

**LIPPO FUND SERIES**

**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2016**

## **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 2016.

Cititrust Limited

28 July 2016

**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 26, which comprise the statement of net assets as at 31 March 2016, 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 2016, 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, 28 July 2016

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

**STATEMENT OF NET ASSETS**  
**AS AT 31 MARCH 2016**

	Notes	2016 HK\$	2015 HK\$
<b>CURRENT ASSETS</b>			
Investments	10(b)	66,142,244	80,940,964
Dividends receivable		148,192	173,329
Cash and cash equivalents	6(c)	40,826	233,981
<b>TOTAL ASSETS</b>		<b>66,331,262</b>	<b>81,348,274</b>
		-----	-----
<b>CURRENT LIABILITIES</b>			
Management fee payable	6(a)	36,500	46,349
Establishment costs payable	6(b)	433,878	435,068
		<b>470,378</b>	<b>481,417</b>
		-----	-----
<b>NON-CURRENT LIABILITIES</b>			
Establishment costs payable	6(b)	195,070	595,069
<b>TOTAL LIABILITIES</b>		<b>665,448</b>	<b>1,076,486</b>
		-----	-----
<b>EQUITY</b>			
Net assets attributable to unitholders	4	<b>65,665,814</b>	<b>80,271,788</b>
		=====	=====

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Lippo Investments Management Limited

The notes on pages 8 to 26 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 2016**

	Notes	2016 HK\$	2015 HK\$
<b>INCOME</b>			
Dividend income		3,189,112	3,535,257
Interest income		3	5
Net (loss)/gain on investments	3	(8,918,722)	8,690,287
Net foreign exchange losses		(8,487)	—
<b>Total net (loss)/income</b>		<b>(5,738,094)</b>	<b>12,225,549</b>
		-----	-----
<b>EXPENSES</b>			
Transaction costs on investments		(101,584)	(47,270)
Management fee	6(a)	(510,236)	(537,899)
<b>Total operating expenses</b>		<b>(611,820)</b>	<b>(585,169)</b>
		-----	-----
<b>(Loss)/profit before tax</b>		<b>(6,349,914)</b>	<b>11,640,380</b>
Withholding tax		—	(9,318)
<b>Total comprehensive (loss)/income</b>		<b>(6,349,914)</b>	<b>11,631,062</b>
		=====	=====

The notes on pages 8 to 26 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 2016**

	Notes	2016 HK\$	2015 HK\$
<b>Balance at the beginning of the year</b>		80,271,788	81,202,853
Redemption of units			
- in-kind	7	(8,199,850)	(12,462,931)
- cash component	7	(56,210)	(99,196)
Net redemption of units		<u>(8,256,060)</u>	<u>(12,562,127)</u>
Total comprehensive (loss)/income		<u>(6,349,914)</u>	<u>11,631,062</u>
<b>Balance at the end of the year</b>		<u><b>65,665,814</b></u>	<u><b>80,271,788</b></u>

The notes on pages 8 to 26 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 2016**

	Notes	2016 HK\$	2015 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total comprehensive (loss)/income		(6,349,914)	11,631,062
Adjustments for:			
Dividend income		(3,189,112)	(3,535,257)
Interest income		(3)	(5)
Withholding tax		—	9,318
		(9,539,029)	8,105,118
Decrease/(increase) in investments		6,598,870	(11,105,450)
Decrease in management fee payable		(9,849)	(169)
Decrease in establishment costs payable		(401,189)	(398,905)
Decrease in amounts due to brokers		—	(1,020,570)
		(3,351,197)	(4,419,976)
Cash used in operating activities		(3,351,197)	(4,419,976)
Dividends received		3,214,249	3,571,365
Interest received		3	5
		(136,945)	(848,606)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash paid on redemption of units		(56,210)	(99,196)
		(56,210)	(99,196)
<b>Net decrease in cash and cash equivalents</b>		<b>(193,155)</b>	<b>(947,802)</b>
Cash and cash equivalents at the beginning of the year		233,981	1,181,783
Cash and cash equivalents at the end of the year		<b>40,826</b>	<b>233,981</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances	6(c)	40,826	233,981

Please refer to note 7 for details of major non-cash transactions.  
The notes on pages 8 to 26 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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 April 2015 that would be expected to have a material impact on the Sub-Fund.

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 complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Fund is yet to assess IFRS 9's full impact.

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 values 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.

**(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.

**LIPPO FUND SERIES**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

**(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 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)'.

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.

**(k) 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.

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

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

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

**(I) Structured entity**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Fund considers all of its investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Sub-Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable units in each of its Investee Funds.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in "net gain/(loss) on investments".

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

	2016 HK\$	2015 HK\$
Net change in unrealised gain/loss on investments	(9,516,170)	7,299,934
Net realised gain on sale of investments	597,448	1,390,353
	<u>(8,918,722)</u>	<u>8,690,287</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.

**LIPPO FUND SERIES**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

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.

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:

	2016 HK\$	2015 HK\$
Accounting NAV as reported in the statement of net assets	65,665,814	80,271,788
Adjustment for establishment costs	595,069	995,069
Dealing NAV	<u>66,260,883</u>	<u>81,266,857</u>
	Number of units	
	2016	2015
Units in issue at the beginning of the year	1,950,000	2,275,000
Redemption of units	(225,000)	(325,000)
Units in issue at the end of the year	<u>1,725,000</u>	<u>1,950,000</u>
	HK\$	HK\$
Net assets attributable to unitholders (Accounting NAV) per unit	<u>38.0671</u>	<u>41.1650</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>38.4121</u>	<u>41.6753</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 year 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% (2015: 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**  
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**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.

	2016 HK\$	2015 HK\$
Establishment costs payable	628,948	1,030,137
Less: non-current portion	(195,070)	(595,069)
Current portion	<u>433,878</u>	<u>435,068</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 2016 was HK\$40,826 (2015: HK\$233,981). Interest was earned on these bank balances for the years ended 31 March 2016 and 2015.

**(d) Holdings of units**

As at 31 March 2016, Lippo Securities Ltd, a related company of the Manager, held 1,616,500 units (2015: 1,841,500 units) of the Sub-Fund, representing 93.710% (2015: 94.436%) of its net assets.

**7 Major non-cash transactions**

During the years ended 31 March 2016 and 2015, the Sub-Fund did not issue any units.

During the year ended 31 March 2016, the Sub-Fund redeemed 225,000 units (2015: 325,000 units), totaling HK\$8,256,060 (2015: HK\$12,562,127) in exchange for Index Baskets consisting of investments valued at HK\$8,199,850 (2015: HK\$12,462,931) and cash balances of HK\$56,210 (2015: HK\$99,196).

**LIPPO FUND SERIES**  
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**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**

Pursuant to the SFC’s Guidelines for Regulating Index Tracking Exchange Traded Funds (the “ETF Guidelines”), the Manager is permitted to overweight the holdings of the Sub-Fund relative to their respective weightings in the underlying index, on the condition that the maximum extra weighting in any constituent securities will not exceed the maximum limit reasonably determined by the Sub-Fund and after consultation with the SFC. The maximum limit for the Sub-Fund has been disclosed in its prospectus.

The Manager and Trustee have confirmed that the Sub-Fund have complied with this limit during the years ended 31 March 2016 and 2015.

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 2016 and 2015, 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 2016, the Lippo Select HK & Mainland Property Index decreased by 6.6% (2015: increased by 16.7%), while the net asset value per unit of the Sub-Fund decreased by 7.5% (2015: increased by 15.3%).

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

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

**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 Lippon 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.

**(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 end, the overall market exposure of the Sub-Fund was as follows:

	2016		2015	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
Held for trading:				
Listed investments				
Hong Kong				
Equities	57,722,493	87.91	71,629,167	89.23
Real estate investment trusts ("REITs")	8,419,751	12.82	9,311,797	11.60
	<u>66,142,244</u>	<u>100.73</u>	<u>80,940,964</u>	<u>100.83</u>

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

	2016		2015	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
By industry				
Properties	<u>66,142,244</u>	<u>100.73</u>	<u>80,940,964</u>	<u>100.83</u>

**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)**

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.

	2016		2015	
	Change in index %	Impact HK\$	Change in index %	Impact HK\$
Hong Kong - Lippo Select HK & Mainland Property Index	6.6	4,365,388	16.7	13,517,141

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 as at 31 March 2016 and 2015. During the course of the year, the Sub-Fund has had buy/sell transactions with brokers. Receivables from brokers for investments are subject to credit risk of the broker concerned. As at 31 March 2016 and 2015, 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.

As at 31 March 2016, bank balances of HK\$40,826 (2015: HK\$233,981) and investments of HK\$66,142,244 (2015: HK\$80,940,964) were placed with Citibank N.A., the custodian of the Sub-Fund. The credit rating issued by Moody's was as follows:

	2016	2015
Citibank N.A.	A1	A2

As at 31 March 2016, dividends of HK\$148,192 (2015: HK\$173,329) were receivable from the Sub-Fund's investments, all of which are listed on the Hong Kong Stock Exchange.

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

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

**10 Financial risk management (Continued)**

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

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

The maximum exposure to credit risk at year 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.

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 2016</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	66,142,244	–	–	–	66,142,244
Dividends receivable	60,322	87,870	–	–	148,192
Cash and cash equivalents	40,826	–	–	–	40,826
<b>Total financial assets</b>	<b>66,243,392</b>	<b>87,870</b>	<b>–</b>	<b>–</b>	<b>66,331,262</b>
<b>Financial liabilities</b>					
Management fee payable	–	36,500	–	–	36,500
Establishment costs payable	33,878	99,454	300,546	195,070	628,948
<b>Total financial liabilities</b>	<b>33,878</b>	<b>135,954</b>	<b>300,546</b>	<b>195,070</b>	<b>665,448</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 2015</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	80,940,964	–	–	–	80,940,964
Dividends receivable	111,183	62,146	–	–	173,329
Cash and cash equivalents	233,981	–	–	–	233,981
<b>Total financial assets</b>	<b>81,286,128</b>	<b>62,146</b>	<b>–</b>	<b>–</b>	<b>81,348,274</b>
<b>Financial liabilities</b>					
Management fee payable	–	46,349	–	–	46,349
Establishment costs payable	35,068	99,726	300,274	595,069	1,030,137
<b>Total financial liabilities</b>	<b>35,068</b>	<b>146,075</b>	<b>300,274</b>	<b>595,069</b>	<b>1,076,486</b>

As at 31 March 2016, 1 unitholder (2015: 1 unitholder) held 93.710% (2015: 94.436%) 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 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 as at 31 March:

As at 31 March 2016

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Financial assets held for trading				
- Equities	57,535,128	–	187,365	57,722,493
- REITs	8,419,751	–	–	8,419,751
	<u>65,954,879</u>	<u>–</u>	<u>187,365</u>	<u>66,142,244</u>

As at 31 March 2015

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Financial assets held for trading				
- Equities	71,629,167	–	–	71,629,167
- REITs	9,311,797	–	–	9,311,797
	<u>80,940,964</u>	<u>–</u>	<u>–</u>	<u>80,940,964</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 2016 and 2015, 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 2016, the level 3 investments consisted of equity securities that are suspended from trading. As of 31 March 2015, the Sub-Fund did not hold any investments classified in level 3.

Level 3 valuations are reviewed monthly by the Manager's valuation committee who evaluates the appropriateness of the valuation of the investments.

A sensitivity analysis for level 3 investments held by the Sub-Fund as at 31 March 2016 has not been prepared as it was deemed that the impact of reasonable changes in inputs was not significant.

**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 presents the transfer between levels of investments held for the year ended 31 March 2016:

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Financial assets at fair value through profit or loss			
- Equities	(249,820)	—	249,820

The equity securities transferred from level 1 to level 3 was related to securities which were suspended from trading as at 31 March 2016 but were actively traded on 31 March 2015. There were no transfers between levels during the year ended 31 March 2015.

Transfers between levels at the fair value hierarchy, for the purpose of preparing the above table are deemed to have occurred at the beginning of the year.

The following table represents the movement in level 3 equity securities held by the Sub-Fund for the year ended 31 March 2016.

	2016 HK\$
Financial assets at fair value through profit or loss	
- Equities	
<b>Opening balance</b>	—
Transfers from Level 1 to Level 3	249,820
Net loss recognised in statement of comprehensive income	(62,455)
<b>Closing balance</b>	<u>187,365</u>
Total loss for the year included in the statement of comprehensive income for assets held at the end of the year	<u>(62,455)</u>

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)**

**10 Financial risk management (Continued)**

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

As at 31 March 2016, the Sub-Fund's investments in 5 Investee Funds (2015: 7 Investee Funds) are real estate investment trusts and represent approximately 12.82% (2015: 11.60%) of the Sub-Fund's net assets attributable to unitholders.

The Sub-Fund's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Manager makes investment decisions in line with the index constituent composition. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in each of the Investee Funds.

The right of the Sub-Fund to request redemption of its investments in Investee Funds is on a daily basis. These investments are included in investments in the statement of net assets.

The Sub-Fund's holding in a third party Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Sub-Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

The Sub-Fund's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

Once the Sub-Fund has disposed of its units in an Investee Fund the Fund ceases to be exposed to any risk from that Investee Fund.

Total purchases in Investee Funds during the year ended 31 March 2016 was HK\$2,517,728 (2015: HK\$456,741). As at 31 March 2016 and 2015 there were no capital commitment obligations. There were no amounts due to Investee Funds for unsettled purchases as at 31 March 2016 (2015: Nil).

During the year ended 31 March 2016 total net losses incurred on investments in Investee Funds were HK\$183,599 (2015: net gains of HK\$1,897,523).

**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 years ended 31 March 2016 and 2015.

**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 Lippo 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 years ended 31 March 2016 and 2015.

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 years ended 31 March 2016 and 2015, there was no investment which accounted for more than 10% of the Sub-Fund's income. As at 31 March 2016 and 2015, there was no investment which accounted for more than 10% of the Sub-Fund's net assets.

**13 Approval of financial statements**

The financial statements were approved by the Trustee and the Manager on 28 July 2016.

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

**INVESTMENT PORTFOLIO (UNAUDITED)**  
**AS AT 31 MARCH 2016**

<b>Listed investments</b>	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>Equities</b>			
AGILE PROPERTY HOLDINGS LTD	205,439	889,550	1.35%
CARNIVAL GROUP INTERNATIONAL HKD0.20	585,400	632,232	0.96%
CENTRAL CHINA REAL ESTATE HKD0.10	96,094	142,219	0.22%
CHINA JINMAO HOLDINGS GROUP LTD (previously known as FRANSHION PROPERTIES HKD1)	419,723	906,602	1.38%
CHINA MERCHANTS LAND LTD	192,959	212,255	0.32%
CHINA OCEANWIDE HOLDINGS LTD	740,788	674,117	1.03%
CHINA OVERSEAS GRAND OCEANS GROUP LTD	119,694	313,598	0.48%
CHINA OVERSEAS LAND & INVEST	157,702	3,871,584	5.90%
CHINA RESOURCES LAND LTD SHS	195,761	3,895,644	5.93%
CHINA SCE PROPERTY HOLDINGS HKD0.10	202,012	335,340	0.51%
CHINA SOUTH CITY HOLDINGS HKD0.01	471,914	755,062	1.15%
COUNTRY GARDEN HOLDINGS CO HKD0.10	1,184,539	3,648,380	5.56%
EMPEROR INTL HLDG LTD HKD0.01	144,000	203,040	0.31%
EVERGRANDE REAL ESTATE GROUP USD0.01	549,550	3,291,805	5.01%
FANTASIA HOLDINGS GROUP CO HKD0.10'REG S	226,567	222,036	0.34%
FAR EAST CONSORTIUM	140,825	352,063	0.54%
FULLSHARE HOLDINGS LTD 607	820,100	1,599,195	2.44%
GEMDALE PROPERTIES AND INVESTMENT CORP L	724,743	333,382	0.51%
GOLDIN PROPERTIES HOLDINGS	187,398	698,995	1.06%
GREAT EAGLE HOLDINGS LTD	34,847	979,201	1.49%
HANG LUNG PROPERTIES LTD	265,699	3,937,659	6.00%
HENDERSON LAND DEVELOPMENT	88,194	4,202,444	6.40%
HOPSON DEVELOPMENT HOLDINGS HKD0.10	87,825	673,618	1.03%
JOY CITY PROPERTY LTD	373,200	440,376	0.67%
K WAH INTL HOLDINGS SHS	167,516	572,905	0.87%
KAISA GROUP HOLDINGS LTD HKD0.10 REGS	160,141	187,365	0.29%
KWG Property HKD0.10	176,777	901,563	1.37%
LONGFOR PROPERTIES	191,068	2,113,212	3.22%
NEW WORLD DEVELOPMENT	544,683	4,025,207	6.13%
POWERLONG REAL ESTATE HOLD	183,394	297,098	0.45%
ROAD KING INFRASTRUCTURE LTD ORD	33,978	213,042	0.32%
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GR	189,191	276,219	0.42%
SHENZHEN INV ORD SHS	387,213	1,192,616	1.82%
SHIMAO PROPERTY HOLDINDS LTD HKD0.10	159,310	1,828,879	2.79%
SINO LAND CO	337,100	4,139,588	6.30%
SINO-OCEAN LAND HOLDINGS	443,155	1,626,379	2.48%
SUNAC CHINA HOLDINGS LTD HKD0.10 'REG S'	245,160	1,279,735	1.95%
WHARF HOLDINGS	90,302	3,828,805	5.83%
YUEXIU PROPERTY COMPANY LTD	894,271	1,001,584	1.53%
YUZHOU PROPERTIES CO HKD0.10'REG S'	175,136	357,277	0.54%
ZALL DEVLOPMENT GROUP LTD 2098	281,774	670,622	1.01%
		<b>57,722,493</b>	<b>87.91%</b>

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

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**  
**AS AT 31 MARCH 2016**

<b>Listed investments</b>	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>REITS</b>			
CHAMPION REIT REIT	302,715	1,195,724	1.82%
FORTUNE REIT NPV (REIT)	197,898	1,644,532	2.50%
LINK REIT NPV	88,645	4,077,670	6.21%
PROSPERITY REIT NPV (REIT)	160,170	462,891	0.70%
YUEXIU REAL ESTATE INVESTMENT TRUST	241,052	1,038,934	1.59%
		<u>8,419,751</u>	<u>12.82%</u>
Total listed investments		<u>66,142,244</u>	<u>100.73%</u>
Total investments, at cost		<u>69,927,635</u>	

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

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

<b>Investments</b>	<b>Beginning holdings as at 1 April 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>Closing holdings as at 31 March 2016</b>
AGILE PROPERTY HOLDINGS LTD	198,848	37,100	—	30,509	205,439
C C LAND HOLDINGS LTD	159,806	—	—	159,806	—
CARNIVAL GROUP INTERNATIONAL HKD0.20	—	585,400	—	—	585,400
CENTRAL CHINA REAL ESTATE HKD0.10	93,288	17,600	—	14,794	96,094
CHAMPION REIT REIT	291,717	55,200	—	44,202	302,715
CHINA JINMAO HOLDINGS GROUP LTD (previously known as FRANSHION PROPERTIES HKD1)	463,322	79,000	—	122,599	419,723
CHINA MERCHANTS LAND LTD	—	214,100	—	21,141	192,959
CHINA OCEANWIDE HOLDINGS LTD	228,905	566,000	—	54,117	740,788
CHINA OCEANWIDE HOLDINGS LTD RTS03MAR16	—	—	349,244	349,244	—
CHINA OVERSEAS GRAND OCEANS GROUP LTD	114,307	21,600	—	16,213	119,694
CHINA OVERSEAS LAND & INVEST	203,994	11,800	—	58,092	157,702
CHINA OVERSEAS PROPERTY HOLDINGS 2669	—	—	55,167	55,167	—
CHINA RESOURCES LAND LTD SHS	229,776	17,300	—	51,315	195,761
CHINA SCE PROPERTY HOLDINGS HKD0.10	192,952	31,200	—	22,140	202,012
CHINA SOUTH CITY HOLDINGS HKD0.01	406,795	128,000	—	62,881	471,914
COUNTRY GARDEN HOLDINGS CO HKD0.10	1,033,309	552,600	—	401,370	1,184,539
EMPEROR INTL HLDG LTD HKD0.01	136,040	23,791	—	15,831	144,000
EVERGRANDE REAL ESTATE GROUP USD0.01	648,116	192,300	—	290,866	549,550
FANTASIA HOLDINGS GROUP CO HKD0.10'REG S	220,480	41,000	—	34,913	226,567
FAR EAST CONSORTIUM	—	153,200	—	12,375	140,825
FORTUNE REIT NPV (REIT)	178,321	46,700	—	27,123	197,898
FULLSHARE HOLDINGS LTD 607	—	820,100	—	—	820,100
GEMDALE PROPERTIES AND INVESTMENT CORP L	—	840,600	—	115,857	724,743
GOLDIN PROPERTIES HOLDINGS	181,100	34,000	—	27,702	187,398
GREAT EAGLE HOLDINGS LTD	33,318	6,600	—	5,071	34,847
GREENLAND HONG KONG HOLDINGS LTD	42,953	19,000	—	61,953	—
GREENTOWN CHINA HOLDINGS HKD0.10	109,688	6,200	—	115,888	—
GUANGZHOU R&F PROPERTIES - H 'H'CNY0.25(POST SUBD)	128,840	—	—	128,840	—
HANG LUNG PROPERTIES LTD	—	294,800	—	29,101	265,699
HENDERSON LAND DEVELOPMENT	89,182	22,000	8,768	31,756	88,194
HOPSON DEVELOPMENT HOLDINGS HKD0.10	—	97,500	—	9,675	87,825
HUI XIAN REIT UNITS REG S	—	406,200	—	406,200	—
HYSAN DEVELOPMENT CO HKD5	81,064	6,200	—	87,264	—
INTERNATIONAL ENTERTAINMENT	—	44,000	—	44,000	—
JOY CITY PROPERTY LTD	—	373,200	—	—	373,200
K WAH INTL HOLDINGS SHS	159,234	32,700	—	24,418	167,516
KAISA GROUP HOLDINGS LTD HKD0.10 REGS	160,141	—	—	—	160,141

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

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

<b>Investments</b>	<b>Beginning holdings as at 1 April 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>Closing holdings as at 31 March 2016</b>
KERRY PROPERTIES LTD HKD1	82,498	—	—	82,498	—
KOWLOON DEVELOPMENT CO LTD HKD0.10	43,204	5,800	—	49,004	—
KWG PROPERTY HKD0.10	168,330	34,300	—	25,853	176,777
LINK REIT NPV	94,844	34,200	—	40,399	88,645
LIU CHONG HING INVESTMENT HKD1	26,100	2,800	—	28,900	—
LONGFOR PROPERTIES	184,339	37,000	—	30,271	191,068
NEW WORLD CHINA LAND LTD HKD0.10	385,821	—	—	385,821	—
NEW WORLD DEVELOPMENT	517,887	103,800	—	77,004	544,683
POLY PROPERTY GROUP CO LTD	255,028	16,500	—	271,528	—
POWERLONG REAL ESTATE HOLD	—	203,500	—	20,106	183,394
PROSPERITY REIT NPV (REIT)	153,158	30,100	—	23,088	160,170
REGAL REAL ESTATE INVESTMENT NPV REIT	122,414	13,200	—	135,614	—
ROAD KING INFRASTRUCTURE LTD ORD	31,650	6,000	—	3,672	33,978
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GR	180,727	34,100	—	25,636	189,191
SHENZHEN INV ORD SHS	295,739	145,800	—	54,326	387,213
SHIMAO PROPERTY HOLDINGS LTD HKD0.10	176,272	21,700	—	38,662	159,310
SHUI ON LAND LTD USD0.0025	457,000	—	—	457,000	—
SINO LAND CO	—	355,500	—	18,400	337,100
SINO-OCEAN LAND HOLDINGS	427,038	84,700	—	68,583	443,155
SUN HUNG KAI PROPERTIES HKD0.50	38,774	5,600	—	44,374	—
SUNAC CHINA HOLDINGS LTD HKD0.10 'REG S'	235,999	45,200	—	36,039	245,160
SUNLIGHT REAL ESTATE INVEST NPV	134,754	18,300	—	153,054	—
WANDA HOTEL DEVELOPMENT CO L 169	176,500	—	—	176,500	—
WHARF HOLDINGS	83,479	30,100	—	23,277	90,302
WHEELOCK & CO LTD HKD0.50	103,123	—	—	103,123	—
YUEXIU PROPERTY COMPANY LTD	865,772	161,300	—	132,801	894,271
YUEXIU REAL ESTATE INVESTMENT TRUST	231,041	44,400	—	34,389	241,052
YUZHOU PROPERTIES CO HKD0.10 'REG S'	110,224	89,100	—	24,188	175,136
ZALL DEVELOPMENT GROUP LTD 2098	—	168,000	121,316	7,542	281,774



**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 dated		
31 March 2016	38.0671	65,665,814
31 March 2015	41.1650	80,271,788
31 March 2014	35.6936	81,202,853

**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 2016	52.3295	33.3055
31 March 2015	41.9510	34.1131
31 March 2014	43.9196	33.8575
31 March 2013 <sup>1</sup>	44.8035	34.5861

**Performance of the Sub-Fund**

	Index performance (%)	Sub-Fund performance (%)
Financial year/period ended		
31 March 2016	(6.6)	(7.5)
31 March 2015	16.7	15.3
31 March 2014	(9.2)	(10.4)
31 March 2013 <sup>1</sup>	17.5	16.8

<sup>1</sup> The financial period of the Sub-Fund, which was a new addition to the Trust during the period ended 31 March 2013, commenced from 26 September 2012 (date of inception) to 31 March 2013.

**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**

Bruce Cheung Heung Wing  
David Ng Tai Chiu

**Trustee**

Cititrust Limited  
50th Floor, Champion Tower<sup>1</sup>  
Three Garden Road  
Central, Hong Kong

**Custodian and Administrator**

Citibank N.A.  
50th Floor, Champion Tower<sup>1</sup>  
Three 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,  
1 Harbour View Street  
Central, Hong Kong

**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  
55th Floor, Cheung Kong Center  
2 Queen's Road Central  
Central, Hong Kong  
(until 15th April 2016)

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, Hong Kong

<sup>1</sup> Prior to 28 June 2016, Champion Tower was known as Citibank Tower.