

**LIPPO FUND SERIES**

**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2014**

## **LIPPO FUND SERIES**

### **LIPPO SELECT HK & MAINLAND PROPERTY ETF**

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#### **IMPORTANT:**

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Lippo Fund Series, please refer to the prospectus of the Lippo Fund Series which is available at our website: <http://lippoetf.com/index.php/fund-info/>.

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

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**  
**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

We hereby confirm that, in our opinion, the Manager of Lippo Select HK & Mainland Property ETF, a sub-fund (the “Sub-Fund”) of the Lippo Fund Series (the “Trust”) has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 11 June 2012 for the year ended 31 March 2014.

Cititrust Limited

29 July 2014

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF LIPPO SELECT HK & MAINLAND PROPERTY ETF  
A SUB-FUND OF LIPPO FUND SERIES (THE "TRUST")**

**Report on the Financial Statements**

We have audited the financial statements of Lippo Select HK & Mainland Property ETF, a sub-fund of the Trust (the "Sub-Fund"), set out on pages 4 to 25, which comprise the statement of net assets as at 31 March 2014, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 11 June 2012 (the "Trust Deed"), and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF LIPPO SELECT HK & MAINLAND PROPERTY ETF  
A SUB-FUND OF LIPPO FUND SERIES (THE "TRUST") (CONTINUED)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 March 2014, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

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

**Other Matter**

This report, including the opinion, has been prepared for and only for 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.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 29 July 2014

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**STATEMENT OF NET ASSETS**  
**AS AT 31 MARCH 2014**

	Notes	2014 HK\$	2013 HK\$
<b>CURRENT ASSETS</b>			
Investments	10(b)	82,298,445	125,883,599
Dividends receivable		218,755	224,598
Cash and cash equivalents	6(c)	1,181,783	357,521
<b>TOTAL ASSETS</b>		<b>83,698,983</b>	<b>126,465,718</b>
		-----	-----
<b>CURRENT LIABILITIES</b>			
Management fee payable	6(a)	46,518	80,656
Establishment costs payable	6(b)	433,973	433,973
Amounts due to brokers		1,020,570	—
Other payables		—	30,000
		<b>1,501,061</b>	<b>544,629</b>
		-----	-----
<b>NON-CURRENT LIABILITIES</b>			
Establishment costs payable	6(b)	995,069	1,395,069
<b>TOTAL LIABILITIES</b>		<b>2,496,130</b>	<b>1,939,698</b>
		-----	-----
<b>EQUITY</b>			
Net assets attributable to unitholders	4	<b>81,202,853</b>	<b>124,526,020</b>
		=====	=====

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Lippo Investments Management Limited

The notes on pages 8 to 25 form part of these financial statements.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 HK\$	For the period from 26 September 2012 (date of inception) to 31 March 2013 HK\$
<b>INCOME</b>			
Dividend income		3,799,800	888,691
Interest income		7	14
Net (loss)/gain on investments	3	(10,645,570)	21,116,382
<b>Total net (loss)/income</b>		<b>(6,845,763)</b>	<b>22,005,087</b>
		-----	-----
<b>EXPENSES</b>			
Transaction costs on investments		(75,060)	(86,063)
Management fee	6(a)	(641,689)	(514,037)
Establishment costs	6(b)	—	(2,000,000)
<b>Total operating expenses</b>		<b>(716,749)</b>	<b>(2,600,100)</b>
		-----	-----
<b>(Loss)/profit before tax</b>		<b>(7,562,512)</b>	<b>19,404,987</b>
Withholding tax		(15,025)	—
<b>Total comprehensive (loss)/income</b>		<b>(7,577,537)</b>	<b>19,404,987</b>
		=====	=====

The notes on pages 8 to 25 form part of these financial statements.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 HK\$	For the period from 26 September 2012 (date of inception) to 31 March 2013 HK\$
<b>Balance at the beginning of the year/period</b>		124,526,020	–
Issue of units			
- in-kind	7	–	140,033,206
- cash component	7	–	29,235
Redemption of units			
- in-kind	7	(35,492,478)	(34,828,573)
- cash component	7	(253,152)	(112,835)
Net (redemption)/issue of units		(35,745,630)	105,121,033
Total comprehensive (loss)/income		(7,577,537)	19,404,987
<b>Balance at the end of the year/period</b>		<b>81,202,853</b>	<b>124,526,020</b>

The notes on pages 8 to 25 form part of these financial statements.



**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 HK\$	For the period from 26 September 2012 (date of inception) to 31 March 2013 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total comprehensive (loss)/income		(7,577,537)	19,404,987
Adjustments for:			
Dividend income		(3,799,800)	(888,691)
Interest income		(7)	(14)
Withholding tax		15,025	—
		(11,362,319)	18,516,282
Decrease/(increase) in investments		8,092,676	(20,678,966)
(Decrease)/increase in management fee payable		(34,138)	80,656
(Decrease)/increase in establishment costs payable		(400,000)	1,829,042
Increase in amounts due to brokers		1,020,570	—
(Decrease)/increase in other payables		(30,000)	30,000
		(2,713,211)	(222,986)
Cash used in operating activities		3,790,618	664,093
Dividends received		7	14
Interest received			
Net cash generated from operating activities		<b>1,077,414</b>	<b>441,121</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from issue of units		—	29,235
Cash paid on redemption of units		(253,152)	(112,835)
Net cash used in financing activities		<b>(253,152)</b>	<b>(83,600)</b>
<b>Net increase in cash and cash equivalents</b>		<b>824,262</b>	<b>357,521</b>
Cash and cash equivalents at the beginning of the year/period		357,521	—
Cash and cash equivalents at the end of the year/period		<b>1,181,783</b>	<b>357,521</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances	6(c)	1,181,783	357,521

Please refer to note 7 for details of major non-cash transactions.  
The notes on pages 8 to 25 form part of these financial statements.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 General information**

Lippo Fund Series (the “Trust”) is an umbrella unit trust established under the terms of the trust deed dated 11 June 2012 (the “Trust Deed”) between Lippo Investments Management Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The Trust Deed is governed by Hong Kong law.

The Trust has been established initially with only one sub-fund, Lippo Select HK & Mainland Property ETF (the “Sub-Fund”) which is authorised by the Securities & Futures Commission of Hong Kong (the “SFC”) pursuant to section 104(1) of the Securities and Futures Ordinance. The Sub-Fund is also listed on the Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchanges and Clearing Limited).

These financial statements relate to the above-mentioned Sub-Fund. The Manager and the Trustee (collectively, the “Management”) are responsible for the preparation of the financial statements.

The objective of the Sub-Fund (Stock code: 2824) is to provide investment results that, before the deduction of fees and expenses, closely correspond to the performance of the Lippo Select HK & Mainland Property Index (the “Underlying Index”) by investing all, or substantially all, of the assets of the Sub-Fund in index securities in substantially the same weightings as constituted in the Underlying Index.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the Trustee and Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**(a) Basis of preparation (Continued)**

*New standards and amendments to standards that are relevant to the Sub-Fund and have been adopted by the Sub-Fund*

IFRS 13 “Fair value measurement” has been early adopted since 26 September 2012 (date of inception).

Amendments to IFRS 7, “Disclosures – Offsetting financial assets and financial liabilities” require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. The amendments did not have any impact on the Sub-Fund’s financial statements.

*New standards and amendments to standards that are relevant to the Sub-Fund but are not yet effective and have been early adopted by the Sub-Fund*

Amendments to IAS 32, “Offsetting financial assets and financial liabilities”, effective for annual periods beginning on or after 1 April 2014 has been early adopted by the Sub-Fund. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Sub-Fund’s financial statements.

*New standards and amendments to standards that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund*

IFRS 9, “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. The effective date is for annual periods beginning on or after 1 January 2018. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new standard is not expected to have a significant impact on the financial statements of the Sub-Fund.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Fund.

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**(b) Investments**

All investments have been classified as “financial assets at fair value through profit or loss”.

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of comprehensive income in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Investments that are listed or traded on an exchange are fair valued based on quoted last traded prices.

**(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of net assets where the Sub-Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**(d) Income**

Interest income is recognised on a time-proportionate basis using the effective interest method.

Dividend income on equity securities is recorded on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted is accounted for when the Sub-Fund’s right to receive payment is established.

**(e) Expenses**

Expenses are accounted for on an accrual basis.

**(f) Cash component**

Cash issue component represents the amount being equal to the difference between the issue price on the relevant transaction date and the value of the securities exchanged in kind for those units.

Cash redemption component represents the amount being equal to the difference between the redemption value on the relevant transaction date on which such units are redeemed and the value of securities transferred in kind to the redeeming unitholder in respect of such units.

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**(g) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**(h) Translation of foreign currencies**

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates ("the functional currency"). The performance of the Sub-Fund is measured and reported to the unitholders in Hong Kong dollar. The Management considers the Hong Kong dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollar, which is the Sub-Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year/period end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'net foreign currency gains/(losses) on cash and cash equivalents'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'net gain/(loss) on investments'.

**(i) Units**

The Sub-Fund issues units, which are redeemable at the holder's option and are classified as equity. Units can be redeemed in-kind and/or in cash equal to a proportionate share of the Sub-Fund's net asset value. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units. Units are created or redeemed in multiples of 25,000 units.

**(j) Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**(j) Amounts due from and due to brokers**

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of net assets date respectively.

**3 Net (loss)/gain on investments**

		For the period from 26 September 2012 (date of inception) to 31 March
	2014 HK\$	2013 HK\$
Net change in unrealised gain/loss on investments	(15,871,868)	14,302,713
Net realised gain on sale of investments	5,226,298	6,813,669
	<u>(10,645,570)</u>	<u>21,116,382</u>

**4 Number of units in issue and net assets attributable to unitholders**

The Sub-Fund's capital is represented by the net assets attributable to unitholders. Units are issued and redeemed in-kind and/or in cash. Subscriptions and redemptions of units during the period are shown on the statement of changes in net assets attributable to unitholders. In accordance with the objectives and risk management policies outlined in note 10, the Sub-Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of listed securities where necessary.

The Sub-Fund determined its fair valuation inputs as the last traded market price for financial assets. This is consistent with the inputs prescribed in the Sub-Fund's prospectus for the calculation of its per unit trading value for subscriptions and redemptions.

As stated in note 2(i), redeemable units of the Sub-Fund, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRS (the "Accounting NAV"). For the purpose of determining the NAV per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Trustee calculates the Dealing NAV in accordance with the provisions of the Sub-Fund's Trust Deed, which may be different from the accounting policies under IFRS.

In accordance with the prospectus of the Trust, the establishment costs of establishing the Trust will be amortised over the first 5 accounting periods of the Trust. However, with respect to the Trust and the Sub-Fund for the purpose of financial statements preparation in compliance with IFRS, its accounting policy is to expense the establishment costs in the statement of comprehensive income as incurred.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4 Number of units in issue and net assets attributable to unitholders (Continued)**

The difference between the Accounting NAV reported in the statement of net assets and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations as at 31 March is reconciled below:

	2014 HK\$	2013 HK\$
Accounting NAV as reported in the statement of net assets	81,202,853	124,526,020
Adjustment for establishment costs	1,395,069	1,795,069
Dealing NAV	<u>82,597,922</u>	<u>126,321,089</u>
	Number of units	
	For the period from 26 September 2012 (date of inception) to 31 March	
	2014	2013
Units in issue at the beginning of the year/period	3,125,000	–
Creation of units	–	4,025,000
Redemption of units	(850,000)	(900,000)
Units in issue at the end of the year/period	<u>2,275,000</u>	<u>3,125,000</u>
	HK\$	HK\$
Net assets attributable to unitholders (Accounting NAV) per unit	<u>35.6936</u>	<u>39.8483</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>36.3068</u>	<u>40.4227</u>

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5 Taxation**

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

The Sub-Fund invests in shares of companies in the People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Sub-Fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Management believes that the Sub-Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.

**6 Transactions with the related parties/Manager and its Connected Persons**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Sub-Fund include the Manager of the Sub-Fund and also its connected persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the Sub-Fund and its related parties, including the Manager and its Connected Persons, were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with its related parties, including the Manager and its Connected Persons except for those disclosed below.

**(a) Management fee**

Management fee is currently charged at a rate of 0.68% (2013: 0.68%) per annum of the net asset value of the Sub-Fund, accrued daily and paid as soon as practicable after the last dealing day in each month. The Manager is entitled to receive a management fee of up to 2% per annum of the net asset value of the Sub-Fund. The Sub-Fund has a single fee structure whereby a single flat fee (i.e. management fee) is paid to the Manager to cover the fees, costs and expenses of the Sub-Fund (including, but not limited to, the Manager's fee, the Trustee's fee, the registrar's fee, fees and expenses of the service agent, auditors, legal counsel and other service providers, ordinary out-of-pocket fees, charges and expenses incurred by the Trustee or the Manager, and the costs, fees and expenses relating to index-related services).



**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6 Transactions with the related parties/Manager and its Connected Persons (Continued)**

**(b) Establishment costs**

The costs and expenses, such as the costs of establishing the Trust and the Sub-Fund and the preparation of the prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs (collectively, “establishment costs”), incurred by the Manager and the Trustee in establishing the Trust and the Sub-Fund, are borne by the Sub-Fund. The establishment costs were HK\$2 million and are payable over the first 5 years since its inception.

	2014 HK\$	2013 HK\$
Establishment costs payable	1,429,042	1,829,042
Less: non-current portion	(995,069)	(1,395,069)
Current portion	<u>433,973</u>	<u>433,973</u>

**(c) Bank balances**

Bank balances are maintained with Citibank N.A., a related company of the Trustee. Bank balances held as at 31 March 2014 was HK\$1,181,783 (2013: HK\$357,521). Interest was earned on these bank balances for the year ended 31 March 2014 and for the period from 26 September 2012 (date of inception) to 31 March 2013.

**(d) Holdings of units**

As at 31 March 2014, Lippo Securities Ltd, a related company of the Manager, held 1,841,500 units (2013: 2,241,500 units) of the Sub-Fund, representing 80.945% (2013: 71.728%) of its net assets.

**7 Major non-cash transactions**

During the year ended 31 March 2014, the Sub-Fund issued nil units (2013: 4,025,000 units), totaling HK\$nil (2013: HK\$140,062,441) in exchange for Index Baskets consisting of investments valued at HK\$nil (2013: HK\$140,033,206) and cash balances of HK\$nil (2013: HK\$29,235).

During the year ended 31 March 2014, the Sub-Fund redeemed 850,000 units (2013: 900,000 units), totaling HK\$35,745,630 (2013: HK\$34,941,408) in exchange for Index Baskets consisting of investments valued at HK\$35,492,478 (2013: HK\$34,828,573) and cash balances of HK\$253,152 (2013: HK\$112,835).

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8 Soft commission**

The Manager may effect transactions, provided that any such transaction is consistent with standards of “best execution”, by or through the agency of another person for the account of the Sub-Fund with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Sub-Fund as a whole and may contribute to an improvement in the performance of the Sub-Fund. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees’ salaries or direct money payments.

Since the inception of the Sub-Fund, the Manager had not participated in any soft commission arrangements in respect of any transactions for the account of the Sub-Fund.

**9 Investment limitations and prohibitions under the SFC Code**

The SFC Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund’s net asset value provided that the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Sub-Fund’s holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

As at 31 March 2014 and 2013, the Sub-Fund did not have any constituent securities that accounted for more than 10% of its net asset value.

During the year ended 31 March 2014, the Lippo Select HK & Mainland Property Index decreased by 9.2% (2013: increased by 17.5%), while the net asset value per unit of the Sub-Fund decreased by 10.4% (2013: increased by 16.8%).

**10 Financial risk management**

**(a) Strategy in using financial instruments**

*Investment objectives and investment policies*

The Sub-Fund’s investment objective is to provide investment results, before fees and expenses that closely correspond to the performance of the Lippo Select HK & Mainland Property Index (“Index”). The Manager seeks to achieve this investment objective by primarily adopting a full replication strategy. Using a replication strategy, the Sub-Fund will invest in all, or substantially all, the securities constituting the Index in the same, or substantially the same, weightings (i.e. proportions) as those securities have in the Index.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(b) Market price risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Sub-Fund's market price risk is managed through diversification of investment portfolio. The Manager monitors the investments on a daily basis and rebalances the portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of shares in, the Index. As at year/period end, the overall market exposure of the Sub-Fund was as follows:

	2014		2013	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
Held for trading:				
Listed investments				
Hong Kong				
Equities	72,272,554	89.00	110,599,371	88.82
Real estate				
investment trusts				
("REITs")	10,025,891	12.35	15,284,228	12.27
	<u>82,298,445</u>	<u>101.35</u>	<u>125,883,599</u>	<u>101.09</u>

The following table shows the net market exposures of the Sub-Fund by industry:

	2014		2013	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
By industry				
Properties	<u>82,298,445</u>	<u>101.35</u>	<u>125,883,599</u>	<u>101.09</u>

All the Sub-Fund's securities are listed on the Hong Kong Stock Exchange. As the Sub-Fund is an index tracking fund, movements in the Index would cause substantially the same percentage change in the Sub-Fund's investments and hence its net asset value.

	2014		2013	
	Change in index %	Impact HK\$	Change in index %	Impact HK\$
Hong Kong				
- Lippo Select HK &				
Mainland Property				
Index	9.2%	7,571,457	17.5%	22,029,630

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

The Manager has used their view of what would be a “reasonable shift” in the Index to estimate the change for use in the market sensitivity analysis above. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager’s current view of market volatility and other relevant factor.

**(c) Interest rate risk**

The majority of the Sub-Fund’s financial assets and liabilities are non-interest bearing. As a result, the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

**(d) Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Sub-Fund’s financial assets that are subject to credit risk are its bank balances and dividends receivable at 31 March 2013 and 2014. During the course of the year/period, the Sub-Fund has had buy/sell transaction with brokers. Receivables from brokers for investments are subject to credit risk of the broker concerned. At 31 March 2013 and 2014, there were no receivables due from brokers. The Sub-Fund limits its exposure to credit risk by transacting with well established broker-dealers and banks with high credit ratings.

All transactions in securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

At 31 March 2014, bank balances of HK\$1,181,783 (2013: HK\$357,521) and investments of HK\$82,298,445 (2013: HK\$125,883,599) were placed with Citibank N.A., the custodian of the Sub-Fund. The credit rating issued by Moody’s was as follows:

	2014	2013
Citibank N.A.	A2	A3

At 31 March 2014, dividends of HK\$218,755 (2013: HK\$224,598) were receivable from the Sub-Fund’s investments, all of which are listed on the Hong Kong Stock Exchange.

Accordingly, the Sub-Fund has no significant credit risk.

The maximum exposure to credit risk at year/period end is the carrying amount of the bank balances and dividends receivable shown on the statement of net assets.

None of the financial assets is impaired nor past due but not impaired.

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(d) Credit risk (Continued)**

Citibank N.A. also acts as custodian for all of the Sub-Fund's investments. It is expected that all investments deposited with a custodian will be clearly identified, and segregated, as being assets of the Sub-Fund; the Sub-Fund should not therefore be exposed to credit risk with a custodian. However, it may not always be possible to achieve this segregation, so the Sub-Fund's investments may experience increased exposure to credit risk associated with the applicable custodian.

**(e) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Sub-Fund has no significant currency risk as all assets and liabilities are denominated in Hong Kong dollars, the Sub-Fund's functional and presentation currency.

**(f) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The Sub-Fund's investments are traded in an active market and can be readily disposed of. It is the intent of the Manager to monitor the Sub-Fund's liquidity position on a daily basis.

The following table illustrates the expected liquidity of financial assets held at 31 March and gives the contractual undiscounted cash-flow projection of the Sub-Fund's financial liabilities. The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 1 month or less. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(f) Liquidity risk (Continued)**

**Maturity analysis**

<b>As at 31 March 2014</b>	<b>Less than 1 month HK\$</b>	<b>1 to &lt;3 months HK\$</b>	<b>3 to 12 months HK\$</b>	<b>More than 12 months HK\$</b>	<b>Total HK\$</b>
<b>Financial assets</b>					
Investments	82,298,445	—	—	—	82,298,445
Dividends receivable	159,496	59,259	—	—	218,755
Cash and cash equivalents	1,181,783	—	—	—	1,181,783
<b>Total financial assets</b>	<b>83,639,724</b>	<b>59,259</b>	<b>—</b>	<b>—</b>	<b>83,698,983</b>
<b>Financial liabilities</b>					
Management fee payable	—	46,518	—	—	46,518
Establishment costs payable	33,973	99,726	300,274	995,069	1,429,042
Amounts due to brokers	1,020,570	—	—	—	1,020,570
<b>Total financial liabilities</b>	<b>1,054,543</b>	<b>146,244</b>	<b>300,274</b>	<b>995,069</b>	<b>2,496,130</b>

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(f) Liquidity risk (Continued)**

**Maturity analysis**

<b>As at 31 March 2013</b>	<b>Less than 1 month HK\$</b>	<b>1 to &lt;3 months HK\$</b>	<b>3 to 12 months HK\$</b>	<b>More than 12 months HK\$</b>	<b>Total HK\$</b>
<b>Financial assets</b>					
Investments	125,883,599	–	–	–	125,883,599
Dividends receivable	–	224,598	–	–	224,598
Cash and cash equivalents	357,521	–	–	–	357,521
<b>Total financial assets</b>	<b>126,241,120</b>	<b>224,598</b>	<b>–</b>	<b>–</b>	<b>126,465,718</b>
<b>Financial liabilities</b>					
Management fee payable	–	80,656	–	–	80,656
Establishment costs payable	33,973	99,726	300,274	1,395,069	1,829,042
Other payables	30,000	–	–	–	30,000
<b>Total financial liabilities</b>	<b>63,973</b>	<b>180,382</b>	<b>300,274</b>	<b>1,395,069</b>	<b>1,939,698</b>

As at 31 March 2014, 1 unitholder held 80.945% (2013: 71.728%) of the Sub-Fund's total net assets.

**(g) Capital risk management**

The Sub-Fund's objective is to provide investment results that closely correspond to the performance of the Lippon Select HK & Mainland Property Index. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Fund, which include the ability to amend the Creation Unit and Redemption Unit size upon the approval of the Trustee;
- Suspend the creation and redemption of units under certain circumstances stipulated in the Trust Deed.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(h) Fair value estimation**

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year/period end date. The Sub-Fund used last traded market price as its fair valuation inputs for its investments

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial liabilities with maturities in excess of 12 months is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments. However, the impact of discounting is considered minimal.

IFRS 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are unobservable inputs (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.



**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Financial risk management (Continued)**

**(h) Fair value estimation (Continued)**

The following table analyses within the fair value hierarchy the Sub-Fund's investments (by class) measured at fair value at 31 March:

At 31 March 2014

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Financial assets held for trading				
- Equities	72,272,554	–	–	72,272,554
- REITs	10,025,891	–	–	10,025,891
	<u>82,298,445</u>	<u>–</u>	<u>–</u>	<u>82,298,445</u>

At 31 March 2013

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Financial assets held for trading				
- Equities	110,599,371	–	–	110,599,371
- REITs	15,284,228	–	–	15,284,228
	<u>125,883,599</u>	<u>–</u>	<u>–</u>	<u>125,883,599</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and REITs. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As of 31 March 2014 and 2013, the Sub-Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 March 2014 and 2013, the Sub-Fund did not hold any investments classified in level 3.

There were no transfers between levels during the year ended 31 March 2014 and during the period from 26 September 2012 (date of inception) to 31 March 2013.

The financial assets and liabilities, excluding investments, which are at fair value through profit or loss, are carried at amortised cost. Their carrying values are a reasonable approximation of fair value.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 Distributions**

The Manager may in its absolute discretion distribute income to the Sub-Fund's unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Fund.

The Sub-Fund did not make any distribution for the year ended 31 March 2014 and for the period from 26 September 2012 (date of inception) to 31 March 2013.

**12 Segment information**

The Manager makes the strategic resource allocations on behalf of the Sub-Fund. The Sub-Fund has determined the operating segments based on the reports reviewed by the Manager, which are used to make strategic decisions.

The Manager is responsible for the Sub-Fund's entire portfolio and considers the business to have a single operating segment. The Manager's asset allocation decisions are based on a single, integrated investment strategy and the Sub-Fund's performance is evaluated on an overall basis.

The Sub-Fund trades in the constituent shares of the Lippon Select HK & Mainland Property Index with the objective to provide investment results that closely correspond to the performance of the Index.

The internal reporting provided to the Manager for the Sub-Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in the reportable segment during the year ended 31 March 2014 and during the period from 26 September 2012 (date of inception) to 31 March 2013.

The Sub-Fund is domiciled in Hong Kong. All of the Sub-Fund's income is from investments in entities listed in Hong Kong.

The Sub-Fund has no assets classified as non-current assets. The Sub-Fund has a diversified portfolio of investments. During the year ended 31 March 2014 and the period from 26 September 2012 (date of inception) to 31 March 2013, there was no investment which accounted for more than 10% of the Sub-Fund's income. As at 31 March 2014 and 2013, there was no investment which accounted for more than 10% of the Sub-Fund's net assets.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13 Approval of financial statements**

The financial statements were approved by the Trustee and the Manager on 29 July 2014.

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**INVESTMENT PORTFOLIO (UNAUDITED)**  
**AS AT 31 MARCH 2014**

Listed investments	Holdings	Fair value HK\$	% of net assets
<b>Equities</b>			
AGILE PROPERTY HOLDINGS LTD	215,556	1,370,936	1.69%
C C LAND HOLDINGS LTD	202,328	345,981	0.43%
CHINA OVERSEAS GRAND OCEANS GROUP LTD	126,548	645,395	0.79%
CHINA OVERSEAS LAND & INVEST	240,791	4,839,899	5.96%
CHINA RESOURCES LAND LTD SHS	285,775	4,863,890	5.99%
CHINA SOUTH CITY HOLDINGS HKD0.01	376,025	1,331,128	1.64%
COUNTRY GARDEN HOLDINGS CO HKD0.10	1,154,308	3,739,958	4.61%
EMPEROR INTL HLDG LTD HKD0.01	172,229	323,791	0.40%
EVERGRANDE REAL ESTATE GROUP USD0.01	1,128,922	4,131,855	5.09%
FANTASIA HOLDINGS GROUP CO HKD0.10'REG S	270,019	310,522	0.38%
FRANSHION PROPERTIES HKD1	572,909	1,483,834	1.83%
GREENTOWN CHINA HOLDINGS HKD0.10	134,951	1,130,889	1.39%
GUANGZHOU R&F PROPERTIES - H	158,740	1,774,713	2.19%
HYSAN DEVELOPMENT CO	99,780	3,367,575	4.15%
K WAH INTL HOLDINGS SHS	190,760	991,952	1.22%
KAISA GROUP HOLDINGS LTD HKD0.10 REGS	234,320	653,753	0.80%
KERRY PROPERTIES LTD	101,574	2,620,609	3.23%
KOWLOON DEVELOPMENT CO LTD	54,687	512,417	0.63%
KWG Property HKD0.10	203,527	867,025	1.07%
LONGFOR PROPERTIES	212,715	2,276,050	2.80%
NEW WORLD CHINA LAND L SHS	474,494	3,103,191	3.82%
NEW WORLD DEVELOPMENT	650,433	5,073,377	6.25%
POLY PROPERTY GROUP CO LTD	313,356	1,074,811	1.32%
POLYTEC ASSET HOLDINGS LTD HKD0.1(POST C	208,168	249,802	0.31%
POWERLONG REAL ESTATE HOLD	164,426	197,311	0.24%
ROAD KING INFRASTRUCTURE LTD ORD	40,791	292,064	0.36%
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GR	225,627	336,184	0.41%
SHENZHEN INV ORD SHS	336,401	844,367	1.04%
SHIMAO PROPERTY HOLDINDS LTD HKD0.10	217,184	3,692,128	4.55%
SINO-OCEAN LAND HOLDINGS	512,209	2,171,766	2.67%
SOHO CHINA LTD	278,633	1,777,679	2.19%
SUN HUNG KAI PROPERTIES	51,002	4,845,190	5.97%
SUNAC CHINA HOLDINGS LTD HKD0.10 'REG S'	259,500	1,167,750	1.44%
WHARF HOLDINGS	90,621	4,494,802	5.53%
WHELOCK & COMPANY LTD	127,076	3,850,403	4.74%
YUEXIU PROPERTY COMPANY LTD	801,373	1,282,197	1.58%
YUZHOU PROPERTIES CO HKD0.10'REG S'	138,000	237,360	0.29%
		72,272,554	89.00%
<b>REITS</b>			
CHAMPION REIT REIT	357,289	1,264,803	1.56%
FORTUNE REIT NPV (REIT)	217,972	1,305,652	1.61%
LINK REIT NPV	135,020	5,151,013	6.34%
PROSPERITY REIT NPV (REIT)	185,514	415,551	0.51%
REGAL REAL ESTATE INVESTMENT NPV REIT	152,776	331,524	0.41%
SUNLIGHT REAL ESTATE INVEST NPV	164,698	477,624	0.59%
YUEXIU REAL ESTATE INVESTMENT TRUST	281,178	1,079,724	1.33%
		10,025,891	12.35%
Total listed investments		82,298,445	101.35%
Total investments, at cost		83,867,600	

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

Investments	Beginning holdings as at 1	Additions	Corporate actions	Disposals	Closing holdings as at 31
	April 2013				March 2014
AGILE PROPERTY HOLDINGS LTD	372,860	3,000	—	160,304	215,556
C C LAND HOLDINGS LTD	341,512	—	—	139,184	202,328
CHAMPION REIT REIT	689,398	5,600	—	337,709	357,289
CHEUNG KONG HOLDINGS LTD	64,514	—	—	64,514	—
CHINA OVERSEAS GRAND OCEANS GROUP LTD	215,779	1,700	—	90,931	126,548
CHINA OVERSEAS LAND & INVEST	341,370	14,706	—	115,285	240,791
CHINA RESOURCES LAND LTD SHS	354,844	49,754	—	118,823	285,775
CHINA SOUTH CITY HOLDINGS HKD0.01	559,217	107,414	—	290,606	376,025
COUNTRY GARDEN HOLDINGS CO HKD0.10	1,970,457	89,500	—	905,649	1,154,308
EMPEROR INTL HLDG LTD HKD0.01	290,113	—	—	117,884	172,229
EVERGRANDE REAL ESTATE GROUP USD0.01	—	1,160,805	—	31,883	1,128,922
FANTASIA HOLDINGS GROUP CO HKD0.10'REG S	—	338,419	—	68,400	270,019
FORTUNE REIT NPV (REIT)	—	224,472	—	6,500	217,972
FRANSHION PROPERTIES HKD1	—	603,309	—	30,400	572,909
GREENTOWN CHINA HOLDINGS HKD0.10	202,503	16,200	—	83,752	134,951
GUANGZHOU R&F PROPERTIES - H	274,341	2,200	—	117,801	158,740
HKC HOLDINGS LTD HKD0.01	1,214,696	—	—	1,214,696	—
HYSAN DEVELOPMENT CO	172,346	1,400	—	73,966	99,780
K WAH INTL HOLDINGS SHS	284,587	21,900	—	115,727	190,760
KAISA GROUP HOLDINGS LTD HKD0.10 REGS	—	279,120	—	44,800	234,320
KERRY LOGISTICS NETWORK LTD	—	—	58,237	58,237	—
KERRY PROPERTIES LTD	174,987	12,599	—	86,012	101,574
KOWLOON DEVELOPMENT CO LTD	91,046	—	—	36,359	54,687
KWG Property HKD0.10	305,216	21,400	—	123,089	203,527
LINK REIT NPV	188,037	18,324	—	71,341	135,020
LONGFOR PROPERTIES	—	223,515	—	10,800	212,715
NEW WORLD CHINA LAND L SHS	701,774	65,500	—	292,780	474,494
NEW WORLD DEVELOPMENT	—	535,825	164,608	50,000	650,433
POLY PROPERTY GROUP CO LTD	536,109	—	—	222,753	313,356
POLYTEC ASSET HOLDINGS LTD HKD0.1(POST C	351,208	—	—	143,040	208,168
POWERLONG REAL ESTATE HOLD	—	164,426	—	—	164,426
PROSPERITY REIT NPV (REIT)	316,941	—	—	131,427	185,514
REGAL REAL ESTATE INVESTMENT NPV REIT	257,741	—	—	104,965	152,776
ROAD KING INFRASTRUCTURE LTD ORD	68,530	—	—	27,739	40,791
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GR	—	234,527	—	8,900	225,627
SHENZHEN INV ORD SHS	604,601	15,376	—	283,576	336,401
SHIMAO PROPERTY HOLDINGS LTD HKD0.10	375,358	3,000	—	161,174	217,184
SHUI ON LAND LTD USD0.0025	810,564	—	252,916	1,063,480	—
SINO-OCEAN LAND HOLDINGS	948,056	7,000	—	442,847	512,209

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)**

<b>Investments</b>	<b>Beginning holdings as at 1 April 2013</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>Closing holdings as at 31 March 2014</b>
SOHO CHINA LTD	483,541	12,400	–	217,308	278,633
SUN HUNG KAI PROPERTIES	65,185	8,231	–	22,414	51,002
SUNAC CHINA HOLDINGS LTD HKD0.10 'REG S'	–	268,800	–	9,300	259,500
SUNLIGHT REAL ESTATE INVEST NPV	275,095	–	–	110,397	164,698
WHARF HOLDINGS	118,922	14,009	–	42,310	90,621
WHEELOCK & COMPANY LTD	186,278	3,017	–	62,219	127,076
YUEXIU PROPERTY COMPANY LTD	1,381,803	11,100	–	591,530	801,373
YUEXIU REAL ESTATE INVESTMENT TRUST	481,836	3,900	–	204,558	281,178
YUZHOU PROPERTIES CO HKD0.10'REG S'	–	138,000	–	–	138,000

**LIPPO FUND SERIES  
LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**PERFORMANCE RECORD (UNAUDITED)**

**Net asset values**

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial year/period dated		
31 March 2014	35.6936	81,202,853
31 March 2013	39.8483	124,526,020

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

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial year/period ended		
31 March 2014	43.9196	33.8575
31 March 2013	44.8035	34.5861

**Performance of the Sub-Fund**

During the year ended 31 March 2014, the Lippon Select HK & Mainland Property Index decreased by 9.2% (2013: increased by 17.5%), while the net asset value per unit of the Sub-Fund decreased by 10.4% (2013: increased by 16.8%).

**LIPPO FUND SERIES**  
**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**ADMINISTRATION AND MANAGEMENT**

**Manager**

Lippo Investments Management Limited  
24th Floor, Tower One  
Lippo Centre, 89 Queensway  
Hong Kong  
Website: <http://www.lippo-im.com>

**Directors of the Manager**

Conrad Cheng Kam Wah  
(resigned on 3 March 2014)  
Sammy Yip Ka Tak  
(resigned on 14 August 2013)  
Stanley Kwok Wai Leung  
(resigned on 15 October 2013)  
Bruce Cheung Heung Wing  
(appointed on 15 October 2013)  
David Ng Tai Chiu  
(appointed on 21 August 2013)

**Trustee**

Cititrust Limited  
50th Floor, Citibank Tower  
Citibank Plaza, 3 Garden Road  
Central, Hong Kong

**Custodian and Administrator**

Citibank N.A.  
50th Floor, Citibank Tower  
Citibank Plaza, 3 Garden Road  
Central, Hong Kong

**Registrar**

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

**Service Agent**

HK Conversion Agency Services Limited  
12/F, One International Finance Centre,  
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**Legal Adviser to the Manager**

King & Wood Mallesons  
13th Floor, Gloucester Tower  
The Landmark, 15 Queen's Road Central  
Central, Hong Kong

**Participating Dealers**

Merrill Lynch Far East Limited  
15th Floor, Citibank Tower  
3 Garden Road, Central  
Hong Kong

Goldman Sachs (Asia) Securities Limited  
68th Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

Credit Suisse Securities (Hong Kong) Limited  
88th Floor, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
22nd Floor  
Prince's Building  
Central  
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