the Trust and the Sub-Fund effective from 4 July 2016 in exercise of its investment powers under Clause 9.5 of the Trust Deed.

The Manager will then proceed with the Final Distribution as soon as practicable (see details in section 2.2 below). As such, 30 June 2016 will be the Last Trading Day on

which investors may buy or sell Units on SEHK in accordance with the usual trading arrangements currently in place.

The Manager currently does not expect that there will be any further distribution after the Final Distribution. In case of contrary, the Manager will issue an announcement to confirm the amount of further distribution (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any)) on or around 12 August 2016 and such further distribution (if any) will be payable on or around 2 September 2016. If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement informing the Unitholders of the revised dates.

Also, in view of the proposed cessation of trading, no further creation of Units by the Participating Dealer will be allowed from 30 May 2016 following the date of this Announcement and Notice.

For the avoidance of doubt redemption of Units by the Participating Dealer will continue to be permitted until the Last Trading Day.

Investors should note that they cannot redeem Units directly from the Sub-Fund. Only the Participating Dealer may submit redemption applications to the Manager and the Participating Dealer may have its own application procedures for its clients and may set application cut-off times for its clients which are earlier than those set out in the Explanatory Memorandum. Investors are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

### **1.3 Impact on the proposed realisation of the assets**

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

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

### **2.1 Immediately following the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units will cease trading on SEHK, that is, investors will only be allowed to buy or sell Units on SEHK until (and including) the Last Trading Day which is 30 June 2016 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**

The Manager will, after having consulted the Trust's and the Sub-Fund's Auditors, declare a Final Distribution in respect of the Relevant Investors (i.e. those investors who do not sell their Units on or before the Last Trading Day). Such Final Distribution will be made on or around 1 August 2016. Please refer to section 3.2 below for further details on the Final Distribution. The Manager currently does not expect that there will be any further distribution after the Final Distribution. In case of contrary, the Manager will issue an announcement to confirm the amount of further distribution (which may include any refund of excess Provision and/or Unforeseen Expenses

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Provision (if any)) on or around 12 August 2016 and such further distribution (if any) will be payable on or around 2 September 2016. If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement informing the Relevant Investors of the revised dates.

On the Termination Date (which is expected to be on or around 9 September 2016) which is the date on which the Trustee and the Manager form an opinion that the Trust and the Sub-Fund cease to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the termination of the Trust and the Sub-Fund.

During the period from the Trading Cessation Date until, at least, the Termination Date, the Sub-Fund will still have listing status on SEHK, and the Trust and the Sub-Fund will remain authorised by the SFC, although the Sub-Fund will be operated only in a limited manner (as described in section 4.2 below). The Manager has therefore applied to the SFC, and has been granted, waivers from strict compliance of certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date. The details and the conditions on which such waiver is granted are as described in section 5 below.

The Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and SEHK's approvals respectively. The Manager expects, subject to SEHK's approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The proposed termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (for details, please refer to section 6 below), the discharge of all outstanding liabilities of the Trust and the Sub-Fund, as well as the final approvals of the SFC and SEHK.

Following Deauthorisation, the Trust and the Sub-Fund will no longer be subject to regulation by the SFC. Any product documentation for the Trust and the Sub-Fund previously issued to investors, including the Explanatory Memorandum and the KFS should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Trust and the Sub-Fund to the public in Hong Kong as this may be in breach of the SFO.

### 2.3 Important dates

Subject to the SFC's and 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 Trust and the Sub-Fund will be as follows:

1	Dispatch of this Announcement and Notice and the setting aside of the Provision	27 May 2016
2	No further creation of Units	From 30 May 2016
3	Last day for setting aside any Unforeseen Expenses Provision. If the amount of Unforeseen Expenses Provision (if any) set aside is material, an announcement will be issued	27 June 2016

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4	Last day for dealings in the Units on SEHK and last day for redemption of Units by the Participating Dealer (the “ <b>Last Trading Day</b> ”)	30 June 2016
5	Dealings in the Units on SEHK cease (the “ <b>Trading Cessation Date</b> ”) and no further redemption of Units, i.e. same date on which the Manager will start to realise all the assets of the Trust and the Sub-Fund and the Sub-Fund will cease to be able to track the Underlying Index via the Master Fund	4 July 2016
6	The date as at which an investor needs to be 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 Final Distribution and further distribution (if any) (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any)) (the “ <b>Distribution Record Date</b> ”)	At close of business on 25 July 2016
7	Announcement on the amount of Final Distribution per Unit	On or before 29 July 2016
8	Final Distribution (after the Manager having consulted with the Trust’s and the Sub-Fund’s Auditors) will be paid to the investors who are still holding Units as at the Distribution Record Date (the “ <b>Final Distribution Date</b> ”)	On or around 1 August 2016
9	If there is any further distribution after the Final Distribution, announcement to confirm the amount and the payment date of further distribution (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any))	On or around 12 August 2016
10	Further distribution (if any) (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any)) will be paid to the investors who are still holding Units as at the Distribution Record Date	On or around 2 September 2016
11	Termination of the Trust and the Sub-Fund (the “ <b>Termination Date</b> ”)	On or around 9 September 2016, which is the date on which the Manager and the Trustee form an opinion that the Trust and the Sub-Fund cease to have any contingent or actual assets or liabilities
12	Deauthorisation of the Trust and the Sub-Fund and Delisting of the Sub-Fund	On or around 9 September 2016,



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		<p>which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively</p> <p>The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or immediately after the Termination Date</p>
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The Manager will, on a weekly basis from the date of this Announcement and Notice to the Last Trading Day, issue reminder announcements to Unitholders informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. In addition, the Manager will issue further announcements in due course to inform the Unitholders of the Final Distribution Date, together with the amount of Final Distribution per Unit, the dates for the Deauthorisation and Delisting, as well as the Termination Date, with regard to the Trust and the Sub-Fund, and whether there is any further distribution after the Final Distribution, 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 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 SEHK in accordance with the usual trading arrangements, during the trading hours of SEHK and based on the prevailing market prices. Yuanta Securities (Hong Kong) Company Limited, the sole Market Maker of the Sub-Fund will continue to perform its market making functions in accordance with the Trading Rules of SEHK in respect of the Sub-Fund.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units or such other applicable rate) and a trading fee (at 0.005% of the price of the Units) will be payable by each of the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units of the Sub-Fund on SEHK.

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 Relevant Investors who are still holding Units in the Sub-Fund after the Last Trading Day, the Manager will, after having consulted with the Trust's and the Sub-Fund's Auditors, declare Final Distributions in respect of such Relevant Investors. Each Relevant Investor will be entitled to a Final 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 Distribution Record Date. The Sub-Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Trust and the Sub-Fund as described in section 1.3 above, less the Provision and, if any, the Unforeseen Expenses Provision (see section 6 below) as at the Distribution Record Date.

The Final 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 1 August 2016. The Manager will issue further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution, together with the amount of Final Distribution per Unit, in due course.

The Manager currently does not expect that there will be any further distribution after the Final Distribution. In case of contrary, the Manager will issue an announcement to confirm the amount of further distribution (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any)) on or around 12 August 2016 and such further distribution (if any) will be payable on or around 2 September 2016. If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement informing the Unitholders of the revised dates.

**IMPORTANT NOTE: Investors should note and consider the risk factors as set out in section 7.1 below and consult their professional and financial advisers before disposing of any 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 Final Distribution or any further distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

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

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

Each of the Trust and the Sub-Fund will maintain its SFC authorisation status and the Sub-Fund will maintain its SEHK listing status, until the Deauthorisation and Delisting. Deauthorisation and Delisting will follow as soon as possible after the termination of the Trust and the Sub-Fund.

By the time the Trustee and the Manager form an opinion that the Trust and 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 Deauthorisation, and to SEHK to complete the Delisting respectively.

### 4.2 Limited operation of the Sub-Fund

During the period from the Trading Cessation Date until the Deauthorisation, the Sub-Fund 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.

## 5. Waiver

### 5.1 Background

As set out in section 2.2 above, while the Sub-Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Trust and the Sub-Fund, the Trust and the Sub-Fund will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Trust and the Sub-Fund will maintain their SFC authorisation status, and the Sub-Fund will maintain its SEHK listing status, until the completion of the proposed termination, Deauthorisation and Delisting. The Master Fund will also maintain its SFC authorisation status, and upon the termination and Deauthorisation of the Trust and the Sub-Fund and the Delisting of the Sub-Fund, the Manager understands that Yuanta Securities Investment Trust Co. Ltd., the manager of the Master Fund, shall apply to the SFC for withdrawal of authorisation of the Master Fund and the withdrawal of authorisation from the SFC is expected to take place after the Deauthorisation and Delisting. The SFC's authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

However, following the date of this Announcement and Notice, there will be no further creation of Units, and from the Trading Cessation Date onwards: (i) there will be no further trading of Units and no further redemption of Units; (ii) the Manager will start to realise all the assets of the Trust and the Sub-Fund and the Sub-Fund will therefore cease to track the Underlying Index via the Master Fund and will not be able to meet its investment objective of tracking the performance of the Underlying Index; (iii) the Trust and the Sub-Fund will no longer be marketed to the public in Hong Kong; and (iv) the Trust and the Sub-Fund will mainly hold cash, and the Sub-Fund will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Trust and the Sub-Fund following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section 5.

### 5.2 Publishing of the suspension of dealing

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner (the requirements under (b) are referred to as the “**Investor Notification Requirements**”).

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the Investor Notification Requirements under Chapter 10.7 of the Code, subject to the conditions that (a) a statement shall be posted in a prominent position of the Manager's website from the Trading Cessation Date until the Deauthorisation date to notify investors that the Units of the Sub-Fund have ceased trading on SEHK from 4 July 2016, and draw investors' attention to this Announcement and Notice and all other relevant announcements; and (b) the announcements in relation to the Trust and the Sub-Fund will remain published on the Manager's website for a period of one year after the Deauthorisation date.

Because the Sub-Fund will retain its SEHK listing status after the Last Trading Day (30 June 2016) until the Deauthorisation date, investors may continue to access further announcements in relation to the Trust and the Sub-Fund via HKEx's website and the Manager's website during such period. In addition, as one of the conditions of this waiver, the announcements in relation to the Trust and the Sub-Fund will remain published on the Manager's website for a period of one year after the Deauthorisation date. The Manager is of the view that one-year period should be sufficient to cater for investors who may have questions about the Trust and/or the Sub-Fund after the Deauthorisation. Also, according to the current policy of HKEx (which may change from time to time), the announcements in relation to the Trust and the Sub-Fund will remain published on HKEx's website for a period of at least 5 years after the date of Delisting.

### **5.3 Provision of estimated Net Asset Value or RUPV and last closing Net Asset Value on a real time or near real time basis**

Under paragraphs 4, 17(a) and 17(b) of Appendix I to the Code, the Manager is required to provide estimated Net Asset Value or RUPV and last closing Net Asset Value of the Sub-Fund to the public on a real time or near-real time basis unless otherwise waived, via any suitable channels in paragraph 18 of Appendix I to the Code (which include the Sub-Fund's own website).

As following the date of this Announcement and Notice, there will be no further creation of Units, and from the Trading Cessation Date onwards, there will be no further trading of Units and no further redemption of Units, and the Trust and the Sub-Fund will mainly hold cash and the Sub-Fund will only be operated in a limited manner, the Manager proposes and the Trustee consents that the Net Asset Value per Unit will be updated on the Manager's website only when there is any event which causes the Net Asset Value of the Sub-Fund to change. The Manager and the Trustee expect that the events which will cause the Net Asset Value per Unit to change are: (i) the Final Distribution (please see further in section 3.2 above); (ii) further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Sub-Fund; and (iv) any change in exchange rate.

Accordingly, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under paragraphs 4, 17(a) and 17(b) of Appendix I to the Code, subject to the following conditions:

- (A) the Net Asset Value per Unit as of 4 July 2016 (i.e. the Trading Cessation Date), which will be the latest available Net Asset Value per Unit, will be published on the Manager's website; and
- (B) the Manager shall update the latest available Net Asset Value per Unit on the Manager's website as soon as practicable should there be any other change

to the Net Asset Value of the Sub-Fund including but not limited to changes arising from (i) the Final Distribution (please see further in section 3.2 above); (ii) further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Sub-Fund; and (iv) any change in exchange rate.

### 5.4 Updating of the offering document

Under Chapters 6.1 and 11.1B of the Code, the offering document of the Trust and the Sub-Fund (consisting of the Explanatory Memorandum and the KFS) (“**Offering Document**”) must be up-to-date and must be updated to incorporate any relevant changes to the Trust and/or the Sub-Fund.

In view of the cessation of trading of Units from the Trading Cessation Date, and there being no further creation or redemption of Units, the Manager considers that it is not necessary to update the Offering Document to reflect any future changes to the Trust and/or the Sub-Fund.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Offering Document needs not be updated from the Trading Cessation Date.

Without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager has undertaken and confirmed with the SFC that it shall:

- (A) promptly notify investors of any changes to the Trust and/or the Sub-Fund or to the Offering Document by means of publishing the announcement(s) on its and HKEx’s websites (each, a “**Relevant Future Announcement**”); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Offering Document, and any other Relevant Future Announcement(s).

### 5.5 Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of the Trust and the Sub-Fund.

## 6. Costs

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

All redemption of Units by the Participating Dealer will be subject to the fees and costs as set out in the Explanatory Memorandum. The Participating Dealer may pass on to the relevant investors such fees and costs. The Participating Dealer may also impose fees and charges in handling any redemption request which would also increase the cost of redemption. Investors are advised to check with the Participating Dealer as to the relevant fees, costs and charges.

Immediately after this Announcement and Notice has been published, a certain portion of the assets of the Trust and the Sub-Fund, amounting to HK\$460,000.00

(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 Trust and the Sub-Fund, including the Trustee) that the Trustee and the Manager may incur or make, during the period commencing immediately following publication of this Announcement and Notice up to and including the Termination Date, in connection with or arising out of the ongoing maintenance of the Trust and the Sub-Fund and the implementation of the Proposal (together, the “**Future Costs**”). The Trustee has confirmed that it has no objection to the amount of the Provision in respect of the Trust and the Sub-Fund.

**As a result of the setting aside of the Provision in respect of the Trust and the Sub-Fund immediately after this Announcement and Notice has been published, the Net Asset Value and Net Asset Value per Unit of the Sub-Fund will be reduced before the commencement of trading on SEHK on 30 May 2016 as follows:**

Before setting aside Provision		After setting aside Provision	
NAV	NAV per Unit	NAV	NAV per Unit
HK\$9,684,431.07	HK\$9.68	HK\$9,224,431.07	HK\$9.22

**Please refer to “Net Asset Value downward adjustment risk” in section 7.1 below.**

If after the setting aside of the Provision in respect of the Trust and the Sub-Fund, certain types of expenses which are unforeseeable at the time of this Announcement and Notice, including but not limited to the full amount of all taxes, levies, duties or similar charges and professional fees in relation to agreeing and/or contesting any such liabilities or recoveries and all litigation expenses (the “**Unforeseen Expenses**”) come to the attention of the Manager and/or the Trustee, then, subject to the approval from both the Trustee and the Manager, a further provision (the “**Unforeseen Expenses Provision**”) may be set aside for such expenses in relation to the Trust and the Sub-Fund. The Manager envisages that, in respect of the Trust and the Sub-Fund, the amount of such Unforeseen Expenses and therefore the amount of the Unforeseen Expenses Provision to be set aside (if any), should be immaterial. However, if the Unforeseen Expenses Provision to be set aside in respect of the Trust and the Sub-Fund is, in the opinion of the Trustee and the Manager, a material amount, any setting aside of such Unforeseen Expenses Provision will be subject to the Trustee’s approval and notification to the investors. **The setting aside of any Unforeseen Expenses Provision for the Trust and the Sub-Fund will reduce the Net Asset Value and the Net Asset Value per Unit of the Sub-Fund. Please refer to “Net Asset Value downward adjustment risk” in section 7.1 below.**

Where (i) the Provision is insufficient to cover Future Costs until the Termination Date; and/or (ii) if applicable, the Unforeseen Expenses Provision is insufficient to cover Unforeseen Expenses until the Termination Date, any shortfall will be borne by the Manager.

Conversely, where (i) the Provision is in excess of the actual amount of Future Costs until the Termination Date; and/or (ii) if applicable, the Unforeseen Expenses Provision is in excess of the actual amount of Unforeseen Expenses until the Termination Date, such excess will be refunded to the Relevant Investors as part of the Final Distribution and, if necessary, any further distribution of the Sub-Fund in

proportion to the Relevant Investor's interests in the Sub-Fund as at the Distribution Record Date.

The Trust and the Sub-Fund do not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

## 7. **Other matters**

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

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

**"Liquidity risk"** - Trading of Units in the Sub-Fund on SEHK from the date of this Announcement and Notice may become less liquid.

**"Units trading at a discount or premium and Market Maker's inefficiency risk"** - Although up to (and including) the Last Trading Day, the Market Maker will continue to perform its market making functions in respect of the Sub-Fund in accordance with the Trading Rules of SEHK, Units in the Sub-Fund may trade at a discount compared to its Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after the Proposal has been announced but there may not be many investors in the market who are willing to purchase the Units. On the other hand, it is also possible that the Units of the Sub-Fund may trade at a premium because there will be no creation of Units from 30 May 2016 and consequently the divergence between the supply of and demand for the Units may be larger than usual. The Market Maker may not be able to effectively perform its market making activities to provide liquidity of the trading of Units on SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**"Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk"** - The setting aside of the Provision (immediately after this Announcement and Notice has been published) and the Unforeseen Expenses Provision, if any, will adversely affect the Net Asset Value per Unit. This reduction of Net Asset Value per Unit may cause the Sub-Fund's returns to substantially deviate from the performance of the Underlying Index so that the Sub-Fund will not be able to properly track the performance of the Underlying Index via the Master Fund during the period from the date of this Announcement and Notice to the Last Trading Day and thus triggering significant tracking error. Furthermore, it is possible that the size of the Sub-Fund may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objective of the Sub-Fund and result in significant tracking error. In the extreme situation where the size of the Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the Sub-Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the Sub-Fund into cash or deposits in order to protect the interest of the investors of the Sub-Fund.

**"Possible provision for unforeseen expenses risk"** - There may be certain expenses such as (but not limited to) tax, levy, duty or similar charges and professional fees in relation to agreeing and/or contesting any such liabilities or

recoveries and litigation expenses in relation to or arising out of 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 comes 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, the Unforeseen Expenses Provision may be set aside for such expenses. While the Manager envisages that the amount of such expenses should be immaterial, any such Unforeseen Expenses Provision will reduce the Net Asset Value per Unit.

**“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 securities. Also, the Net Asset Value of the Sub-Fund will be reduced as the Trust and the Sub-Fund will set aside a Provision (in the amount of HK\$460,000) immediately after the publication of this Announcement and Notice. The Trust and the Sub-Fund may, if applicable, also set aside an Unforeseen Expenses Provision which may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**“Failure to track the Underlying Index risk”** - The Manager will aim to realise all of the Sub-Fund’s investment in the Master Fund with effect from the Trading Cessation Date. Thereafter, the Trust’s and the Sub-Fund’s assets will mainly be in cash. The Sub-Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the Underlying Index via the Master Fund, and will not be able to meet its investment objective of tracking the performance of the Underlying Index.

**“Delay in distribution risk”** - The Manager will aim to realise all of the assets of the Trust and the Sub-Fund and then proceed with the Final Distribution as soon as practicable. However, the Manager may not be able to realise all the assets of the Trust and the Sub-Fund in a timely manner during certain periods of time, for example, when the Manager cannot sell the relevant units in the Master Fund (the **“MF Units”**) because the trading limit on the price of the MF Units imposed by the Taiwan Stock Exchange has been exceeded or when trading on exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Final Distribution or further distribution (if any) to the Relevant Investors may be delayed.

### 7.2 Tax implications

Upon obtaining professional advice, as at the date of this Announcement and Notice, the Trust and the Sub-Fund are not subject to any capital gain tax and/or profit tax in relation to the realisation of assets under the Proposal.

No tax will be payable by investors in Hong Kong in respect of the Final Distribution or further distribution (if any) to the extent of distribution of profits and/or capital of the Trust and the Sub-Fund. For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong as well as where the Units are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### 7.3 Connected party transaction



None of the connected persons of the Manager and/or the Trustee is involved in any transaction in relation to the Trust and the Sub-Fund, nor holds any interest in the Trust and the Sub-Fund.

**8. Documents available for inspection**

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set (except that copies of the audited reports and semi-annual reports of the Trust and the Sub-Fund, the Explanatory Memorandum and KFS may be obtained free of charge):

- the Trust Deed;
- the audited reports and semi-annual reports of the Trust and the Sub-Fund;
- the Explanatory Memorandum and KFS;
- Conversion agency agreements; and
- Participation agreements.

**9. Enquiries**

If you have any queries, please direct them to your financial adviser(s) or alternatively to us at 23/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong (telephone number: (852) 3555 7888; email: [AssetManagement-Operation.brk@yuanta.com](mailto:AssetManagement-Operation.brk@yuanta.com); fax number: (852) 3555 7717).

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.

**Yuanta Securities (Hong Kong) Company Limited**  
as the Manager of the Trust and the Sub-Fund

Date: 27 May 2016

*As at the date of this Announcement and Notice, the Board of Directors of the Manager consists of CHEN Chi Chang, CHEN Miao Ju, TAN Pei San, KUO Ming Cheng, WANG Yi Min, WAN Siu Shun and WAN Ngar Yin David.*

**DEFINITIONS**

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors
Code	The Code on Unit Trusts and Mutual Funds issued by the SFC (as amended or replaced from time to time)
Deauthorisation	The deauthorisation of the Trust, the Sub-Fund and their Offering Document by the SFC under section 106 of the SFO
Delisting	The delisting of the Sub-Fund from SEHK
Distribution Record Date	25 July 2016, being the date for the purpose of determining the beneficial owners of Units in the Sub-Fund who are entitled to the Final Distribution and further distribution (if any) (which may include any refund of excess Provision and/or Unforeseen Expenses Provision (if any))
Final Distribution	Has the meaning given to that term in section 3.2 above
Final Distribution Date	On or around 1 August 2016, being the date on which the Final Distribution will take place
Future Costs	Has the meaning given to that term in section 6 above
HKEx	Hong Kong Exchanges and Clearing Limited or its successors
HKSCC	Hong Kong Securities Clearing Company Limited or its successors
Investor Notification Requirements	Has the meaning given to that term in section 5.2 above
Last Trading Day	30 June 2016, being the last day for dealings in the Units on SEHK and last day for redemption of Units by the Participating Dealer
Manager	Yuanta Securities (Hong Kong) Company Limited
Market Maker	Yuanta Securities (Hong Kong) Company Limited
Master Fund	Yuanta/P-shares Taiwan Top 50 ETF
Participating Dealer	Yuanta Securities (Hong Kong) Company Limited
Proposal	The proposal to terminate the Trust and the Sub-Fund, and to voluntarily seek the Deauthorisation and the Delisting
Provision	Has the meaning given to that term in section 6 above

## Second Reminder

Registrar	HSBC Institutional Trust Services (Asia) Limited
Relevant Future Announcement	Has the meaning given to that term in section 5.4 above
Relevant Investors	The investors who are still holding Units in the Sub-Fund after the Last Trading Day
RUPV	Reference Underlying Portfolio Value, which is updated at 15 second intervals during trading hours
SEHK	The Stock Exchange of Hong Kong Limited or its successors
SFC	The Securities and Futures Commission of Hong Kong or its successors
SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong)
Sub-Fund	Yuanta/P-shares Taiwan Top 50 ETF (H.K.)
Termination Date	The date on which the Trustee and the Manager form an opinion that the Trust and the Sub-Fund cease to have any contingent or actual assets or liabilities
Trading Cessation Date	4 July 2016, being the date on which the dealings in the Units on SEHK cease
Trust	Yuanta Tracker Fund (H.K.) Series
Trust Deed	The trust deed dated 27 July 2009 establishing the Trust, as amended, novated or supplemented from time to time
Trustee	HSBC Institutional Trust Services (Asia) Limited
Underlying Index	FTSE TWSE Taiwan 50 Index, the index tracked by the Master Fund
Unforeseen Expenses	Has the meaning given to that term in section 6 above
Unforeseen Expenses Provision	Has the meaning given to that term in section 6 above
Unit	In respect of the Sub-Fund, one undivided share in the Sub-Fund
Unitholder	A holder of Units in respect of the Sub-Fund