

**LIPPO FUND SERIES**

**LIPPO SELECT HK & MAINLAND PROPERTY ETF**

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**31 MARCH 2021**

## **LIPPO FUND SERIES**

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

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#### **IMPORTANT:**

Any opinion expressed by the Manager 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, as amended, for the year ended 31 March 2021.

For and on behalf of  
BOCI-Prudential Trustee Limited  
As the Trustee of the Lippo Fund Series  
28 July 2021

**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 Audit of the Financial Statements**

**Opinion**

*What we have audited*

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 6 to 28, which comprise:

- the Statement of Net Assets as at 31 March 2021;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Net Assets Attributable to Unitholders for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

*Our 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 2021, and of its financial transactions and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

*Independence*

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

**Key Audit Matters (Continued)**

Key audit matters identified in our audit are summarised as follows:

- Existence and valuation of investments

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Existence and valuation of investments</i>	Our procedures performed to address this key audit matter included:
The Sub-Fund's investments as at 31 March 2021 comprised listed equities and real estate investment trusts valued at HK\$154,052,366.	(i) We understood, evaluated and validated the key internal controls by the Manager and the Trustee (the "Management") over the existence and valuation of investments.
We focused on the existence and valuation of the investments because the investments represented the principal element of the Sub-Fund's net asset value.	(ii) We tested the existence of investments by obtaining a direct confirmation from the custodian and agreeing the Sub-Fund's holdings of investments to the confirmation. No material exceptions were identified from our testing.
Refer to note 9 to the financial statements.	(iii) We agreed the valuation of the Sub-Fund's investments by comparing the pricing used by the Sub-Fund to external pricing sources as at 31 March 2021. We found no material exceptions from our testing.

**Other Information**

The Management of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

**Responsibilities of Management for the Financial Statements**

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, 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.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 11 June 2012, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are 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 Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code**

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 Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Chau Chi Kit.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 28 July 2021

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

**STATEMENT OF NET ASSETS**  
**AS AT 31 MARCH 2021**

	Notes	2021 HK\$	2020 HK\$
<b>CURRENT ASSETS</b>			
Investments	9(b)	154,052,366	127,598,937
Dividends receivable		122,699	141,659
Cash and cash equivalents	6(b)	757,063	333,555
<b>TOTAL ASSETS</b>		<b>154,932,128</b>	<b>128,074,151</b>
		-----	-----
<b>CURRENT LIABILITIES</b>			
Management fee payable	6(a)	93,588	77,652
<b>TOTAL LIABILITIES</b>		<b>93,588</b>	<b>77,652</b>
		-----	-----
<b>EQUITY</b>			
Net assets attributable to unitholders	4	<b>154,838,540</b>	<b>127,996,499</b>
		=====	=====

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Lippo Investments Management Limited  
as the Manager

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BOCI-Prudential Trustee Limited  
as the Trustee

The accompanying notes form an integral part of these financial statements.



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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 HK\$	2020 HK\$
<b>INCOME</b>			
Dividend income		7,158,910	5,761,651
Interest income	6(c)	12	591
Net gain/(loss) on investments	3	17,014,792	(30,203,739)
Net foreign exchange losses		-	(20,966)
<b>Total net income/(loss)</b>		<b>24,173,714</b>	<b>(24,462,463)</b>
<b>EXPENSES</b>			
Transaction costs on investments		(123,164)	(136,425)
Management fee	6(a)	(948,090)	(964,220)
<b>Total operating expenses</b>		<b>(1,071,254)</b>	<b>(1,100,645)</b>
<b>Profit/(loss) before tax</b>		<b>23,102,460</b>	<b>(25,563,108)</b>
Withholding tax		(61,469)	(42,731)
<b>Total comprehensive income/(loss)</b>		<b>23,040,991</b>	<b>(25,605,839)</b>

The accompanying notes form an integral 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 2021**

	Notes	2021 HK\$	2020 HK\$
<b>Balance at the beginning of the year</b>		127,996,499	149,804,453
Subscription of units			
- Cash & cash components		3,801,050	3,797,885
Net subscription of units		<u>3,801,050</u>	<u>3,797,885</u>
Total comprehensive income/(loss)		<u>23,040,991</u>	<u>(25,605,839)</u>
<b>Balance at the end of the year</b>		<b><u>154,838,540</u></b>	<b><u>127,996,499</u></b>

  

	Number of units	
	2021	2020
Units in issue at the beginning of the year	1,775,000	1,725,000
Creation of units	<u>50,000</u>	<u>50,000</u>
Units in issue at the end of the year	<b><u>1,825,000</u></b>	<b><u>1,775,000</u></b>

The accompanying notes form an integral part of these financial statements.

**LIPPO FUND SERIES**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 HK\$	2020 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total comprehensive income/(loss)		23,040,991	(25,605,839)
Adjustments for:			
Dividend income		(7,158,910)	(5,761,651)
Interest income		(12)	(591)
Withholding tax		61,469	42,731
		<u>15,943,538</u>	<u>(31,325,350)</u>
(Increase)/decrease in investments		(26,453,429)	21,432,331
Increase in management fee payable		15,936	1,444
		<u>(10,493,955)</u>	<u>(9,891,575)</u>
Cash used in operating activities		7,177,870	5,825,077
Dividends received		12	591
Interest received		(61,469)	(42,731)
Withholding tax paid		<u>(3,377,542)</u>	<u>(4,108,638)</u>
Net cash used in from operating activities		<u>-----</u>	<u>-----</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from issue of units		3,801,050	3,797,885
		<u>3,801,050</u>	<u>3,797,885</u>
Net cash generated from financing activities		<u>-----</u>	<u>-----</u>
		<u>3,801,050</u>	<u>3,797,885</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>423,508</b>	<b>(310,753)</b>
Cash and cash equivalents at the beginning of the year		333,555	644,308
		<u>757,063</u>	<u>333,555</u>
Cash and cash equivalents at the end of the year		<u>757,063</u>	<u>333,555</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances	6(b)	<u>757,063</u>	<u>333,555</u>

The accompanying notes form an integral 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, as amended (the “Trust Deed”) between Lippo Investments Management Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The Trust Deed is governed by Hong Kong law.

On 1 November 2017, BOCI-Prudential Trustee Limited has been appointed as the Trustee of the Trust.

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)**

Standards and amendments to existing standards effective 1 April 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2020 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 April 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

**(b) Investments**

**(i) Classification**

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are classified as financial assets at fair value through profit or loss.

**(ii) Recognition, derecognition and measurement**

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.

**(iii) Fair value estimation**

Investments that are listed or traded on an exchange are fair valued based on quoted last traded price, where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Management will determine the point within the bid-ask spread that is most representative of fair value.

**(iv) Transfer between levels of the fair value hierarchy**

Transfer between levels of the fair value hierarchy are deemed to have occurred at the beginning of the year.

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

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

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

**(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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**(d) Income**

Interest income is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

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) Transaction costs**

Transactions costs are costs incurred to acquire or dispose investments. They include fees and commissions paid to agents, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

**(f) Expenses**

Expenses are accounted for on an accrual basis.

**(g) 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.

**(h) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, bank balances and other short-term highly liquid investments with original maturities of three months or less.

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

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

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

**(i) 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’.

**(j) 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.

**(k) 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)**

**(l) 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.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

**(m) 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 are managed by unrelated asset managers and 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 Sub-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 (loss)/gain on investments".



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

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

	2021 HK\$	2020 HK\$
Net change in unrealised gain/loss on investments	16,315,290	(37,440,978)
Net realised gain on sale of investments	699,502	7,237,239
	<u>17,014,792</u>	<u>(30,203,739)</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 year 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 9, the Sub-Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemptions, 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.

	Number of units	
	2021	2020
Units in issue at the beginning of the year	1,775,000	1,725,000
Creation of units	50,000	50,000
	<u>1,825,000</u>	<u>1,775,000</u>
Units in issue at the end of the year	<u>1,825,000</u>	<u>1,775,000</u>
	HK\$	HK\$
Net assets attributable to unitholders per unit	<u>84.8430</u>	<u>72.1107</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 is 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.

Withholding tax of 10% (2020: 10%) was charged on dividend income received from H-shares during the year. Withholding taxes are shown as a separate line item in the statement of comprehensive income.

**6 Transactions with the Trustee, the Manager and their 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 Trustee, the Manager of the Sub-Fund and also their Connected Persons. Connected Persons of the Manager and the Trustee are those as defined in the Code on Unit Trusts and Mutual Funds issued 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 Trustee, the Manager and their 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 in Note 9(d) and below.

**(a) Management fee**

Management fee is currently charged at a rate of 0.68% (2020: 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 Trustee, the Manager and their Connected Persons (Continued)**

**(b) Bank balances**

The bank balances maintained by the Sub-Fund with Bank of China (Hong Kong) Limited, a holding company of BOCI – Prudential Trustee Limited, as at year end are set out below:

	2021 HK\$	2020 HK\$
Bank of China (Hong Kong) Limited	757,063	333,555
	<u>757,063</u>	<u>333,555</u>

**(c) Interest income**

During the year ended 31 March 2021, bank interest income received from Bank of China (Hong Kong) Limited, a holding company of BOCI-Prudential Trustee Limited, amounted to HK\$12 in aggregate (2020: HK\$591).

**(d) Holdings of units**

As at 31 March 2021, Funderstone Securities Limited (formerly known as “Lippo Securities Ltd”), a related company of the Manager up to 10 December 2018, held 1,612,500 units (2020: 1,612,500 units) of the Sub-Fund as nominee on behalf of World Grand Holding Limited, another related company of the Manager, representing 88.356% (2020: 90.845%) of the Sub-Fund’s net assets. During the year ended 31 March 2021 and 31 March 2020, Funderstone Securities Limited as nominee on behalf of World Grand Holding Limited did not invest into Sub-Fund through a participating dealer with subscription and redemption. During the year ended 31 March 2021 and 2020, Funderstone Securities Limited as nominee on behalf of World Grand Holding Limited was not entitled to profit from transactions in units of the Sub-Fund.

As at 31 March 2021, Bank of China (Hong Kong) Limited, the custodian of the Sub-Fund, held 700 units (2020: 1,300 units) of the Sub-Fund as nominee on behalf of its clients, representing 0.038% (2020: 0.073%) of the Sub-Fund’s net assets. During the year ended 31 March 2021, Bank of China (Hong Kong) Limited invested into Sub-Fund through a participating dealer with subscription of HK\$62,184 (2020: HK\$44,300) and redemption of HK\$110,706 (2020: HK\$Nil). During the year ended 31 March 2021, Bank of China (Hong Kong) Limited was entitled to profit from transactions in units of the Sub-Fund of HK\$7,316 (2020: HK\$Nil).

As at 31 March 2021, BOCI Securities Ltd, a wholly owned subsidiary of BOC International Holdings Limited, which is a related company of the Trustee, held 4,600 units (2020: 3,700 units) of the Sub-Fund, representing 0.252% (2020: 0.208%) of the Sub-Fund’s net assets. During the year ended 31 March 2021, BOCI Securities Ltd invested into Sub-Fund through a participating dealer with subscription of HK\$66,483 (2020: HK\$7,433) and redemption of HK\$Nil (2020: HK\$Nil). During the year ended 31 March 2021, BOCI Securities Ltd was not entitled to profit from transactions in units of the Sub-Fund.

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

**7 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.

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

Pursuant to the SFC Code, 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 has complied with this limit during the years ended 31 March 2021 and 2020.

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 Underlying Index and the Sub-Fund’s holding of any such constituent securities may not exceed their respective weightings in the Underlying Index (except as a result of changes in the composition of the Underlying Index and the excess is transitional and temporary in nature).

As at 31 March 2021 and 2020, 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 2021, the Lippo Select HK & Mainland Property Index increased by 18.7% (2020: decreased by 16.3%), while the net asset value per unit of the Sub-Fund increased by 17.7% (2020: decreased by 17.0%).

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

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

**9 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 ("Underlying Index"). The Manager seeks to achieve this investment objective by primarily adopting a full replication strategy. Using a full replication strategy, the Sub-Fund will invest in all, or substantially all, the securities constituting the Underlying Index in the same, or substantially the same, weightings (i.e. proportions) as those securities have in the Underlying 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 Underlying Index.

As at year end, the overall market exposure of the Sub-Fund was as follows:

	2021		2020	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
Listed investments				
Hong Kong				
- Equities	147,016,593	94.95	121,659,906	95.05
- Real estate investment trusts ("REITs")	7,035,773	4.54	5,939,031	4.64
	<u>154,052,366</u>	<u>99.49</u>	<u>127,598,937</u>	<u>99.69</u>

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

	2021		2020	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
By industry				
- Properties & construction – Properties	<u>154,052,366</u>	<u>99.49</u>	<u>127,598,937</u>	<u>99.69</u>

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

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

**9 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 Underlying Index would cause substantially the same percentage change in the Sub-Fund's investments and hence its net asset value.

	2021		2020	
	Change in index %	Impact HK\$	Change in index %	Impact HK\$
Hong Kong - Lippo Select HK & Mainland Property Index	18.7	28,807,792	-16.3	20,798,627

The Manager has used their view of what would be a "reasonable shift" in the Underlying 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 mainly its bank balances and dividends receivable as at 31 March 2021 and 2020. 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 2021 and 2020, 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.

The risk of default is considered minimal for amount receivable on subscription of units as units are not issued until the amount is received.

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

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

**9 Financial risk management (Continued)**

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

The table below summarises the net assets placed with banks, custodians and counterparties:

	Amount HK\$	Credit rating	Source of credit rating
<b>As at 31 March 2021</b>			
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	154,052,366	Aa3	Moody's
<u>Bank</u>			
Bank of China (Hong Kong) Limited	757,063	Aa3	Moody's
<b>As at 31 March 2020</b>			
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	127,598,937	Aa3	Moody's
<u>Bank</u>			
Bank of China (Hong Kong) Limited	333,555	Aa3	Moody's

As at 31 March 2021, dividends of HK\$122,699 (2020: HK\$141,659) 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 end is the carrying amount of the financial assets except for listed investments as shown on the statement of net assets.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2021 and 2020, all dividends receivable and cash and cash equivalents are held with counterparties with high credit ratings and are due to be settled within 3 months. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

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

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

**9 Financial risk management (Continued)**

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

As at 31 March 2021 and 2020, Bank of China (Hong Kong) Limited also acts as the 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 almost 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. 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**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9 Financial risk management (Continued)**

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

**Maturity analysis**

<b>As at 31 March 2021</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	154,052,366	–	–	–	154,052,366
Dividends receivable	122,699	–	–	–	122,699
Cash and cash equivalents	757,063	–	–	–	757,063
<b>Total financial assets</b>	<b>154,932,128</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>154,932,128</b>
<b>Financial liabilities</b>					
Management fee payable	93,588	–	–	–	93,588
<b>Total financial liabilities</b>	<b>93,588</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>93,588</b>

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

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

**9 Financial risk management (Continued)**

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

**Maturity analysis**

<b>As at 31 March 2020</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	127,598,937	–	–	–	127,598,937
Dividends receivable	141,659	–	–	–	141,659
Cash and cash equivalents	333,555	–	–	–	333,555
<b>Total financial assets</b>	<b>128,074,151</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>128,074,151</b>
<b>Financial liabilities</b>					
Management fee payable	77,652	–	–	–	77,652
<b>Total financial liabilities</b>	<b>77,652</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>77,652</b>

As at 31 March 2021, 1 unitholder (2020: 1 unitholder) held 88.356% (2020: 90.845%) of the Sub-Fund's total net assets.

**(g) Capital risk management**

The Sub-Fund's objective is to provide investment returns, before fees and expenses 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**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9 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 prices 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)**

**9 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 2021

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Financial assets held for trading				
- Equities	147,016,593	–	–	147,016,593
- REITs	7,035,773	–	–	7,035,773
	<u>154,052,366</u>	<u>–</u>	<u>–</u>	<u>154,052,366</u>

As at 31 March 2020

Assets	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Financial assets held for trading				
- Equities	121,659,906	–	–	121,659,906
- REITs	5,939,031	–	–	5,939,031
	<u>127,598,937</u>	<u>–</u>	<u>–</u>	<u>127,598,937</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 2021 and 2020, 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 2021 and 2020, the Sub-Fund did not hold any investments classified in level 3.

Transfers between levels at the fair value hierarchy are deemed to have occurred at the beginning of the year.

There were no transfers between levels of investments held by the Sub-Fund during the years ended 31 March 2021 and 2020.

The financial assets and liabilities, excluding investments which are carried 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)**

**9 Financial risk management (Continued)**

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

As at 31 March 2021, the Sub-Fund's investments in 4 Investee Funds (2020: 5 Investee Funds) are real estate investment trusts and represent approximately 4.54% (2020: 4.64%) 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 Sub-Fund's investments in each of the Investee Funds.

The Sub-Fund can trade its investments in Investee Funds 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 Sub-Fund ceases to be exposed to any risk from that Investee Fund.

Total purchases in Investee Funds during the year ended 31 March 2021 were HK\$1,779,302 (2020: HK\$4,493,112). As at 31 March 2021 and 2020 there were no capital commitment obligations. The amounts due to Investee Funds for unsettled purchases as at 31 March 2021 was HK\$Nil (2020: HK\$Nil).

During the year ended 31 March 2021, total net gains incurred on investments in Investee Funds were HK\$302,532 (2020: net losses of HK\$3,416,841).

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

**10 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 2021 and 2020.

**11 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 Underlying 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 2021 and 2020.

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. As at 31 March 2021 and 2020, there was no investment which accounted for more than 10% of the Sub-Fund's net assets.

**12 Subsequent event**

Subsequent to the year ended 31 March 2021 and up to the approval date of the financial statements, the Sub-Fund had net redemptions of HKD53,116,303.

**13 Approval of financial statements**

The financial statements were approved by the Trustee and the Manager on 28 July 2021.

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

**INVESTMENT PORTFOLIO (UNAUDITED)**  
**AS AT 31 MARCH 2021**

<b>Listed investments</b>	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>Equities</b>			
<b>Hong Kong</b>			
AGILE GROUP HLDGS LTD	244,258	3,111,846	2.01%
C&D INTL INVESTMENT GROUP LTD	74,000	1,043,400	0.68%
CENTRAL CHINA REAL ESTATE LTD	176,928	612,170	0.40%
CHINA AOYUAN GROUP LTD	197,272	1,647,221	1.07%
CHINA EVERGRANDE GROUP	414,000	6,127,200	3.96%
CHINA LOGISTICS PROPERTY HLDGS CO LTD	136,000	607,920	0.39%
CHINA MERCHANTS LAND LTD	306,086	348,938	0.23%
CHINA OVERSEAS GRAND OCEANS GROUP LTD	357,116	1,814,149	1.17%
CHINA RESOURCES LAND LTD	245,085	9,227,450	5.96%
CHINA SCE GROUP HLDGS LTD	395,898	1,425,232	0.92%
CHINA SOUTH CITY HLDGS LTD	1,180,000	1,014,800	0.66%
CHINA VANKE CO LTD-H	287,635	8,758,485	5.66%
CHINA VAST INDUSTRIAL URBAN DEVELOPMENT CO LTD	69,180	209,615	0.14%
CIFI HLDGS GROUP CO LTD	856,263	6,456,223	4.17%
COLOUR LIFE SERVICES GROUP CO LTD	106,235	361,199	0.23%
COUNTRY GARDEN HLDGS CO LTD	940,181	9,383,006	6.06%
FANTASIA HLDGS GROUP CO LTD	360,168	367,371	0.24%
GEMDALE PROPERTIES AND INVESTMENT CORP LTD	1,376,267	1,623,995	1.05%
GREENLAND HONG KONG HLDGS LTD	175,013	491,786	0.32%
GREENTOWN CHINA HLDGS LTD	129,826	1,303,453	0.84%
GUANGZHOU R&F PROPERTIES CO LTD-H	351,866	3,610,145	2.33%
HANG LUNG GROUP LTD	185,000	3,640,800	2.35%
HENDERSON LAND DEVELOPMENT CO LTD	257,102	8,972,860	5.79%
HOPSON DEVELOPMENT HLDGS LTD	138,386	3,874,808	2.50%
JIAYUAN INTL GROUP LTD	296,000	947,200	0.61%

**LIPPO FUND SERIES**  
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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**  
**AS AT 31 MARCH 2021**

<b>Listed investments</b>	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>Equities</b>			
<b>Hong Kong</b>			
K WAH INTL HLDGS LTD	293,306	1,182,023	0.76%
KAISA GROUP HLDGS LTD	511,676	1,964,836	1.27%
KERRY PROPERTIES LTD	136,818	3,427,291	2.21%
KWG GROUP HLDGS LTD	298,559	3,970,835	2.56%
LOGAN GROUP CO LTD	287,576	3,767,246	2.43%
LONGFOR GROUP HLDGS LTD	181,778	9,361,567	6.05%
NEW WORLD DEVELOPMENT CO LTD	219,106	8,808,061	5.69%
POLY PROPERTY GROUP CO LTD	420,194	962,244	0.62%
POWERLONG REAL ESTATE HLDGS LTD	302,570	2,341,892	1.51%
REDCO PROPERTIES GROUP LTD	221,172	590,529	0.38%
ROAD KING INFRASTRUCTURE LTD	47,042	478,888	0.31%
RONSHINE CHINA HLDGS LTD	122,802	659,447	0.43%
SEAZEN GROUP LTD	452,537	4,321,728	2.79%
SHENZHEN INVESTMENT LTD	556,696	1,503,079	0.97%
SHIMAO GROUP HLDGS LTD	295,168	7,216,858	4.66%
SHUI ON LAND LTD	756,462	900,190	0.58%
SINO-OCEAN GROUP HLDG LTD	714,741	1,236,502	0.80%
SKYFAME REALTY HLDGS LTD	496,492	471,668	0.30%
SOHO CHINA LTD	433,500	1,031,730	0.67%
SUNAC CHINA HLDGS LTD	289,449	9,653,124	6.23%
TIMES CHINA HLDGS LTD	161,966	1,733,036	1.12%
YUEXIU PROPERTY CO LTD	1,452,537	2,556,465	1.65%
YUZHOU GROUP HLDGS CO LTD	415,766	964,577	0.62%
ZHUGUANG HLDGS GROUP CO LTD	450,000	931,500	0.60%
		<hr/> 147,016,593 <hr/>	<hr/> 94.95% <hr/>



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

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**  
**AS AT 31 MARCH 2021**

<b>Listed investments</b>	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>REITS</b>			
<b>Hong Kong</b>			
CHAMPION REAL ESTATE INVESTMENT TRUST	430,911	1,964,954	1.27%
FORTUNE REIT	305,739	2,277,756	1.47%
SUNLIGHT REAL ESTATE INVESTMENT TRUST	209,000	875,710	0.56%
YUEXIU REAL ESTATE INVESTMENT TRUST	481,747	1,917,353	1.24%
		<hr/>	<hr/>
		7,035,773	4.54%
		<hr/>	<hr/>
<b>Total listed investments</b>		154,052,366	99.49%
		<hr/> <hr/>	<hr/> <hr/>
<b>Total investments, at cost</b>		127,433,483	
		<hr/> <hr/>	

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

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Beginning holdings as at 1 April 2020	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2021
<b>Investments</b>					
AGILE GROUP HLDGS LTD	260,258	38,000	-	54,000	244,258
C&D INTL INVESTMENT GROUP LTD	59,000	16,000	-	1,000	74,000
C&D PROPERTY MANAGEMENT GROUP CO LTD	-	70,000	-	70,000	-
CENTRAL CHINA REAL ESTATE LTD	135,928	41,000	-	-	176,928
CHAMPION REAL ESTATE INVESTMENT TRUST	340,911	92,000	-	2,000	430,911
CHINA AOYUAN GROUP LTD	156,272	42,000	-	1,000	197,272
CHINA EVERGRANDE GROUP	-	421,000	-	7,000	414,000
CHINA EVERGRANDE GROUP- PREFERENTIAL OFFER	-	3,382	-	3,382	-
CHINA JINMAO HLDGS GROUP LTD	974,603	-	-	974,603	-
CHINA MERCHANTS LAND LTD	244,086	62,000	-	-	306,086
CHINA OVERSEAS GRAND OCEANS GROUP LTD	284,116	74,000	-	1,000	357,116
CHINA OVERSEAS LAND & INVESTMENT LTD	325,844	74,000	-	399,844	-
CHINA RESOURCES LAND LTD	237,085	28,000	-	20,000	245,085
CHINA RESOURCES LAND LTD- PREFERENTIAL OFFER	-	1,808	-	1,808	-
CHINA SCE GROUP HLDGS LTD	276,898	120,000	-	1,000	395,898
CHINA SOUTH CITY HLDGS LTD		1,210,000	-	30,000	1,180,000
CHINA VANKE CO LTD-H	248,535	78,500	-	39,400	287,635
CHINA LOGISTICS PROPERTY HLDGS CO LTD	107,000	30,000	-	1,000	136,000
CHINA VAST INDUSTRIAL URBAN DEVELOPMENT CO LTD	55,180	14,000	-	-	69,180
CIFI HLDGS GROUP CO LTD	654,263	202,000	-	-	856,263
CK ASSET HLDGS LTD	181,046	-	-	181,046	-
COLOUR LIFE SERVICES GROUP CO LTD	71,235	35,000	-	-	106,235
COSMOPOLITAN INTL HLDGS LTD	-	354,000	-	354,000	-
COUNTRY GARDEN HLDGS CO LTD	817,181	202,000	-	79,000	940,181
FANTASIA HLDGS GROUP CO LTD	238,668	123,000	-	1,500	360,168
FAR EAST CONSORTIUM INTL LTD	-	258,000	-	258,000	-
FORTUNE REIT	240,739	65,000	-	-	305,739
GEMDALE PROPERTIES AND INVESTMENT CORP LTD	922,267	454,000	-	-	1,376,267
GREENTOWN CHINA HLDGS LTD	107,826	27,500	-	5,500	129,826
GREENTOWN CHINA HLDGS LTD- PREFERENTIAL OFFER	-	2,175	-	2,175	-
GREENLAND HONG KONG HLDGS LTD	139,013	36,000	-	-	175,013
GUANGZHOU R&F PROPERTIES CO LTD-H	213,466	139,600	-	1,200	351,866
HANG LUNG GROUP LTD		186,000	-	1,000	185,000
HENDERSON LAND DEVELOPMENT CO LTD	241,102	34,000	-	18,000	257,102
HOPSON DEVELOPMENT HLDGS LTD	110,386	28,000	-	-	138,386
JIAYUAN INTL GROUP LTD	228,000	68,000	-	-	296,000
JIAYUAN INTL GROUP LTD- PREFERENTIAL OFFER	-	2,975	-	2,975	-

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

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Beginning holdings as at 1 April 2020	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2021
<b>Investments</b>					
K WAH INTL HLDGS LTD	233,306	61,000	-	1,000	293,306
KASEN INTL HLDGS LTD	111,000	38,000	-	149,000	-
KAISA GROUP HLDGS LTD	403,676	110,000	-	2,000	511,676
KERRY PROPERTIES LTD	108,818	31,500	-	3,500	136,818
KWG GROUP HLDGS LTD	237,059	62,500	-	1,000	298,559
KWG GROUP HLDGS LTD-RIGHTS	-	5,601	-	5,601	-
KWG LIVING GROUP HLDGS LTD	-	126,029	-	126,029	-
LOGAN PROPERTY HLDGS CO LTD	227,576	60,000	-	-	287,576
LONGFOR GROUP HLDGS LTD	241,278	14,000	-	73,500	181,778
LVGEM CHINA REAL ESTATE INVESTMENT CO LTD	252,000	16,000	-	268,000	-
NEW WORLD DEVELOPMENT CO LTD	876,425	71,000	(702,319)	26,000	219,106
POLY PROPERTY GROUP CO LTD	334,194	88,000	-	2,000	420,194
POWERLONG REAL ESTATE HLDGS LTD	240,570	63,000	-	1,000	302,570
PROSPERITY REIT	211,847	45,000	-	256,847	-
RED STAR MACALLINE GROUP CORP LTD- H	72,564	15,400	7,756	95,720	-
REDCO PROPERTIES GROUP LTD	177,172	46,000	-	2,000	221,172
REGAL REAL ESTATE INVESTMENT TRUST	-	196,000	-	196,000	-
ROAD KING INFRASTRUCTURE LTD	43,042	10,000	-	6,000	47,042
RONSHINE CHINA HLDGS LTD	99,302	24,500	-	1,000	122,802
SEAZEN GROUP LTD (FORMERLY KNOWN AS "FUTURE LAND DEVELOPMENT HLDGS LTD")	292,537	162,000	-	2,000	452,537
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LTD	319,156	66,000	-	385,156	-
SHENZHEN INVESTMENT LTD	438,696	120,000	-	2,000	556,696
SHIMAO GROUP HLDGS LTD	191,668	103,500	-	-	295,168
SHIMAO GROUP HLDGS LTD- PREFERENTIAL OFFER	-	4,051	-	4,051	-
SHUI ON LAND LTD	601,462	162,000	-	7,000	756,462
SINO-OCEAN GROUP HLDG LTD	568,241	149,500	-	3,000	714,741
SINO-OCEAN GROUP HLDG LTD- PREFERENTIAL OFFER	-	2,416	-	2,416	-
SOHO CHINA LTD	344,930	433,500	-	344,930	433,500
SKYFAME REALTY HLDGS LTD	394,492	104,000	-	2,000	496,492
SUNLIGHT REAL ESTATE INVESTMENT TRUST	179,000	33,000	-	3,000	209,000
SUNAC CHINA HLDGS LTD	195,449	101,000	-	7,000	289,449
SUNAC SERVICES HLDGS LTD	-	8,315	-	8,315	-
TIMES CHINA HLDGS LTD	128,966	34,000	-	1,000	161,966
YUEXIU PROPERTY CO LTD	1,154,537	304,000	-	6,000	1,452,537
YUEXIU REAL ESTATE INVESTMENT TRUST	371,747	110,000	-	-	481,747
YUZHOU PROPERTIES CO LTD	302,766	114,000	-	1,000	415,766
ZHUGUANG HLDGS GROUP CO LTD	-	452,000	-	2,000	450,000

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

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS  
(UNAUDITED)  
FOR THE YEAR ENDED 31 MARCH 2021**

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Sub-Fund's total net asset value for the year ended 31 March 2021:

	2021 % of NAV
Lowest gross exposure	0.00%
Highest gross exposure	0.08%
Average gross exposure	0.00%

The lowest, highest and average net exposure arising from the use of financial derivative instruments for investment purpose as a proportion to the Sub-Fund's total net asset value for the year ended 31 March 2021:

	2021 % of NAV
Lowest net exposure	0.00%
Highest net exposure	0.00%
Average net exposure	0.00%

**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 2021	84.8430	154,838,540
31 March 2020	72.1107	127,996,499
31 March 2019	86.8432	149,804,453

**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 2021	86.9317	69.0788
31 March 2020	89.9017	62.7795
31 March 2019	86.8432	60.5473
31 March 2018	85.1863	51.4549
31 March 2017	52.9029	36.4606
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 2021	18.7	17.7
31 March 2020	(16.3)	(17.0)
31 March 2019	12.9	12.2
31 March 2018	52.1	50.2
31 March 2017	36.4	35.4
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  
40th Floor, Tower Two  
Lippo Centre, 89 Queensway  
Hong Kong  
Website: <http://www.lippo-im.com>

**Directors of the Manager**

Bruce Cheung Heung Wing  
David Ng Tai Chiu  
Ngan Man Kit (Appointed on 22 March 2021)

**Trustee and Administrator**

BOCI-Prudential Trustee Limited  
12th Floor and 25th Floor, Citicorp Centre  
18 Whitfield Road  
Causeway Bay, Hong Kong

**Custodian**

Bank of China (Hong Kong) Limited  
14th Floor, Bank of China Tower  
1 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  
8th Floor, Two Exchange Square  
8 Connaught Place  
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**

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

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

Mirae Asset Securities (HK) Limited  
Units 8501, 8507-08, Level 85, International  
Commerce Centre, 1 Austin Road West, Kowloon,  
Hong Kong  
(Appointed on 30 November 2020)

**Auditor**

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
22/F, Prince's Building  
Central Hong Kong