



**Yuanta/P-shares Taiwan Top 50
ETF (H.K.)**
(A Sub-fund of Yuanta Tracker Fund (H.K.) Series)
Stock Code - 3002

Period from 1 January 2016
to 9 September 2016 (date of termination)

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Management and Administration

Manager

Yuanta Securities (Hong Kong) Company Limited
23/F Admiralty Centre Tower 1
18 Harcourt Road
Hong Kong

Trustee and Registrar

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

Legal Advisor to the Manager

DEACONS
5/F, Alexandra House
18 Charter Road
Central
Hong Kong

Auditor

KPMG
8th Floor, Prince's Building
10 Charter Road
Central Hong Kong



Independent auditor's report to the unitholders of Yuanta/P-shares Taiwan Top 50 ETF (H.K.) ("the Fund")

Report on the financial statements

We have audited the financial statements of the Fund set out on pages 6 to 26, which comprise the statement of assets and liabilities as at 9 September 2016 (date of termination), the statement of comprehensive income, statement of changes in equity, statement of distribution and cash flow statement for the period from 1 January 2016 to 9 September 2016 (date of termination) and a summary of significant accounting policies and other explanatory information.

Manager's and Trustee's responsibilities for the financial statements

The Manager and the Trustee are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Manager and the Trustee also have a responsibility to ensure that the financial statements comply with the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements set out in Appendix E to the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission ("the Code").

Auditor's responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



**Independent auditor's report to the unitholders of
Yuanta/P-shares Taiwan Top 50 ETF (H.K.)
("the Fund") (continued)**

Report on the financial statements (continued)

Auditor's responsibility (continued)

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 9 September 2016 (date of termination) and of its transactions and cash flows for the period from 1 January 2016 to 9 September 2016 (date of termination) in accordance with Hong Kong Financial Reporting Standards.

Emphasis of matter

We draw attention to notes 1 and 2(b) to the financial statements. All outstanding units of the Fund were redeemed on 28 July 2016 and the Fund was terminated on 9 September 2016. Accordingly, the Fund is no longer a going concern and its financial statements have been prepared on a break-up basis. Our opinion is not qualified in respect of this matter.



Independent auditor's report to the unitholders of
Yuanta/P-shares Taiwan Top 50 ETF (H.K.)
("the Fund") (continued)

Report on disclosure requirements under the Code

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements set out in the Code.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 DEC 2016

Statement of assets and liabilities
as at 9 September 2016 (date of termination)
(Expressed in Hong Kong dollars)

	Note	At 9 September 2016 (date of termination)	At 31 December 2015
Assets			
Cash and cash equivalents	5	\$ -	\$ 513,278
Financial assets at fair value through profit or loss	4	-	9,595,765
Total assets		<u>\$ -</u>	<u>\$ 10,109,043</u>
Liabilities			
Management fee payable	7(a)	\$ -	\$ 1,772
Trustee fee payable	7(b)	-	26,499
Other payables		-	224,922
Total liabilities		<u>\$ -</u>	<u>\$ 253,193</u>
Net assets attributable to unitholders		<u>\$ -</u>	<u>\$ 9,855,850</u>
Representing:			
Total equity		<u>\$ -</u>	<u>\$ 9,855,850</u>

**Statement of comprehensive income
 for the period from 1 January 2016
 to 9 September 2016 (date of termination)**
(Expressed in Hong Kong dollars)

	Note	Period from 1 January 2016 to 9 September 2016 (date of termination)	Year ended 31 December 2015
Income			
Dividend income		\$ -	\$ 318,820
Expenses			
Auditor's remuneration		\$ (150,440)	\$ (194,000)
Management fee	7(a)	-	(42,016)
Trustee fee	7(b)	(215,672)	(312,000)
Safe custody and bank charges		(4,186)	(9,782)
Registration fee	7(b)	(22,417)	(39,000)
Valuation fee	7(b)	(157,950)	(277,290)
Transaction fees paid to trustee	7(b)	(2,540)	(4,850)
Transactions cost		(5,187)	(310)
Sundry expenses		(149,964)	(127,360)
Legal and professional fees		(344,285)	(23,259)
Withholding tax	3	-	(32,289)
		<u>\$ (1,052,641)</u>	<u>\$ (1,062,156)</u>
Net loss before investment and exchange gain/(loss)		\$ (1,052,641)	\$ (743,336)
Net investment and exchange gain/(loss)			
Net foreign exchange gain/(loss)		44,436	(14,593)
Net gain/(loss) from financial assets at fair value through profit or loss	6	888,299	(1,343,180)
Loss after tax and total comprehensive income for the period/year		\$ (119,906)	\$ (2,101,109)

The notes on pages 12 to 26 form part of these financial statements.

**Statement of changes in equity
 for the period from 1 January 2016
 to 9 September 2016 (date of termination)**
(Expressed in Hong Kong dollars)

	<i>Period from 1 January 2016 to 9 September 2016 (date of termination)</i>	<i>Year ended 31 December 2015</i>
Net assets at the beginning of the period/year	\$ 9,855,850	\$ 11,956,959
Loss after tax and total comprehensive income for the period/year	(119,906)	(2,101,109)
Transaction with unitholders recorded directly in equity		
Redemption of units	<u>(9,735,944)</u>	<u>-</u>
Net assets at the end of the period/year	<u>\$ -</u>	<u>\$ 9,855,850</u>

The notes on pages 12 to 26 form part of these financial statements.

**Statement of distribution
 for the period from 1 January 2016
 to 9 September 2016 (date of termination)**
(Expressed in Hong Kong dollars)

	<i>Period from 1 January 2016 to 9 September 2016 (date of termination)</i>	<i>Year ended 31 December 2015</i>
Distributable income at the beginning of the period/year	\$ 4,755,666	\$ 4,469,135
Income earned during the period/year	-	318,820
Withholding tax	-	(32,289)
Income portion of redemption of units	<u>(4,755,666)</u>	<u>-</u>
Distributable income at the end of the period/year	<u>\$ -</u>	<u>\$ 4,755,666</u>
Distribution to unitholders per unit	<u>\$ -</u>	<u>\$ -</u>
Date of distribution to unitholders	<u>N/A</u>	<u>N/A</u>

The notes on pages 12 to 26 form part of these financial statements.

Cash flow statement
for the period from 1 January 2016
to 9 September 2016 (date of termination)
(Expressed in Hong Kong dollars)

	<i>Period from 1 January 2016 to 9 September 2016 (date of termination)</i>	<i>Year ended 31 December 2015</i>
Operating activities		
Loss after tax and total comprehensive income for the period/year	\$ (119,906)	\$ (2,101,109)
Decrease in financial assets at fair value through profit or loss	9,595,765	1,964,221
Decrease in other assets	-	13,701
Decrease in management fee payable	(1,772)	(2,335)
Decrease in trustee fee payable	(26,499)	(1,709)
(Decrease)/increase in other payables	(224,922)	18,150
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	\$ 9,222,666	\$ (109,081)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Financing activities		
Payments for redemption of units	\$ (9,735,944)	\$ -
	<hr/>	<hr/>
Net cash used in financing activities	\$ (9,735,944)	\$ -
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net decrease in cash and cash equivalents	\$ (513,278)	\$ (109,081)
Cash and cash equivalents at the beginning of the period/year	513,278	622,359
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period/year	\$ -	\$ 513,278
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

The notes on pages 12 to 26 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Background

Yuanta/P-shares Taiwan Top 50 ETF (H.K.) ("the Fund") is a sub-fund of Yuanta Tracker Fund (H.K.) Series ("the Trust"). The Fund was authorised by the Securities and Futures Commission in Hong Kong ("SFC") under section 104(1) of the Hong Kong Securities and Futures Ordinance and was governed by the Hong Kong Code on Unit Trusts and Mutual Funds ("the Code").

The Trust is an open ended unit trust constituted by a Trust Deed dated 27 July 2009, as amended, entered into between Yuanta Securities (Hong Kong) Limited (the "Manager"), and HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

The Fund was an exchange traded fund listed on The Stock Exchange of Hong Kong Limited ("SEHK") on 19 August 2009.

The investment objective of the Fund is to provide investment results that, after expenses, closely link to or correspond to the performance of the FTSE TWSE Taiwan 50 Index ("the Index") by investing substantially all of its assets in Yuanta/P-shares Taiwan Top 50 ETF (the "Master Fund") listed on the Taiwan Stock Exchange.

According to clause 35.6(A) of the Trust Deed, as amended, the Fund may be terminated if the aggregate net asset value of all outstanding units of the Fund shall be less than \$100 million. As at 20 May 2016, the aggregate net asset value of all outstanding units of the Fund was less than \$100 million and accordingly the Manager exercised its discretion to terminate the Fund with effect from 9 September 2016. On 28 July 2016, all units in issue were redeemed at the net asset value per unit calculated that day.

Furthermore, the SFC has approved the deauthorisation of the Fund and the SEHK has approved the delisting of the Fund from the SEHK. The deauthorisation and delisting became effective on 9 September 2016 (date of termination).

2 Significant accounting policies

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure provisions of the Code issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

2 Significant accounting policies (continued)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the company. There have been no significant changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Fund for the current and prior accounting periods reflected in these financial statements.

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) *Basis of preparation of the financial statements*

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

As explained in note 1, the Fund was fully redeemed and the Manager exercised its discretion to terminate the Fund. Accordingly, the Fund is no longer a going concern and the financial statements of the Fund have been prepared on a break-up basis. If the provision for costs and expenses in connection with the termination of the Fund is insufficient to cover any future costs or any unforeseen expenses, any shortfall will be borne by the Manager.

The previous financial statements were prepared in respect of the year ended 31 December 2015 (i.e. a full year basis), however the current financial statements were prepared in respect of the period from 1 January 2016 to 9 September 2016 (date of termination) (i.e. non full year basis). Consequently, the comparative figures shown on the statement of comprehensive income, statement of changes in equity, statement of distribution, cash flow statement and related notes are not comparable.

2 Significant accounting policies (continued)

(c) Foreign currency

These financial statements are prepared in Hong Kong dollars, which is the Fund's functional currency. Transactions in foreign currencies are translated into Hong Kong dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date into Hong Kong dollars at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the exchange rate at the date the fair value was determined.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income as net foreign exchange gain or loss, except for those arising on financial assets at fair value through profit or loss, which are recognised as net gain or loss from financial instruments at fair value through profit or loss.

(d) Income and expenses

Interest income and expenses are recognised as they accrue using the effective interest method. Dividend income is recognised when the underlying securities are quoted ex-dividend. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss. All other income and expenses are accounted for on an accruals basis.

(e) Financial instruments

(i) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

A regular purchase or sale of financial assets or financial liabilities at fair value through profit or loss is recognised on a trade date basis. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

(ii) Classification

The Fund has classified its investment in the Master Fund as a financial asset at fair value through profit or loss.

Financial liabilities that are not at fair value through profit or loss include management fee payable, trustee fee payable and other payables.

2 Significant accounting policies (continued)

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all financial instruments classified at fair value through profit or loss are measured at fair value.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership has been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from brokers are recognised as of the date the Fund commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying value of the asset and the consideration received is recognised in profit or loss.

(v) Fair value measurement

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Net gains and losses on investments are included in profit or loss. Realised gains and losses on investments and unrealised gains and losses on investments arising from a change in fair value are provided in note 6. Net realised gains and losses from financial instruments at fair value through profit or loss is calculated using the average cost method.

2 Significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(g) Units in issue

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has one class of redeemable units in issue. This is the most subordinate class of financial instruments in the Fund and ranks *pari passu* in all material respects and has identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each daily redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets the following conditions:

- it entitles the holder to pro rata share of the entity's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable units meet all of these conditions and are classified as equity.

2 Significant accounting policies (continued)

(h) Related parties

- (a) A person, or a close member of that person's family, is related to the Fund if that person:
- (i) has control or joint control over the Fund;
 - (ii) has significant influence over the Fund; or
 - (iii) is a member of the key management personnel of the Fund.
- (b) An entity is related to the Fund if any of the following conditions applies:
- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is controlled or jointly controlled by a person identified in (a);
 - (vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (vii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Fund.

(i) Segment reporting

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the Manager, Yuanta Securities (Hong Kong) Limited.

3 Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Fund is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Taxation for the period/year represents non-recoverable withholding tax on dividend income.

4 Financial instruments and associated risks

The Fund maintains investment portfolio in the Master Fund as dictated by its investment management strategy. The Fund's investment objective is to provide investment results that, after expenses, closely link to or correspond to the performance of the Index. To achieve the investment objective, the Manager will aim at investing at least 90% of its assets in the Master Fund. The Manager may also invest in other permitted investments to achieve the investment objective. Where there is a change in the composition of the Index or the weighting of shares in the Index, the Manager will be responsible for implementing any adjustment to the Fund's investment portfolio to ensure that the investment portfolio closely corresponds to the performance of the Index.

The nature and extent of the financial instruments outstanding at the period/year end date and the risk management policies employed by the Fund are discussed below.

(a) Market risk

Market risk arises when the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency risk, interest rate risk and price risk.

(i) Currency risk

Currency risk arises from changes in foreign exchange rate of financial assets and financial liabilities denominated in currencies other than the Fund's functional currency.

At 9 September 2016 (date of termination), no significant currency risk is associated with the Fund. At 31 December 2015, the Fund was exposed to foreign currency risk primarily from its investments and deposits at bank which are denominated in Taiwanese dollar ("TWD"). The risk is assessed in the context of the investment objectives of the Fund and is managed accordingly.

The table below summarises the Fund's net exposure of monetary assets which are denominated in TWD at 31 December 2015:

	HK\$ equivalent
TWD	<u>9,863,870</u>

4 Financial instruments and associated risks (continued)

An analysis of the estimated change in the Fund's net profit or loss and total equity in response to reasonably possible changes in the foreign exchange rates to which the Fund had significant exposure at 31 December 2015 is presented in the following table.

	<i>Appreciation/ (depreciation) of foreign currency</i>	<i>Effect on net profit or loss and total equity</i>
TWD	3.68% (3.68)%	\$ 362,990 <u>(362,990)</u>

The above analysis assumes the change in foreign exchange rates occurred at 31 December 2015 and had been applied to the Fund's exposure to currency risk in existence at that date while all other variables remains constant. The stated changes also represent management's assessment of reasonably possible changes in foreign exchange rates until the next annual date of the statement of assets and liabilities.

(ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of interest bearing assets and therefore result in potential gain or loss to the Fund. The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund has limited exposure to interest rate risk.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument or factors affecting all instruments traded in the market. At 9 September 2016 (date of termination), the Fund did not hold any financial instruments. As a result, the Fund is not exposed to price risk. At 31 December 2015, the Fund was exposed to price risk arising from changes in market prices of the Master Fund.

The Fund tracked the performance of the Index by investing in the Master Fund. It was estimated that for a 9.06% increase in the Index at 31 December 2015, other variables held constant, the net profit and total equity would increase by \$869,078; an equal change in the opposite direction would have an equal but opposite effect.

4 Financial instruments and associated risks (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

At 9 September 2016 (date of termination), the Fund did not hold any financial assets. As a result, the Fund is not exposed to credit risk. At 31 December 2015, all of the Fund's financial assets were exposed to credit risk. These include financial assets at fair value through profit or loss and cash and cash equivalents placed with the Trustee and banks.

All of the assets of the Fund were safe-kept by the Trustee. Bankruptcy or insolvency of the Trustee may cause the Fund's rights with respect to the assets safe-kept by the Trustee to be delayed or limited. The Manager monitors the credit quality and financial position of the Trustee by performing due diligence annually.

At 31 December 2015, the cash held by the Fund and all of the investments of the Fund were held by The Hongkong and Shanghai Banking Corporation Limited (the "Bank"). Bankruptcy or insolvency of the Bank may cause the Fund's rights with respect to the assets held by the Bank to be delayed or limited. The Manager monitors the credit rating and financial position of the Bank on an ongoing basis.

The table below summarises the assets placed with the Bank and the Trustee, which are also the Fund's maximum exposure to credit risk at 31 December 2015.

	<i>Exposure</i>	<i>Credit rating</i>	<i>Source of credit rating</i>
Bank			
The Hongkong and Shanghai Bank Corporation Limited			
- Cash at bank	\$ 513,278	* A-1	S&P
- Investments held in custody	\$ 9,595,765	* A-1	S&P

* Credit rating of HSBC Holdings plc., the parent company of The Hongkong and Shanghai Bank Corporation Limited and HSBC Institutional Trust Services (Asia) Limited.

4 Financial instruments and associated risks (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy and the Manager's approach to manage liquidity is to have sufficient liquidity to meet its liability including estimated redemption of units, as and when due, without incurring undue losses or risking damage to the Fund's reputation.

At 9 September 2016 (date of termination), the Fund did not hold any financial assets. As a result, the Fund is not exposed to liquidity risk. At 31 December 2015, the majority of the Fund's financial assets were the Master Fund listed on the Taiwan Stock Exchange which is considered to be readily realisable. As a result, the Fund is able to liquidate quickly some of its investments in order to meet its liquidity requirements.

The daily issue and redemption of units of the Fund is set out in the Fund's Explanatory Memorandum and the Fund is therefore exposed to the liquidity risk of meeting unitholders' daily redemptions. All other financial liabilities are repayable on demand or have contractual maturities less than three months.

The Fund's liquidity risk is managed on a daily basis by the Manager in accordance with policies and procedures in place. The Manager is entitled to direct the Trustee to limit the number of units in the Fund on any dealing day to 10% of the total number of units in the Fund in issue.

At 9 September 2016 (date of termination), the Fund did not have any financial liabilities. The following table presents the earliest contractual settlement dates of the Fund's financial liabilities at 31 December 2015.

	<i>Carrying amount</i>	<i>Total contractual undiscounted cash flow</i>	<i>Less than 1 month</i>	<i>1 to 5 months</i>
Management fee payable	\$ 1,772	\$ 1,772	\$ 1,772	\$ -
Trustee fee payables	26,499	26,499	26,499	-
Other payables	224,922	224,922	34,922	190,000
	<u>\$ 253,193</u>	<u>\$ 253,193</u>	<u>\$ 63,193</u>	<u>\$ 190,000</u>

4 Financial instruments and associated risks (continued)

(d) Capital management

The Fund's capital as at the date of the statement of assets and liabilities is represented by its redeemable shares.

As explained in note 1, the Fund was fully redeemed and the Manager exercised its discretion to terminate the Fund.

The Fund's objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Explanatory Memorandum.

There were no changes in the policies and procedures during the period/year with respect to the Fund's approach to its capital management.

The Fund is not subject to externally imposed capital requirements.

The amount and the movement of equity are stated in the statement of changes in equity. As the redeemable shares are redeemed on demand at the shareholders' option, the actual level of redemption may differ significantly from the historic experience.

5 Cash and cash equivalents

	<i>At 9 September 2016 (date of termination)</i>	<i>At 31 December 2015</i>
Cash at bank	\$ -	\$ 513,278

6 Net gain/(loss) from financial assets at fair value through profit or loss

	<i>Period from 1 January 2016 to 9 September 2016 (date of termination)</i>	<i>Year ended 31 December 2015</i>
Net realised gain	\$ 2,795,888	\$ 195,835
Net change in unrealised loss	(1,907,589)	(1,539,015)
Total net gain/(loss)	\$ 888,299	\$ (1,343,180)

7 Transactions with the Manager, the Trustee and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the period/year between the Fund and the Manager, the Trustee and their Connected Persons. Connected Persons are those as defined in the Code issued by the SFC. All transactions during the period/year between the Fund and the Manager, the Trustee and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Manager and the Trustee, the Fund did not have any other transactions with Connected Persons except for those disclosed below. The relevant receivables and payables are unsecured, interest-free and repayable on demand.

- (a) The Manager earns management fee at the rate of 0.38% per annum of the net asset value of the Fund. Management fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

The management fee payable by the Master Fund to the Master Fund's manager, Yuanta Securities Investment Trust Co., Ltd., is 0.32% per annum of the net asset value of the Master Fund. Accordingly the aggregate amount of management fee payable to the Manager and its connected persons of the Manager and the Master Fund is equal to 0.70% per annum of the net asset value of the Fund.

Effective from 18 December 2015, the Manager waived the management fee chargeable to the Fund.

- (b) The Trustee earns trustee fee at the rate of 0.115% per annum of the net asset value of the Fund (subject to a minimum of \$312,000 per annum). Trustee fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

The Trustee also earns fees for providing various other services to the Fund as follows:

- (i) Registrar's fees per annum
 - (ii) Transaction fees for each purchase/sale of investments
 - (iii) Valuation fees per daily valuation
 - (iv) Special fees charged on time-cost basis
- (c) The Fund allows the Manager and its connected persons to transact in units of the Fund. As explained in note 1, the Fund was fully redeemed during the period and no units in issue were outstanding as at 9 September 2016 (date of termination). The holding of the Fund by the Manager as at 31 December 2015 was 219,800 units, representing 22.0% holding in the Fund.

8 Units in issue

	<i>Period from 1 January 2016 to 9 September 2016 (date of termination) No. of units</i>	<i>Year ended 31 December 2015 No. of units</i>
Balance at the beginning of the period/year	1,000,000	1,000,000
Units redeemed during the period/year	<u>(1,000,000)</u>	<u>-</u>
Balance at the end of the period/year	<u>-</u>	<u>1,000,000</u>

9 Soft dollar commission

The Manager has not entered into any soft dollar commission arrangements with brokers for the Fund.

10 Fair value information

The Fund's financial instruments are measured at fair value on the date of the statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including cash and cash equivalents, margin accounts, other receivables and other payables, the carrying amounts approximate their fair value due to the immediate or short-term nature of these financial instruments.

Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in accounting policy in note 2(e)(v).

The Fund measures fair values using the following fair values hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using: quoted market price in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

10 Fair value information (continued)

At 9 September 2016 (date of termination), the Fund did not have any financial instruments. The investment held by the Fund at 31 December 2015 was listed on the Taiwan Stock Exchange and its fair value was based on quoted market price in an active market.

The following analyses financial instruments at fair value at 31 December 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	<i>Level 1</i>
Yuanta/P-shares Taiwan Top 50 ETF	\$ <u>9,595,765</u>

There are no transfers between the levels during the period and prior year.

Financial instruments not measured at fair value

At 9 September 2016 (date of termination), the Fund did not have any financial instruments. At 31 December 2015, the financial instruments not measured at fair value through profit or loss were short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following table sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

	<i>At 31 December 2015</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	\$ 513,278	\$ -	\$ -	\$ 513,278
Financial liabilities				
Management fee payable	\$ -	\$ 1,772	\$ -	\$ 1,772
Trustee fee payable	-	26,499	-	26,499
Other Payables	-	224,922	-	224,922
Net assets attributable to unit holders	-	9,855,850	-	9,855,850
	\$ -	\$10,109,043	\$ -	\$10,109,043

11 Segment information

The Manager makes the strategic resource allocation on behalf of the Fund and determines operating segments based on internal reports reviewed which are used to make strategic decisions.

The Manager considers that the Fund has one single operating segment based on one single and integrated investment strategy by investing substantially all of its assets in the Master Fund with the objective to closely match the performance of the Index as stipulated in the Explanatory Memorandum. There was no change in the operating segment during the period/year.

All revenues of the Fund are generated from investments. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and statement of assets and liabilities.

The Fund is domiciled in Hong Kong. All of the Fund's income from investments is from its investments in the Master Fund.

12 Involvement with an unconsolidated structured entity

The table below describes the type of structured entity that the Fund did not consolidate but in which it held an interest at 31 December 2015. No such entity was held by the Fund at 9 September 2016 (date of termination).

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the Fund</i>
Investment fund	To manage assets on behalf of third party investors and generate fees for the investment manager. This vehicle is financed through the issue of units to investors.	Investments in units issued by the fund

The table below sets out interests held by the Fund in an unconsolidated structured entity at 31 December 2015. The maximum exposure to loss is the carrying amount of the financial assets held.

	<i>Structured entity</i>	<i>Total net assets</i>	<i>Carrying amount include in "financial assets at fair value through profit or loss"</i>
Yuanta/P-shares Taiwan Top 50 ETF	Listed exchange traded funds	19,085,913,441	9,595,765

During the period and prior year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can trade units in the above investment fund in the open market.

Performance of Yuanta/P-shares Taiwan Top 50 ETF (H.K.) and FTSE TWSE Taiwan 50 Index (unaudited)

<i>Fund/Index</i>	<i>Performance</i>	
	<i>At 9 September 2016 (date of termination)</i>	<i>At 31 December 2015</i>
Yuanta/P-shares Taiwan Top 50 ETF (H.K.) ⁽¹⁾	N/A	(17.57%)
FTSE TWSE Taiwan 50 Index ⁽²⁾	<u>12.32%</u>	<u>(9.21%)</u>

⁽¹⁾ Performance is calculated in base currency with unit price to unit price, dividend reinvestment (if any).

⁽²⁾ Performance is calculated in total return with dividend reinvestment.

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg

Investors should note that investment involves risks and not all investment risks are predictable. Prices of fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should refer to the Fund's offering document (including the full text of the risk factors stated therein) before making any investment decision.

FTSE TWSE Taiwan 50 Index Constituent Stocks Disclosure (unaudited)

Constituent stock that accounted for more than 10% of the weighting of the FTSE TWSE Taiwan 50 Index ("the Index") is listed below.

	<i>Weighting in the Index</i>	
	<i>At 9 September 2016 (date of termination) %</i>	<i>At 31 December 2015 %</i>
Taiwan Semiconductor Manufacturing	<u>30.49</u>	<u>27.34</u>

Statement of movements in portfolio holdings as at 9 September 2016 (unaudited)

	% of total net assets attributable to unitholders	
	At 9 September 2016 (date of termination)	At 31 December 2015
Yuanta/P-shares Taiwan Top 50 ETF	-	97.36
Total investments	-	97.36
Other net assets	-	2.64
Total net assets *	-	100.00

* All outstanding units of the Fund were redeemed on 28 July 2016 and no net assets remained as at 9 September 2016 (date of termination).

Performance table (unaudited)
(Expressed in Hong Kong dollars)

(a) Net asset value attributable to unitholders (in accordance with HKFRSs):

	<i>Net asset value</i>	<i>Net asset value per unit</i>
At 9 September 2016 (date of termination) *	\$ -	\$ -
At 31 December 2015	\$ 9,855,850	\$ 9.85
At 31 December 2014	\$ 11,956,959	\$ 11.95
At 31 December 2013	\$ 28,894,334	\$ 11.55
At 31 December 2012	\$ 28,090,623	\$ 11.23
At 31 December 2011	\$ 32,031,164	\$ 10.68
At 31 December 2010	\$ 140,727,732	\$ 14.07

* All outstanding units of the Fund were redeemed on 28 July 2016 and no net assets remained as at 9 September 2016 (date of termination).

Performance table (unaudited) (continued)
(Expressed in Hong Kong dollars)

(b) Price record (in accordance with Explanatory Memorandum):

	<i>Highest offer price during the period/year</i>	<i>Lowest bid price during the period/year</i>
2016 #	\$ <u>10.28</u>	\$ <u>8.82</u>
2015	\$ <u>13.06</u>	\$ <u>9.42</u>
2014	\$ <u>13.33</u>	\$ <u>10.79</u>
2013	\$ <u>11.87</u>	\$ <u>10.51</u>
2012	\$ <u>12.17</u>	\$ <u>9.92</u>
2011	\$ <u>14.52</u>	\$ <u>10.03</u>
2010	\$ <u>14.07</u>	\$ <u>9.99</u>

Period from 1 January 2016 to 9 September 2016 (date of termination).