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STOCK CODE: 2824

Lippo Select HK & Mainland Property ETF
a sub-fund of the Lippo Fund Series

A Hong Kong unit trust authorised under
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong

Listing Agent and Manager
Lippo Investments Management Limited

PROSPECTUS

29 April 2020



LIPPO INVESTMENTS MANAGEMENT LIMITED

力寶投資管理有限公司

LIPPO FUND SERIES

LIPPO SELECT HK & MAINLAND PROPERTY ETF (the “Fund”)

(stock code: 2824)

ADDENDUM TO THE PROSPECTUS

Important

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited and the Securities and Futures Commission (“SFC”) take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

If you are in doubt about the contents of this document, you should seek independent professional financial advice. This document forms part of and should be read in conjunction with the Prospectus of the Fund dated 29 April 2020 (the “Prospectus”). The changes made to the Prospectus by this document shall take effect on 29 April 2021, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. Lippo Investments Management Limited, the Manager of the Fund, accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

The Prospectus is hereby amended as follows:

1 Annual updates

- (a) Under the section headed “**THE TRUST**”, the number of Index Securities in Underlying Index and total market capitalisation of Underlying Index disclosed in the table on page 1 of the Prospectus shall be deleted in its entirety and replaced by the following:

“Number of Index Securities in Underlying Index as at 31 March 2021	53
Total market capitalisation of Underlying Index as at 31 March 2021	HK\$2,513.8 billion”

- (b) Under the section headed “**2.3 The Underlying Index**”, the last sentence of the first paragraph of this section on page 5 of the Prospectus shall be deleted and replaced with the following:

“As at 31 March 2021, the Underlying Index comprises 53 Index Securities, with total market capitalisation of HK\$2,513.8 billion.”

A copy of this document to revise the Prospectus will be posted on the Fund's website (<http://lippoetf.com>) and the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) on 29 April 2021. Alternatively, this document, the Prospectus and product key facts statement are also available for your inspection at the Manager's office at all times during normal office hours on each Business Day.

Thank you for your continued support. If you have any queries relating to the above, please contact us at +852 2867 6717.

The Manager accepts responsibility for the accuracy of the information contained in this document.

Lippo Investments Management Limited
29 April 2021

IMPORTANT INFORMATION FOR INVESTORS

Investors should note that an investment in the Lippo Select HK & Mainland Property ETF (“Fund”) is not the same as an investment in the Index Securities of the underlying index, the Lippo Select HK & Mainland Property Index (“Underlying Index”). The returns of the Fund may deviate from the Underlying Index due to factors such as the fees and expenses of the Fund, and the investment strategy adopted by the Manager.

This Prospectus relates to the offer in Hong Kong of Units in the Fund, which is an exchange traded fund managed by the Manager and authorised as a collective investment scheme pursuant to section 104 of the Securities and Futures Ordinance by the Securities and Futures Commission (“SFC”). The Fund is an index tracking exchange traded fund under Chapter 8.6 of the Code. Authorization by the SFC is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Fund is a sub-fund of the Lippo Fund Series (“Trust”), an umbrella unit trust established under Hong Kong law. The Trust may offer different classes of Units in different sub-funds to investors.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus, (including the product key facts statement which forms part of this Prospectus) and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. The Manager confirms that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“SEHK”), the Code on Unit Trusts and Mutual Funds (“Code”) and the “Overarching Principles” of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units in the Fund.

Applicants for Units in the Fund should consult their financial advisers and take legal advice as appropriate as to whether any government or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

No action has been taken to permit an offering of Units in the Fund or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the most recent annual report of the Fund and any subsequent semi-annual report (if available).

The distribution, possession or circulation of this Prospectus and the offering of Units in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No offer of Units can be made in any jurisdiction in which such offer is illegal. No public offer of Units is intended in any jurisdiction (other than Hong Kong) which distinguishes between public offers and private placings of securities.

The Trust and the Fund are not registered as an investment company with the U.S. Securities and Exchange Commission. Units in the Fund have not been registered under the U.S. Securities Act of 1933 (as amended) (the “Act”) or any other U.S. federal or state law, and except in a transaction which does not violate the Act, Units in the Fund may not be offered or sold within, and may not be transferred to or acquired within the United States or any of its territories or for the benefit of a U.S. Person (as defined in Regulation S of such Act).

Investors should note that any amendment or addendum to this Prospectus will be posted on the Fund's website, which is presently at <http://lippoetf.com>¹, unless otherwise requested by the SFC. The contents of the Fund's website have not been reviewed by the SFC.

¹ This website has not been reviewed by the SFC.

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1 The Trust

Lippo Fund Series is an umbrella unit trust established under the terms of the Trust Deed dated 11 June 2012 between Lippo Investments Management Limited as the Manager and Cititrust Limited, as amended from time to time (“**Trust Deed**”). Pursuant to Supplemental Deed No. 3 - Retirement and Appointment of Lippo Fund Series, dated 14 August 2017, Cititrust Limited retired as trustee, and at the same time, BOCI-Prudential Trustee Limited was appointed as the new trustee of the Trust, effective from 1 November 2017. 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 (“**Fund**”) which is authorised by the SFC.

The Manager reserves the right to issue further classes of Units for the Fund and to establish further sub-funds of the Trust in the future. Each sub-fund will be invested and administered separately from the other assets of the Trust and the other sub-funds and the assets of a sub-fund will not be used to discharge directly or indirectly the liabilities of or any claim against or amount payable out of any other sub-fund.

An application has been made for Units in the Fund to be listed on the SEHK, and dealings of the Units are expected to commence on 26 September 2012. To facilitate trading on the SEHK, Units may be deposited, cleared and settled in CCASS. All Units deposited in CCASS will be held in book-entry form only and will be registered in the name of HKSCC Nominees.

The table below sets out the key features of the Fund:

<i>Product type</i>	Exchange traded fund
<i>Stock code</i>	2824
<i>Underlying Index</i>	Lippo Select HK & Mainland Property Index
<i>Base date of Underlying Index</i>	2 June 2006
<i>Inception date of Underlying Index</i>	13 August 2012
<i>Investment strategy</i>	Primarily a replication strategy. The Manager may also use a representative sampling strategy. Please refer to section 2.2 of this Prospectus for further details.
<i>Number of Index Securities in Underlying Index as at 31 March 2020</i>	57
<i>Total market capitalisation of Underlying Index as at 31 March 2020</i>	HK\$2,417 billion
<i>Base currency of the Underlying Index</i>	Hong Kong dollars
<i>Base Currency</i>	Hong Kong dollars
<i>Trading currency</i>	Hong Kong dollars

<i>Initial Offer Period</i>	10 September 2012 to 21 September 2012
<i>Initial Issue Date</i>	25 September 2012
<i>Exchange listing</i>	SEHK – Main Board
<i>Initial Issue Price</i>	One hundredth (1/100 th) of the closing level of the Underlying Index as of the last Dealing Day of the Initial Offer Period
<i>Expected listing date</i>	26 September 2012
<i>Trading board lot size</i>	100 Units
<i>Eligible persons for applications for creations or redemptions of Units</i>	Participating Dealers and Approved Applicants
<i>Dividend Policy</i>	Annually at the Manager's discretion (March each year). The Manager may in its absolute discretion make dividend distributions out of capital or effectively out of capital to Unitholders from time to time. Please refer to the Prospectus for further details.
<i>Creation/Redemption Unit blocks</i>	25,000 Units (or whole multiples thereof)
<i>Available method of creation/redemption</i>	Participating Dealers: Cash, in-kind, or a combination of cash and in-kind Approved Applicants: Cash only
<i>Dealing Day</i>	each Business Day and/or such other Business Day or Business Days as the Manager may with the Trustee's prior approval from time to time determine.
<i>Dealing cut-off time</i>	10.30am (for creation or redemption of Units wholly or partially in cash) and 4.15pm (for creation or redemption of Units in kind) on each Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK are reduced
<i>Financial year end</i>	31 March
<i>Average daily Net Asset Value of the Fund over any rolling three-month period below which the Fund may be terminated</i>	HK\$100 million
<i>Fund's website</i>	http://lippofund.com ¹
<i>Manager and Listing Agent</i>	Lippo Investments Management Limited
<i>Trustee</i>	BOCI-Prudential Trustee Limited
<i>Index Provider</i>	Hang Seng Indexes Company Limited

<i>Registrar</i>	Computershare Hong Kong Investor Services Limited
<i>Initial Participating Dealers</i>	Merrill Lynch Far East Limited Goldman Sachs (Asia) Securities Limited
<i>Initial Market Maker</i>	Merrill Lynch Far East Limited
<i>Management Fees</i>	0.68% per annum of Net Asset Value
<i>Estimated total expense ratio</i>	0.75% per annum of Net Asset Value* (inclusive of the Management Fee and all brokerage commissions, transaction levies, trading fees and stamp duties incurred by the Fund)

* The estimated total expense ratio does not represent the estimated tracking error of the Fund and does not include any extraordinary charges, fees, expenses and liabilities of the Fund.

2 Investment Objectives and Policies

2.1 Investment Objective

The 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**").

2.2 Investment Strategy

The Manager seeks to achieve this investment objective by primarily adopting a replication strategy. Using a replication strategy, the 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 ("**Index Securities**").

Where, subject to market conditions, the adoption of a replication strategy is not efficient or practicable for the Fund or otherwise at the Manager's absolute discretion, the Manager may pursue a representative sampling strategy and hold a representative sample of the Index Securities comprising the relevant Underlying Index, selected by the Manager using quantitative analytical models to derive a portfolio sample. The Manager will seek to construct the portfolio of the Fund so that its fundamental investment characteristics perform like those of the Underlying Index. Adjustments may be effected to reflect any changes to the composition in the Underlying Index. The Manager reviews the Securities held in the Fund's portfolio each Business Day, checking those Securities against the Index Securities and comparing the weighting of each Index Security in the Fund's portfolio to the weighting of the corresponding Index Security in the Underlying Index. If there is any deviation between the Fund's portfolio and the composition and weighting of the Underlying Index which is considered by the Manager to be significant taking into account the Fund's investment objective, the Manager will adjust the Fund's portfolio when it considers appropriate as soon as it is reasonably practicable, after considering transaction costs and the impact, if any, on the market ("**adjustments**").

However, it will not always be efficient to replicate or attempt to replicate identically the Index Securities of an Underlying Index if, for example, transaction costs incurred by the Fund in performing any necessary adjustments would outweigh the anticipated reduction in tracking error that would result from the failure to reflect minor changes in the Underlying Index. Therefore, minor misweightings are likely to occur. The Manager regularly monitors the Fund to reduce the tracking error of the Fund. Further, the Manager may be restricted from effecting certain adjustments or may be required to perform certain adjustments by applicable laws and regulations.

Investors should note that the Manager may switch between the above strategies without prior notice to investors, in its absolute discretion and as often as it believes is appropriate in order to achieve the investment objective of the Fund. In the event the Manager wishes to adopt any strategy other than a replication strategy or representative sampling strategy, prior approval will be obtained from the SFC and not less than one month's prior notice will be given to the Unitholders. The Manager does not currently intend to adopt any strategy other than a replication strategy or representative sampling strategy.

If a replication strategy is adopted, where any of the Index Securities accounts for more than 10% of the weighting of the Underlying Index, the weighting of such Index Securities will not exceed their respective weightings in the Underlying Index, except where the weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature. If a representative sampling strategy is used, any deviation between the weighting of an Index Security and its respective weighting in the Underlying Index will be subject to a maximum limit of 3% or otherwise reasonably determined by the Manager after consultation with the SFC. In determining this limit, the Manager will take into account the characteristics of the Index Securities, their weightings, the investment objective of the Fund and any other suitable factors. Disclosures will be made

in the annual and semi-annual reports as to whether such limit has been complied with, and any non-compliance with this limit will be reported to the SFC on a timely basis and an account for such non-compliance will be stated in the annual report or semi-annual report relating to the period in which the non-compliance occurs or otherwise notified to investors.

There can be no assurance that the Fund will achieve its investment objective. The Fund will not invest in financial derivative instruments, (such as options, futures contracts or swaps) or structured products for hedging or investment purposes, nor will it invest in Securities which are not Index Securities. The Fund also has no intention of having any direct or indirect exposure to China A Shares or B Shares as the Underlying Index does not comprise China A Shares or B Shares. The Fund does not currently engage in any securities lending activities, repurchase transactions or other similar over-the-counter transactions. In the event of any change in respect of the Manager's intention to (i) enter into any securities lending, repurchase transaction or other similar over-the-counter transactions; (ii) invest in financial derivative instruments, structured products or Securities which are not Index Securities; or (iii) have any direct or indirect exposure to China A Shares or B Shares, prior approval will be obtained from the SFC and not less than one month's prior notice will be given to the Unitholders.

2.3 The Underlying Index

The Lippo Select HK & Mainland Property Index was launched on 13 August 2012 and is a growth oriented property index with fundamental screening inputs, comprising of property related securities listed on the Main Board of the SEHK, including property stocks and real estate investment trusts (“REITs”) from Hong Kong and the Mainland China region (i.e. securities primarily listed on the Main Board of the SEHK with at least 50% of its sales revenue (or profit or assets if relevant) being derived from Mainland China). The Underlying Index is a free-float adjusted market capitalization-weighted index determined based on total returns with net dividends (i.e. the Underlying Index reinvests its dividends after the deduction of any applicable withholding taxes). The base date of the Underlying Index is set at 2 June 2006 on 2,000 base points. As at 31 March 2020, the Underlying Index comprises 57 Index Securities, with total market capitalisation of HK\$2,417 billion.

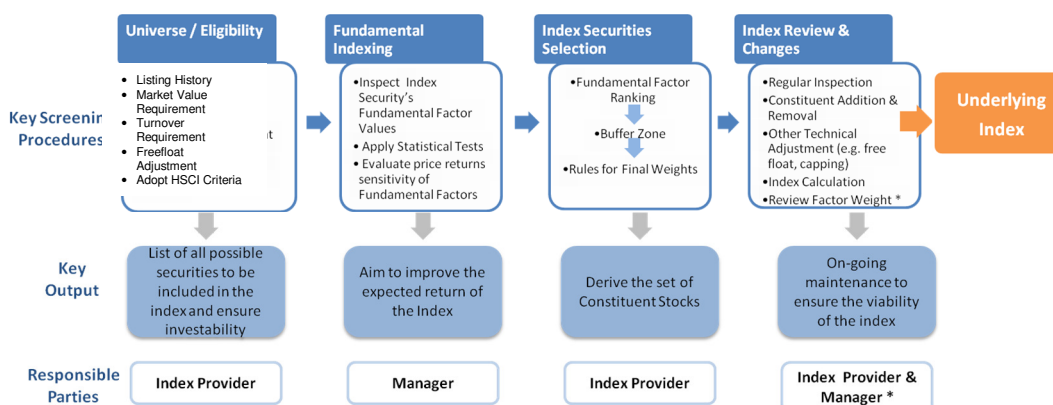
For details of the latest list of constituents of the Underlying Index, their respective weightings and any additional information of the Underlying Index, please refer to the Manager's website at <http://lippoetf.com/index.php/fund-info/>.

Roles of the Index Provider and the Manager

Hang Seng Indexes Company Limited is the Index Provider, and is responsible for compiling, maintaining and publishing the Underlying Index pursuant to an Index Service Agreement entered into between the Manager and the Index Provider. The Manager and its Connected Persons are independent of the Index Provider. The Manager is responsible for devising the index methodology for the Underlying Index, semi-annual review and selection of the fundamental factors based on aggregate fundamental factor values supplied independently by the Index Provider. The Manager will consult with the SFC on any change of the fundamental factors and any such change shall be notified to Unitholders as soon as practicable.

The diagram below is an overview of the Underlying Index construction process and illustrates the workflow procedures of the Underlying Index as well as the segregation of

duties between the Manager and the Index Provider. Essentially, there are four key steps involved, as follows:



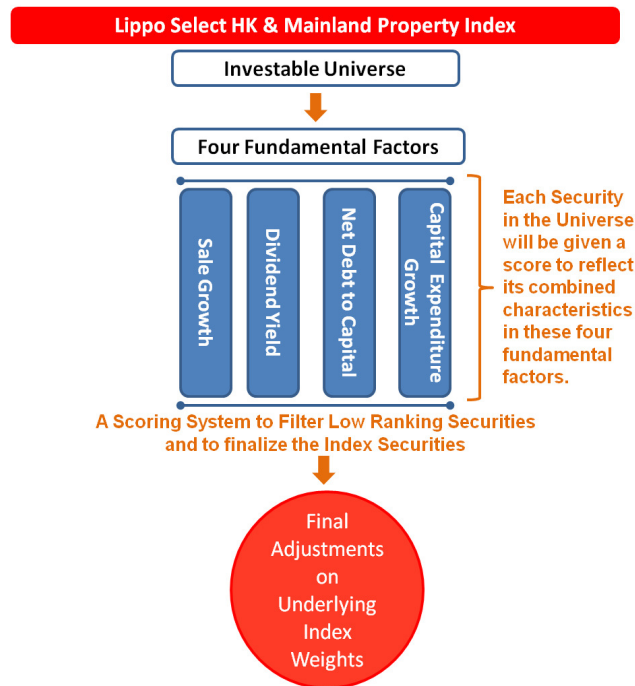
The Index Provider is primarily responsible for determining the eligible universe (i.e. based on the constituents of the Hang Seng Composite Index). Determining the investable universe is based on set of eligibility criteria (e.g. listing history, market value, free float adjustment and minimum turnover requirements) and is conducted based on the Index Provider's standard internal procedures. The Manager will not be involved in either the initial index universe set up stage or any subsequent changes in the eligible universe.

The Manager will evaluate a large range of fundamental factors by applying a set of statistical procedures to the eligible universe to identify those fundamental factors with generally the highest sensitivity and positive correlation to stock market prices. Using all the financial information/ratios of the fundamental factors for the eligible universe, as supplied by the Index Provider, the Manager conducts an analysis to assess the results of how different combinations of fundamental factors will perform over a period of time. The Manager will statistically test the sensitivity of fundamental factors to market price movement and will select the fundamental factors which most consistently demonstrate highest sensitivity and positive correlation to market price movement generally.

Subsequent to the fundamental factors "selection" process described above, the Index Provider shall determine the four fundamental factor ranking for each Index Security using the "Screening Criteria" described below. In essence, once the Manager has determined the set of right fundamental factors, all Index Securities will be ranked according to their fundamental factors values. Having completed this, the Index Provider will apply the factor weights of the four fundamental factors (determined by reference to the level of sensitivity of the relevant fundamental factor to market price returns) to the Index Securities and will assign an overall rank for each Index Security. Selection of Index Securities is based on the overall rank together with the "buffer zone" to arrive at a complete list of Index Securities. Finally, the Index Provider will apply the standard free-floated market capitalization techniques and "6% maximum cap weight" techniques to derive weightings of Index Securities for the Underlying Index. To maintain impartiality, the Manager is confined to providing inputs for the factor weights, whilst the ranking process of the Index Securities will be conducted by the Index Provider.

The Manager and the Index Provider will review the above procedures every six months. Unless there is a material change, all the above procedures will be kept intact. However, the weightings of the Index Securities will be changed by market forces as well as any across-the-board changes in the way how the Index Provider amends the eligible universe. In this step, the Manager will be confined to monitoring the fundamental factors and will consult the SFC for any addition/deletion of the fundamental factor(s) or a change in their weights, if necessary.

Technical Details of the Index Methodology



Securities which are classified under the properties sector pursuant to the Hang Seng Industry Classification System under the Hang Seng Composite Index constitute the eligible universe of the Underlying Index.

For details in relation to Hang Seng Composite Index, please refer to https://www.hsi.com.hk/static/uploads/contents/en/dl_centre/methodologies/IM_hscie.pdf.

Fundamental Indexing

As of the base date, the following four fundamental factors have been identified to be the key drivers of stock-returns over the medium to long term:

1. Sales Growth (SG)

Sales Growth is defined as the sales / revenue growth of the company's latest fiscal year over the fiscal year 3 years ago.

$$SG = \frac{Sales_t}{Sales_{t-3}} - 1$$

2. Dividend Yield (DY)

Dividend Yield is defined as the total declared cash dividends in the latest fiscal year divided by the share price at the fiscal / interim year end date.

$$DY = \text{Dividend per Shares} / \text{Price}$$

3. Net Debt to Capital Ratio (Net Gearing)

Net Debt to Capital ratio is defined as the Net Debt divided by the Total Capital at the latest fiscal year end date.

$$\text{Net Gearing} = (\text{Total Debt} - \text{Cash \& short-term investment}) / \text{Total Capital}$$

4. Capital Expenditure Growth (CEG)

Capital Expenditure Growth is defined as the Capital Expenditure growth of the company's latest fiscal year over the fiscal year 3 years ago.

$$CEG = \frac{CE_t}{CE_{t-3}} - 1$$

In the case where Capital Expenditure grows from 0, the growth rate is assumed to be 100%.

Any company or REIT will be excluded for Index Securities selection if any of the above factors, such as SG or CEG, are not available by reason of shorter listing requirements (less than 3 years).

Screening Criteria

Each Security in the eligible universe is then ranked in terms of combined ranking score, calculated using the following formula:

I) $0.3 * \text{Sales Growth} + 0.3 * \text{Dividend Yield} + 0.2 * \text{Net Debt to Capital Ratio} + 0.2 * \text{Capital Expenditure Growth} = \text{Fundamental Score}$

II) $\text{Rank of the Fundamental Score} = \text{Fundamental Rank}$

III) *In case two Securities have the same Fundamental Score, a higher rank will be assigned to the security with higher freefloat-adjusted Market Value.*

Index Securities Selection

Each Security in the eligible universe is screened using the Fundamental Indexing analysis followed by the Index Securities selection process as described below.

In the initial selection of Index Securities, stocks in the eligible universe ("eligible stocks") with a fundamental rank below the top 80% of the eligible stocks will be eliminated. Thereafter, on each review of the Underlying Index by the Index Provider, the Index Provider will apply a "Buffer Zone" filtering, whereby Index Securities with a fundamental rank below the top 88% of the eligible stocks will be removed from the Underlying Index while non-Index Securities which rank within the top 72% of the eligible stocks will be included.

Adjustments to Underlying Index Weights

The Index Securities are weighted by free-floated adjusted investable market capitalisation. Any Index Security whose free-floated adjusted market capitalization weights are greater than 6% are capped at 6%. The weights of all lower ranking Index Securities shall be increased correspondingly. This process is repeated until the weighting of all Index Securities are equal to or below 6%. The constituent weights of the Index Securities are adjusted on a quarterly basis after market close on the first Friday in March, June, September and December each year, effective on the next Business Day.

The latest list of the total holdings of Index Securities (updated on a monthly basis) and further information in relation to the Underlying Index (including the price of the Underlying Index and index methodology) are available at the Fund's website at <http://lippotef.com>¹.

Underlying Index Review and Index Securities Changes

The Index Provider carries out a semi-annual review of the Underlying Index as at the end of March and September each year. To the extent that there is a change to any of the

fundamental factors, the Manager shall also participate in the review process. Generally, effective dates of Index Securities changes will be the next Business Day after the first Friday of June and December. Under normal circumstances, at least seven Business Days' notice will be given for any Index Securities changes before the effective dates. Moreover, to maintain market integrity, the Index Provider will communicate simultaneously to the public, including all Unitholders and the Manager, by making the information available on the relevant website maintained by the Index Provider at <http://www.hsi.com.hk>.

Underlying Index Dissemination

The Underlying Index is disseminated by the end of each Dealing Day on the relevant website maintained by the Index Provider for the Underlying Index at <http://www.hsi.com.hk>.

2.4 Change of Underlying Index

The Manager will consult the SFC on any events that may affect the acceptability of the Underlying Index (for example, the change in methodology/rules or compiling or calculating the Underlying Index, or a change in the objective or characteristics of the Underlying Index). The Manager shall notify Unitholders as soon as practicable of any significant events relating to the Underlying Index.

The Manager reserves the right, with the prior approval of the SFC, and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index with another index in accordance with the provisions of the constitutive documents. The circumstances under which any such replacement might occur include but are not limited to the following events:

- (a) the Underlying Index ceasing to exist;
- (b) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Underlying Index;
- (c) investing in the Securities comprised within the Underlying Index becomes difficult; and
- (d) the quality (including accuracy and availability of the data) of the Underlying Index having, in the opinion of the Manager, deteriorated.

The Manager may change the name of the Fund if the Underlying Index changes or for any other reasons including if the Index Service Agreement in relation to the relevant Underlying Index is terminated. Any change to the Underlying Index and/or the name of the Fund will be notified to Unitholders by notice in writing.

2.5 Index Service Agreement

The Manager has appointed Hang Seng Indexes Company Limited ("the Index Provider") to compile and disseminate on behalf of the Manager information relating to the Underlying Index based on the formulae and specifications provided by the Manager. The term of the Index Service Agreement between the Manager and the Index Provider commenced on 26 September 2012 and will continue at least for a period of 3 years unless and until it is terminated in accordance with the terms under the Index Service Agreement. Either the Manager or the Index Provider may terminate the Index Service Agreement at any time by giving to the other party prior written notice of at least three months. Under the Index Service Agreement, the Manager shall indemnify the Index Provider, amongst others, in respect of any claim (by any current, former or future Unitholder or investor) as a result of any act or omission of the Index Provider in respect of or in connection with or arising out of the Underlying Index, the trading or subscription of the Fund, use of the Underlying Index in connection with such trading or subscription, computation of Underlying Index or any errors, mistakes or omissions in making such computation, the collection and use of relevant

information for that purpose or any errors, mistakes or omissions in such information or their collection or use unless such claims are caused by fraud of the Index Provider. To the extent of such indemnity claims, the Manager does not currently intend to seek reimbursement out of the Fund Assets.

If the Underlying Index is discontinued or there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Underlying Index which can replace the Underlying Index, the Fund may not be able to fulfil its objectives and may be terminated, unless the Manager, in consultation with the Trustee, seeks the SFC's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index.

Index Provider disclaimer

THE LIPPO SELECT HK & MAINLAND PROPERTY INDEX (“UNDERLYING INDEX”) IS COMPUTED AND PUBLISHED BY HANG SENG INDEXES COMPANY LIMITED (THE “INDEX PROVIDER”) AT THE DIRECTION AND ON BEHALF OF LIPPO INVESTMENTS MANAGEMENT LIMITED (“THE MANAGER”) TO BE USED BY THE MANAGER IN CONNECTION WITH THE LIPPO SELECT HK & MAINLAND PROPERTY ETF (“THE FUND”). ALL DATA AND INFORMATION RELATING TO THE UNDERLYING INDEX ARE PROVIDED BY THE INDEX PROVIDER. NEITHER THE INDEX PROVIDER NOR ANY OF ITS HOLDING COMPANIES AND SUBSIDIARIES PROVIDES ANY REPRESENTATIONS, WARRANTIES OR GUARANTEES OF ANY KIND TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON IN RELATION TO SUCH UNDERLYING INDEX, DATA OR INFORMATION (INCLUDING, WITHOUT LIMITATION, THAT ANY SUCH UNDERLYING INDEX (AND ITS COMPUTATION), DATA OR INFORMATION IS ACCURATE, COMPLETE, FIT OR SUITABLE FOR ANY PURPOSE, OR THAT ANY PERSON WILL OBTAIN ANY PARTICULAR RESULTS BY USING, REFERRING TO OR RELYING ON ANY SUCH UNDERLYING INDEX, DATA OR INFORMATION). NO WARRANTY, REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO SUCH UNDERLYING INDEX, DATA OR INFORMATION IS GIVEN OR MAY BE IMPLIED. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE INDEX PROVIDER NOR ANY OF ITS HOLDING COMPANIES AND SUBSIDIARIES (I) IN RESPECT OF THE USE OF, REFERENCE TO AND/OR RELIANCE ON SUCH UNDERLYING INDEX, DATA OR INFORMATION BY THE MANAGER IN CONNECTION WITH THE FUND OR BY ANY OTHER PERSON; OR (II) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF THE INDEX PROVIDER IN THE COMPUTATION OF THE UNDERLYING INDEX; OR (III) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS, OR INCOMPLETENESS OF ANY DATA OR INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE UNDERLYING INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (IV) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST THE INDEX PROVIDER AND/OR ANY OF ITS HOLDING COMPANIES AND SUBSIDIARIES IN CONNECTION WITH THE FUND OR SUCH UNDERLYING INDEX, DATA OR INFORMATION IN ANY MANNER WHATSOEVER BY ANY BROKER, HOLDER OR OTHER PERSON DEALING WITH THE FUND. WITH THE USE OF OR ACCESS TO SUCH UNDERLYING INDEX, DATA OR INFORMATION, ANY PERSON USING OR ACCESSING SUCH UNDERLYING INDEX, DATA OR INFORMATION IRREVOCABLY AND UNCONDITIONALLY ACCEPTS AND AGREES TO BE BOUND BY THIS DISCLAIMER. ANY BROKER, HOLDER OR OTHER PERSON DEALING WITH THE FUND DOES SO THEREFORE IN FULL KNOWLEDGE OF THIS DISCLAIMER AND CAN PLACE NO RELIANCE WHATSOEVER ON THE INDEX PROVIDER OR ANY OF ITS HOLDING COMPANIES AND SUBSIDIARIES. FOR THE AVOIDANCE OF DOUBT, THIS DISCLAIMER DOES NOT CREATE ANY CONTRACTUAL OR QUASI-CONTRACTUAL RELATIONSHIP BETWEEN ANY BROKER, HOLDER OR OTHER PERSON AND THE INDEX PROVIDER AND/OR ANY

OF ITS HOLDING COMPANIES AND SUBSIDIARIES AND MUST NOT BE CONSTRUED TO HAVE CREATED ANY SUCH RELATIONSHIP.

The level of the Underlying Index to which the Fund is linked at any time for the purposes of the Fund will be the level as calculated by the Index Provider according to the Manager's requirements.

3 Investment and Borrowing Restrictions

3.1 Investment Restrictions

3.1.1 The Fund is subject to certain investment restrictions set out under the Code and Trust Deed, as amended from time to time. No holding of any Securities may be acquired or added for the Fund which would result in:-

- (a) the aggregate value of a Fund's investments in, or exposure to, any single entity through the following, to exceed 10% of the latest available Net Asset Value of the Fund: (i) investments in securities by such entity; (ii) exposure to such entity through underlying assets of FDIs; and (iii) net counterparty exposure to that entity arising from transactions of over-the-counter FDIs, unless such investment is permitted under the Code (as specified below) and as varied by Chapter 8.6(h)(a) of the Code (as applicable):
 - (i) it is limited to any Securities that each accounts for more than 10% of the weighting of the Underlying Index; and
 - (ii) the Fund's holding of any such Securities may not exceed their respective weightings in the Underlying Index, except where weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature.

Subject to the approval of the SFC, the value of the Fund's holding in Government and other Public Securities of the same issue may exceed 30% of the latest available Net Asset Value of the Fund. Further, subject to the restriction aforementioned, the Manager may invest all of the assets of the Fund in Government and other Public Securities in any number of different issues;

- (b) subject to paragraph (a) above and Chapter 7.28(c) of the Code (as applicable), the aggregate value of a Fund's investment in, or exposure to, entities within the same group through the following, to exceed 20% of the latest available Net Asset Value of the Fund: (i) investments in Securities issued by such entity; (ii) exposure to such entity through underlying assets of FDIs; and (iii) net counterparty exposure to those entities arising from transactions of over-the-counter FDIs;
- (c) the value of the Fund's cash deposits made with the same entity (or entities within the same group) to exceed 20% of the Net Asset Value of the Fund, unless: (i) the cash is held before the launch of the relevant Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested, or (ii) the cash proceeds from liquidation of investments prior to the merger or termination of a Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interest of investors; or (iii) the cash proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;
- (d) the Trust (including other sub-funds of the Trust) collectively holding more than 10% of any ordinary shares issued by any single entity;
- (e) more than 15% of the latest available Net Asset Value of the Fund being invested in Securities and other financial products or instruments which are neither listed, quoted or dealt in on a Recognised Exchange;
- (f) except as permitted by Chapter 8.6(i) of the Code, and notwithstanding paragraphs (a), (b) and (d) above, more than 30% of the latest available Net Asset Value of the Fund being invested in Government and other Public Securities of the same issue,

save that the Fund may invest all of its assets in Government and other Public Securities in at least six different issues;

- (g) investment in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;
- (h) more than 10% of the latest available Net Asset Value of the Fund being invested in any units or shares in other collective investment schemes which are non-eligible schemes (as designated by the SFC) and not authorised by the SFC; and
- (i) more than 30% of the latest available Net Asset Value of the Fund being invested in units or shares in one or more collective investment schemes which are either authorised by the SFC or eligible scheme (as designated by the SFC), provided always that such limit may be exceeded if (x) such collective investment scheme is authorised by the SFC and (y) the name and key investment information of such collective investment scheme is disclosed in this Prospectus. In addition, the objective of such collective investment scheme may not be to invest primarily in any investment prohibited by the other investment restrictions pursuant to Chapter 7 of the Code, and where that collective investment scheme's objective is to invest primarily in investments restricted by the other investment restrictions, such investments may not be in contravention of the relevant limitation,

save to the extent that any of the above holdings is permitted under the Code or any waiver in respect of any of the above restrictions has been obtained from the SFC.

3.1.2 In addition, the Fund is subject to the following investment restrictions, which restricts the Manager, for the account of the Fund, from:-

- (a) investment in a collective investment scheme managed by the Manager or its Connected Persons unless all initial charges and redemption charges on such collective investment scheme are waived and the Manager or any person acting on behalf of the collective investment scheme or the manager does not retain any rebate on any fees or charges levied by the collective investment scheme or the management company of such collective investment scheme, or any quantifiable monetary benefits in connection with investments in any collective investment scheme;
- (b) investment in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts);
- (c) making short sales unless (i) the Fund's liability to deliver securities does not exceed 10% of its latest available Net Asset Value; and (ii) the security which is to be sold short is actively traded on a market where short selling activity is permitted;
- (d) subject to Chapter 7.3 of the Code, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (e) acquisition of any asset or engagement in any transaction which may involve the Fund in any unlimited liability;
- (f) incurring liability of Unitholders beyond their investments in the Fund;
- (g) investment in securities if either any director or officer of the Manager individually owns more than 0.5% of those securities or such directors and officers collectively own more than 5% of those securities; and

- (h) acquisition of any security where a call is to be made for any sum unpaid on that security unless that call can be met in full out of cash or near cash by the Fund Assets, whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in FDIs for the purposes of Chapter 7.29 and 7.30 of the Code,

save to the extent that any of the above holdings is permitted under the Code or any waiver in respect of any of the above restrictions has been obtained from the SFC.

3.1.3 In respect of FDI transactions entered into by the Trust for the account of a Fund (if any), such transactions shall be conducted in compliance with the restrictions and conditions set out in the Code.

3.1.4 If any of the investment restrictions under this section 3.1 of the Prospectus are breached, the Manager will take as a priority all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Unitholders.

3.2 Borrowing Restrictions

3.2.1 The Trustee may at any time at the written request of the Manager borrow money for the account of the Fund, subject to the following limitations:

- (a) the principal amount for the time being of all borrowings for the account of the Fund shall not exceed an amount equal to 10% of the Net Asset Value of the Fund on any Dealing Day;
- (b) the borrowing shall be made in Hong Kong dollars or such other currencies as the Manager may consider appropriate;
- (c) each borrowing may be related to any one or more of the following:
 - (i) to pay the Cash Redemption Component or Redemption Value on a redemption of Units;
 - (ii) to purchase Securities following a creation of Units where the cash amount of the Issue Price is not received in full in cleared funds by the Trustee on the relevant settlement date for such cash amount;
 - (iii) to settle the purchase or sale of any Investments in order to facilitate a rebalance of the portfolio of the Fund Assets;
 - (iv) to pay any negative Cash Issue Component;
 - (v) to meet the fees, expenses and liabilities of the Trust or the Fund (excluding the management fee or fees payable to the Trustee);
 - (vi) to pay distributions of income; or
 - (vii) for any other proper purpose as may be agreed by the Manager and the Trustee from time to time.

3.2.2 If at any time the aggregate principal amount of all outstanding borrowings under the Trust Deed in respect of the Fund shall exceed an amount equal to 10% of the Net Asset Value of the Fund calculated on the then most recent Dealing Day, the Manager shall take as a priority objective all steps as are reasonably necessary within a reasonable time to remedy the situation, taking into account the interests of Unitholders.

3.3 Security Lending

- 3.3.1 The Fund does not currently intend to engage in any securities lending activities, repurchase transactions or other similar over-the-counter transactions. In the event of any change in respect of the Manager's intention to enter into any securities lending, repurchase transaction or other similar over-the-counter transactions, prior approval will be obtained from the SFC and not less than one month's prior notice will be given to the Unitholders.

4 Risk Factors

Investment in the Fund involves risks. Investors can lose money by investing in Units. Prospective investors should carefully consider the risks of investing in the Fund, including the risk factors described below together with all of the other information included in this Prospectus, before deciding whether to invest in Units.

The market price of Units and the Net Asset Value of the Fund may rise or fall. The Fund is not principal guaranteed and there is no assurance that an investor will achieve a return on his investment in the Fund or a return of his original investment amount. In the worst case scenario, a Unitholder may lose all its investment in the Fund.

The Fund is subject to the principal risks, risks associated with the Underlying Index and risks associated with the listing of the Units on the SEHK, as described below. Some or all of these risks may adversely affect the Net Asset Value of the Fund or the unit price of Units.

4.1 Principal Risk Factors

4.1.1 Investment Risk

There can be no assurance that the Fund will achieve its investment objective. The Net Asset Value of the Fund may fall in value due to any of the key risks factors below and your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal or any return on your investment.

4.1.2 Market Risk

Investors in the Fund are exposed to similar risks that investors who invest directly in the Index Securities would face. These risks includes interest rate risk (risk of falling portfolio values in a rising interest rate market), income risk (risk of falling incomes from a portfolio in a falling interest rate market), concentration risk (risk of price volatility due to concentration of investments in a particular group of stocks), sector concentration risk (risk of falling portfolio values due to volatility in the property market) and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Underlying Index) etc. which may have significant impact on the value of the investments. The investments of the Fund are also subject to risks inherent in all Securities (including settlement and counterparty risks). The Net Asset Value of the Fund will change with fluctuation in the market value of the Securities it holds. The value of holdings may fall as well as rise. Market movements may therefore result in substantial fluctuations in the Net Asset Value of the Units.

4.1.3 Equity Risk

Investing in equity securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

4.1.4 Liquidity Risk

The price at which Securities may be purchased or sold by the Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Securities held in the Fund's portfolio are limited or absent or if bid-offer spreads are wide.

4.1.5 No Right to Control the Fund's Operation

Investors will have no right to control the daily operations, including investment and redemption decisions, of the Fund.

4.1.6 Effect of Redemption

If significant redemptions of Units are requested, it may not be possible to liquidate the Fund's Investments at the time such redemptions are requested or the Fund may be able to do so only at prices which the Fund believes does not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. Where significant redemptions of Units are requested, the Fund may limit the number of Units that are redeemed on any Valuation Day, suspend the right of Unitholders to require redemption, or may extend the period for the payment of redemption moneys. Please see section 9 of this Prospectus for further details.

4.1.7 Reliance on Manager

The Fund will rely upon the Manager in devising the index methodology of the Underlying Index and formulating the investment strategy of the Fund, the performance of which is largely dependent on the continuation of an agreement with the Manager and the services and skills of their respective officers and employees. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case the insolvency of the Manager, the Trustee may not find successor managers quickly and the new appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause deterioration in the Fund's performance and investors may lose money in those circumstances.

In the event a replication strategy is not adopted and the Manager is required to select a representative sample of Index Securities, it is subject to management risk. This is the risk that the implementation of the Manager's strategy, which is subject to a number of constraints, may not produce the intended results. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Fund being achieved.

4.1.8 Passive Investments

Unlike many unit trusts and mutual funds, the Fund is not "actively managed". Therefore, the Fund will not adjust the composition of its portfolio except in order to seek to closely correspond to the return of the Underlying Index. The Manager does not intend the Fund to seek a performance that "beats" the Underlying Index it tracks or to adopt a temporary defensive position when there is a decline in such Underlying Index or when such Underlying Index is judged to be overvalued. Accordingly, investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the index funds will mean that falls in the Underlying Index will likely result in a corresponding fall in the Net Asset Value in the Fund.

4.1.9 Trading Risk

Generally, retail investors can only buy or sell Units on the SEHK. Investors pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK. The trading prices of the Units on the SEHK are driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. Retail investors may pay more than the Net Asset Value per Unit when buying a Unit on the SEHK, and may receive less than the Net Asset Value per Unit when selling a Unit on the SEHK.

4.1.10 Legal and Regulatory Risk

The Fund must comply with regulatory constraints or changes in laws affecting it or its investment restrictions which might require a change in investment policy and objectives followed by the Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Underlying Index and as a result the performance of the Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Fund.

4.1.11 Tracking Error Risk

Changes in the Net Asset Value of the Fund are unlikely to replicate exactly changes in the Underlying Index. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Fund's Securities and those in the Underlying Index, deviation between the Fund's portfolio and the composition and weighting of the Underlying Index due to the investment strategy that is implemented by the Fund (e.g. if representative sampling is implemented), rounding of share prices, timing differences for changes to the Fund's portfolio in response to changes to the Underlying Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of the Fund. In addition, the Fund Assets may not be fully invested at all times. The Fund's returns may therefore deviate from those of the Underlying Index and there is no guarantee or assurance of exact replication of the Underlying Index. However, a fall in the Underlying Index will likely result in a corresponding fall in the Net Asset Value of the Fund. The Manager regularly monitors the Fund to reduce the tracking error of the Fund. However, there can be no assurance that the Fund will achieve any particular level of tracking error relative to the performance of its Underlying Index.

4.1.12 Asset Class Risk

The returns generated from the Securities in which the Fund invests may not correspond to that of other classes of Securities or different asset classes. The Securities in which the Fund invests may be subject to cycles of underperformance relative to that of other classes of Securities.

4.1.13 Lack of Operational History

Both the Underlying Index and the Fund has a minimal operating history by which investors can evaluate its previous performance. There can be no assurance that the Fund's investment objectives will be met. The level of fees and expenses payable by the Fund may fluctuate. Although the amounts of certain ordinary expenses of the Fund can be estimated, the returns of the Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurances can be given as to the performance of the Underlying Index, the Fund or the actual level of the Fund's expenses.

4.1.14 Distributions are contingent on dividends paid on Index Securities

The ability of the Fund to pay distributions on the Units is subject to the Manager's discretion and also depends on dividends declared and paid by the issuers of the Index Securities of the relevant Underlying Index and the level of fees and expenses payable by Fund. Dividend payment rates for the Index Securities are based on numerous factors, including their current financial conditions, general economic conditions and their dividend policies. There can be no assurance that dividends or other distributions will be made for such Index Securities. In addition, changes to the composition of the relevant Underlying Index (for example, the substitution of one Index Security with another Index Security paying higher or lower dividends) will affect the level of dividends received by the Fund. Investors may not therefore receive any distributions. Investors will not receive any dividends or other distributions directly from any Index Securities in which the Fund invests.

4.1.14A Dividend Reinvestment Risk

All interests, dividends and other amounts determined by the Manager to be in the nature of income received for the account of the Fund may be reinvested by the Manager. There is no assurance that an investor will achieve a return on the reinvestment or a return of the original investment amount. Investors may lose part or all of their investment.

4.1.14B Distributions Out of Capital Risk

The Fund may pay dividends out of capital. Furthermore, the Manager may at its discretion pay dividends out of gross income while charging all or part of the fees and expenses to the capital of the Fund, resulting in an increase in distributable income for the payment of dividends by the Fund and therefore, the Fund may effectively pay dividends out of the capital. Payment of dividends out of capital is a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Accordingly, the capital that the Fund has made available for investment in the future and capital growth may be reduced. In addition, any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital may result in an immediate decrease of the Net Asset Value per Unit. The distribution policy may be amended subject to the prior approval of the SFC and by giving not less than one month's prior notice to the Unitholders.

4.1.15 The Trust and the Fund may Cease to be Authorised

The SFC reserves the right to withdraw the authorisation of the Trust and/or the Fund (e.g. if the Underlying Index of the Fund is no longer considered by the SFC to be an eligible index) or impose such conditions as it considers appropriate. The Trust and/or the Fund may be terminated if the SFC is to withdraw its authorisation for the Trust and/or the Fund. Any authorisation granted by the SFC may also be subject to certain waivers which may be withdrawn or varied by the SFC.

4.1.16 Early Termination of the Trust or the Fund

The Trust or the Fund may be terminated early by the Trustee under certain circumstances, as further set out in section 13.4 of this Prospectus. Upon the Trust or the Fund being terminated, the Trustee will distribute the net cash proceeds (if any) from the realisation of the investments comprised in the Fund to the Unitholders of the Fund in accordance with the Trust Deed. Any such amount may be less than the capital invested by the Unitholder. Investors may not be able to recover their investments and suffer a loss when the Fund is terminated.

4.1.17 Counterparty Risk

This is the risk that the party trading with the Fund will be unable to meet its obligations to make payments or to settle a trade due to factors such as deterioration in the financial situation of the counterparty. The Fund also bears the risk of settlement failures. These risks may have a material adverse effect on the Trust and/or the Fund.

4.1.18 Operating Cost

The level of fees and expenses payable by the Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Fund can be estimated, the growth rate of the Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Fund or the actual level of its expenses.

4.1.19 Borrowing Risk

The Trustee is permitted to borrow for the account of any sub-fund of the Trust (e.g. for settlement purposes) in order to carry out its functions under the Trust Deed, such as

facilitating the creation or redemption of Units or to meet the expenses and liabilities of the Fund or for any other proper purpose as may be agreed by the Manager and the Trustee. Borrowing involves an increased degree of financial risk and may increase the exposure of the Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the Trustee will be able to borrow on favourable terms, or that the Trust's indebtedness will be accessible or be able to be refinanced by the Fund at any time.

4.1.20 Risk of Indemnity

According to the Trust Deed, the Trustee and the Manager have the right to be indemnified for any liability or expense incurred by them in performing their respective duties except to the extent of any fraud, negligence or wilful default on its (or their) part. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the Fund and the value of the Units.

4.1.21 Secondary Market Trading Risk

Units may trade on the SEHK on days or times when the Fund does not accept orders to create or redeem Units. On such days or times, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Fund accepts creation and redemption orders.

4.1.22 Potential Conflicts of Interest

The Manager and the Trustee or their Connected Persons may, from time to time, act as manager, investment adviser, trustee or as custodian or in such other capacity in connection with or be otherwise involved in or with any other collective investment schemes separate and distinct from the Fund. It is possible that any of the Manager and the Trustee or their Connected Persons may, in the course of business, have potential conflicts of interest with the Fund. Each of the Manager and the Trustee or their Connected Persons will, at all times, have regard in such event to its obligations to the Fund and the investors and will endeavour to ensure that such conflicts are resolved fairly. Please refer to section 12 of this Prospectus for further details.

4.1.23 Regulatory and Market Intervention

Regulators (such as the SFC and the SEHK) may impose additional conditions or requirements on the Fund from time to time. If the Fund is unable to fully comply with the regulatory conditions or requirements, or if there is any market intervention by the regulators, trading of Units on the SEHK may be suspended or interrupted. Investors or potential investors may not be able to buy or sell Units on the SEHK until resumption of trading is permitted by the regulators. This may have an adverse impact on the Fund, for example, on its operation, unit pricing, liquidity, valuation, overall performance and return etc. As a result, the Fund may not be able to achieve its investment objective. In the worst scenario, there is a risk that the value of the Units in the Fund may fall significantly.

4.1.24 Risk relating to Foreign Account Tax Compliance Act (“**FATCA**”)

Although the Manager and the Fund will endeavour to satisfy any obligations imposed by FATCA and to avoid the imposition of any FATCA withholding, no assurance can be given that the Manager and the Fund will be able to achieve this and/or satisfy such FATCA obligations. If the Fund becomes subject to a 30% FATCA penalty withholding on most types of income from US investments (further described under the section headed “**FATCA**”) as a result of the FATCA regime, the value of the Units held by Unitholders in the Fund may suffer material losses.

Please refer to section 11.3 “**FATCA**” under the section headed “**Taxation**” for details of FATCA, FATCA registration status of the Fund and FATCA's impact to the Fund and the Unitholders. All prospective investors and Unitholders should consult with their own tax

advisors regarding the possible implications of FATCA and the tax consequences on their investments in the Fund. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries.

4.1.25 Custodian Risk

Custody risk refers to the risks inherent in the process of clearing and settling trades and to the holding of Securities by local banks, agents and depositories. Local agents are held to local standards of care and in general, the less developed a country's securities market is, the greater the likelihood of custody problems. A Fund's investments may be registered in the name of a sub-custodian where, due to the nature of the laws or market practice of jurisdictions, it is common market practice or not feasible to do otherwise and may be exposed to risk in circumstances whereby the Custodian will have no liability. Such investments may not be segregated from the sub-custodian's own investments and in the event of default or fraud of such sub-custodian, the Fund Assets may not be protected and may be irrecoverable by the Fund.

4.2 Risks relating to the Underlying Index

4.2.1 Index Service Agreement in relation to Underlying Index may be terminated

The Manager has appointed the relevant Index Provider to compile and publish the Underlying Index for the Fund. The Fund may not be able to fulfil its objective and may be terminated if the Index Service Agreement between the Manager and the relevant Index Provider is terminated. The Fund may be terminated if its Underlying Index ceases to be compiled and published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Underlying Index which can replace the Underlying Index in accordance with the provisions of the Trust Deed and with the prior approval of the SFC. However, the Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index with another index in accordance with the provisions of the constitutive documents. Please refer to section 2.4 of this Prospectus for further details.

4.2.2 Sector and Geographical Concentration of the Underlying Index

The Underlying Index and the investments of the Fund are concentrated in Securities related to the property industry in Hong Kong and the Mainland China region. By being more concentrated in one geographical sector and market, the Fund could suffer greater volatility compared to funds that follow a more diversified policy. The Fund is more likely to be more volatile than a broadly-based fund such as a global or regional equity fund as it is more susceptible to fluctuation in value resulting from adverse conditions in that single region or sector. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect an issuer, industry, jurisdiction or market, and changes in general economic or political conditions can adversely affect the value of Securities and result in price volatility. Such changes may have a negative impact on the Securities held by the Fund.

4.2.3 Compilation of the Underlying Index

The Securities which comprise an Underlying Index are determined and composed by the relevant Index Provider without regard to the performance of the Fund. The Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Fund or other persons, regarding the advisability of investing in Securities generally or in the Fund. The Index Provider has no obligation to take the needs of the Trustee, the Manager or investors in the Fund into consideration in determining, composing or calculating the relevant Underlying Index and consequently there can be no guarantees that its actions will not prejudice the interests of the Fund, the Manager or Unitholders. In addition, the accuracy and completeness of the calculation of an Underlying Index may be affected by, without

limitation, the availability and accuracy of prices for its Index Securities, market factors and errors in its compilation.

4.2.4 Composition and Weighting of the Underlying Index may change

The composition and weighting of the Underlying Index will be rebalanced from time to time. When this happens, the weighting or composition of the Securities owned by the Trust, for the account of the Fund, would be changed as considered appropriate by the Manager in order to achieve the investment objective of the Fund. Thus an investment in Units will generally reflect the relevant Underlying Index as its Index Securities change and not necessarily the way it is comprised at the time of an investment in Units.

4.2.5 Fluctuations of the Underlying Index

The Underlying Index is subject to fluctuations. The performance of the Units should, before fees and expenses, correspond closely with the performance of the Underlying Index. If the Underlying Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

4.3 Risks relating to the listing of Units on the SEHK

4.3.1 Absence of active market and liquidity risks

Although Units are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities which comprise the Units themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If a Unitholder needs to sell its Units at a time when no active market for them exist, the price it receives for its Units (assuming it is able to sell them) is likely to be lower than the price received if an active market did exist.

4.3.2 Suspension of trading

Investors and potential investors will not be able to buy, nor will investors be able to sell, Units on the SEHK during any period in which trading of such Units are suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of such Units is suspended.

4.3.3 Units may trade at prices other than Net Asset Value

Units may trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of each Unit is calculated at the end of each Business Day and fluctuates with changes in the market value of the Index Securities. The trading prices of a Unit fluctuate continuously throughout the trading hours based on market supply and demand rather than its Net Asset Value. The trading price of a Unit may deviate significantly from its Net Asset Value particularly during periods of market volatility. Any of these factors may lead to Units trading at a premium or discount to its Net Asset Value. On the basis that Units can be created and redeemed in Creation Units at Net Asset Value, the Manager believes that large discounts or premiums to the Net Asset Value of Units are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that a particular Unit will normally trade at prices close to the Units' next calculated Net Asset Value, trading prices are not expected to correlate exactly with the relevant Units' Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from the Net Asset Value of Units. In particular, if an investor purchases Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to its Net Asset Value, then the investor may sustain loss.

4.3.4 No assurance on continued listing status

There is no assurance that the Units of the Fund will continue to meet the listing requirements of the SEHK. If the Units of the Fund are delisted, the Manager may, in consultation with the Trustee, seek the SFC's approval to operate the Fund as an unlisted index fund or terminate the Fund.

4.3.5 Cost of trading Units

Buying or selling Units involves various types of costs that apply to all Securities transactions. When trading Units through a broker, investors will incur a brokerage commission or other charges imposed by the broker. In addition, investors on the secondary market will also incur the cost of the trading spread, which is the difference between what investors are willing to pay for the Units (bid price) and the price they are willing to sell such Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate regularly making small investments.

4.3.6 Reliance on Participating Dealers or Approved Applicants

Unless an investor is a Participating Dealer or an Approved Applicant, the creation and redemption of Units in the Fund may only be effected through Participating Dealers or Approved Applicants. A Participating Dealer or an Approved Applicant may charge a fee for providing this service. Participating Dealers or Approved Applicants will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted or the Underlying Index is not compiled or published. In addition, Participating Dealers or Approved Applicants will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the Fund or disposal of the Fund's Securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

4.3.7 Reliance on Market Makers

Investors should note that liquidity in the secondary market for the Units may be adversely affected if there is no Market Maker for such Units in the Fund. It is possible that the Fund will have only one Market Maker for the Units.

Although the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker and that at least one Market Maker gives not less than 3 months' notice prior to terminating market making arrangement under the relevant Market Maker agreement, liquidity in the market for the Units may be adversely affected if there is no or only one Market Maker for the HKD traded Units. There is also no guarantee that any market making activity will be effective.

The price of Units and the Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any particular return, or any return at all, on his investment in the Units or receive his capital invested.

5 Management and Administration

5.1 Manager and Listing Agent

Lippo Investments Management Limited is the Manager and Listing Agent of the Trust. The Manager is a wholly owned subsidiary of Lippo Finance Holdings Limited, which is in turn a wholly owned subsidiary of Lippo China Resources Limited, a Hong Kong incorporated company listed on the Main Board of the SEHK. Lippo China Resources Limited is a subsidiary of Lippo Limited, a Hong Kong incorporated company listed on the Main Board of the SEHK.

The Manager is licensed by the SFC in Hong Kong for types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the Securities and Futures Ordinance.

5.2 Directors of the Manager

David Tai Chiu NG

Mr Ng is a Director of Lippo Investments Management Limited. He is a qualified accountant and holds a master's degree in Business (Electronic Commerce), a master's degree in International Banking and Financial Studies and a doctor's degree in Business Administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators. Mr Ng has over 30 years' experience in the accounting and corporate finance fields in Hong Kong. Prior to joining the Lippo Group in 1990, he worked as a corporate finance manager for an international public accounting firm in Hong Kong specialising in due diligence, valuation of business, merger and acquisition, investigation and litigation support work. During his service with Lippo Group, he is responsible for IPO, merger and acquisition, direct investment, due diligence, corporate advisory, financial control and accounting work.

For public and professional services, Mr Ng currently serves as a member of the advisory committee of the Innovation and Technology Venture Fund – Innovation and Technology Commission, the HKSAR, a member of the Executive Committee of the International Chamber of Commerce – Hong Kong and a member of the Technical Consultation Panel of the Hong Kong Institute of Chartered Secretaries.

Bruce Heung Wing CHEUNG

Mr Cheung has more than 19 years of experience in the financial industry. He started his career in Canada and worked for three different Canadian Schedule I banks as Analyst / Accountant. During his tenure at Toronto Dominion Bank Asset Management, he was a fund accountant. Then he joined Royal Bank of Canada as an analyst in the treasury asset-liability management department specializing in performance attribution analysis. Before leaving Canada, he served as treasury risk management analyst at the Canadian Imperial Bank of Commerce, responsible for analyzing performance and hedge effectiveness of index-linked and fixed-income portfolios.

Before joining the Manager, Mr Cheung was working for HSBC (Hong Kong) for 4 years and prior to leaving HSBC (Hong Kong), he was the Director and Responsible Officer of HSBC Structured Funds (Asia) Limited.

Bruce holds a Bachelor degree in Mathematics from the University of Waterloo (Canada) and received his Certified Public Accountant Certificate from the State of Delaware (USA) and Canadian Investment Manager Designation from the Canadian Security Institute (Canada).

5.3 Trustee and Administrator

The Trustee of the Trust is BOCI-Prudential Trustee Limited, which is a registered trust company in Hong Kong. The Trustee is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited. BOC Group Trustee Company Limited is owned by BOC International Holdings Limited and Bank of China (Hong Kong) Limited, which are subsidiaries of Bank of China Limited. The principal activity of the Trustee is the provision of trustee services. Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust. The Trustee may, however, appoint any person or persons to be custodian of such assets or to act as its agent. The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and ongoing monitoring of such persons and during the term of appointment, shall be satisfied that such persons shall remain suitably qualified and competent on an ongoing basis to provide the relevant service by conducting annual due diligence on them.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of CCASS or any other such central depository or clearing and settlement system in relation to any investment deposited with such central depository or clearing and settlement system.

Subject to the provisions in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust or the Fund.

Subject to the provisions in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or the Fund from and against any and all actions, costs, claims, damages, expenses or demands (other than those imposed under Hong Kong law or resulting from breaches of trust through fraud, wilful default or negligence on the part of the Trustee or any of its officers, employees, agents or delegates for which the Trustee would be liable under the Trust Deed), which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust or the Fund. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of fraud, negligence or wilful default by it or any agent, sub-custodian or delegate appointed by the Trustee, be liable for any losses, costs or damage to the Trust, the Fund or any Unitholder.

The Trustee was also appointed by the Manager as the Administrator of the Trust.

The Trustee and the Administrator are not responsible for the preparation or issue of this Prospectus and therefore accepts no responsibility for any information contained in this Prospectus other than the descriptions under this section headed "Trustee and Administrator" and neither the Trustee and the Administrator nor any of its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents or permitted delegates accept any responsibility or liability for any information contained in this Prospectus other than the description under this section headed "Trustee and Administrator".

5.4 Custodian

The Trustee has appointed Bank of China (Hong Kong) Limited ("**BOCHK**") to act as the Custodian of the Trust.

BOCHK was incorporated in Hong Kong on 16 October, 1964. As a locally incorporated licensed bank, it was re-structured to the present form since 1 October 2001 by combining the businesses of ten of the twelve banks in Hong Kong originally belonging to the Bank of China Group. In addition, it holds shares in BOC Credit Card (International) Limited, which is also incorporated in Hong Kong.

With a network of about 200 branches, servicing more than 600,000 corporates and 2 million retail customers, BOCHK is the second largest banking group in Hong Kong. It offers a full range of banking services, including global custody and also fund-related services for institutional clients.

Pursuant to a custodian agreement, the Custodian will act as the custodian of the Fund and the Fund's assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the custodian agreement.

5.5 Registrar

The Manager has appointed Computershare Hong Kong Investor Services Limited to act as the registrar of the Units ("Registrar"). The Registrar will be responsible, inter alia, for maintaining the register of Unitholders and processing subscriptions, redemptions, conversions and transfers of Units in accordance with the Trust Deed and this Prospectus.

5.6 Service Agent

HKCAS will act as the Service Agent of the Fund to perform, by itself or through its affiliates or HKSCC, the services to facilitate the deposit of the Units into CCASS and the withdrawal of such Units from CCASS under the CCASS Service Agreement. HKCAS, as the Service Agent, performs, through HKSCC, certain of its services in connection with the creation and redemption of Units.

5.7 Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Fund. All accounts of the Fund including the annual report thereof shall be audited by the Auditors and shall be accompanied by a certificate of the Auditors. The Auditors shall further be required to report whether the accounts have been properly prepared in accordance with the provisions of the Trust Deed, the Code and International Financial Reporting Standards.

5.8 Participating Dealers

The Participating Dealers will effect applications for creation and redemption of Units. Each Participating Dealer must usually (i) be licensed or registered for Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance; (ii) be a participant in CCASS; and (iii) be acceptable to the Manager and the Trustee. A list of the current Participating Dealers is available at the Fund's website <http://lippoeff.com>¹.

5.9 Approved Applicants

The Manager may from time to time accept certain entities as Approved Applicants. Approved Applicants may apply directly to the Registrar and not through Participating Dealers, for the creation and redemption of Units pursuant to the terms of the relevant Participation Agreement.

If an investor wishes to become an Approved Applicant, it must execute an agreed form of Participation Agreement. The Manager has the absolute discretion to accept or reject any investor who wishes to become an Approved Applicant.

5.10 Market Maker

A Market Maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one Market Maker for the Fund to facilitate efficient trading. A Market Maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SEHK. Market Makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SEHK.

Subject to applicable local and overseas regulatory requirements, the Manager intends to use its best endeavours to put in place arrangements so that there is at least one Market Maker for the Fund at all times and that at least one Market Maker gives not less than 3

months' notice prior to terminating market making arrangement under the relevant Market Maker agreement. If the SEHK withdraws its permit to the existing Market Maker(s), or if any Market Maker's ability to duly perform its services becomes adversely affected, the Manager will endeavour to immediately appoint additional Market Makers to ensure that there is at least one other Market Maker for the Fund to facilitate the efficient trading of Units. The list of Market Makers in respect of the Fund is available at the SEHK's website at www.hkex.com.hk and the Fund's website at <http://lippotf.com>¹.

6 Creation and Redemption of Units

6.1 Investment in the Fund

There are two methods of making an investment in the Fund and of disposing of Units to realise an investment in the Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the Fund in the primary market. Dealing in the primary market could be carried out by an investor through a Participating Dealer or an Approved Applicant. This method of investment is more suitable for institutional investors and market professionals. Only a Participating Dealer or an Approved Applicant (through the Manager) may apply to create or redeem Units directly from the Fund. Both a Participating Dealer and an Approved Applicant may apply for Units on their own account or for the account of their clients in accordance with the Operating Guidelines and Trust Deed. Generally, Approved Applicants are investors who wish to apply to create or redeem Units directly from the Fund in cash only and have provided such documents, undertakings and confirmations as the Manager may require. Approved Applicants will apply for creation and redemption of Units through the Manager, acting as its agent. Investors who wish to be an Approved Applicant should contact the Manager in the first instance.

The second method is to buy or sell Units in the secondary market on the SEHK, as described in section 7.2 of this Prospectus, which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the Fund.

This section of the Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines for the creation and redemption of Units set out in the Participation Agreement or Approved Applicant Application Form and the Trust Deed.

6.2 Initial Offer Period

Units in the Fund will initially be offered to Participating Dealers and Approved Applicants from 9.15 am (Hong Kong time) on 10 September 2012 to 4.15 pm (Hong Kong time) on 21 September 2012, unless otherwise extended by the Manager. The purpose of the Initial Offer Period is to enable the Participating Dealers and Approved Applicants to apply for Units on their own account or on behalf of their investors.

6.3 Conditions of the Initial Offer

Application has been made to the SEHK for listing of and permission to deal in Units in the Fund. Units in the Fund are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus.

The offer and issue of Units during the Initial Offer Period is subject to and conditional upon: (a) the SEHK granting a listing of, and permission to deal in, Units in the Fund on or before 26 September 2012 or such other date as the Manager may determine; and (b) valid applications for creation of Units accepted by the Manager to create such number of Units for a minimum value of HK\$20 million as at the Valuation Point on the last day of the Initial Offer Period, prior to 4.15 pm (Hong Kong time) on 21 September 2012 provided that the Manager may in its absolute discretion decide to proceed with the offer and issue of Units notwithstanding such minimum value has not been received.

If the above conditions are not fulfilled on or before 21 September 2012, any Index Securities tendered and any cash amount (including any Cash Issue Component, Duties and Charges, initial charges and Transaction Fee) paid by the relevant Participating Dealer or Approved Applicant (as the case may be) in respect of any applications for creation of Units submitted during the Initial Offer Period will be returned without interest.

6.4 Extension of the Initial Offer Period

If the Initial Offer Period is extended beyond 21 September 2012, dealings in the Units on the SEHK will commence 3 Business Days following the close of the Initial Offer Period.

6.5 Subsequent creation of Units

Dealings in the Units on the SEHK will commence on 26 September 2012. All investors may buy and sell Units in the secondary market on the SEHK as described in section 7.2 of this Prospectus. Participating Dealers and Approved Applicants (for themselves or for their clients) may also apply for creation and redemption of Units in the primary market.

Unless otherwise determined by the Manager, any application to the Manager for the creation of Units shall only be made by a Participating Dealer or Approved Applicant (through the Manager) in accordance with the terms of the Trust Deed, the Operating Guidelines and a Participation Agreement or Approved Applicant Application Form (as applicable) on a Dealing Day in respect of Units constituting a Creation Unit block (or whole multiples thereof), unless otherwise approved by the Manager.

The dealing cut-off time in respect of each Dealing Day is 10.30 am (Hong Kong time) for creation of Units wholly and partially in cash and 4.15 pm (Hong Kong time) for creation of Units in kind on that Dealing Day which may be revised by the Manager from time to time. An application for the creation of Units once given cannot be revoked or withdrawn without the consent of the Manager.

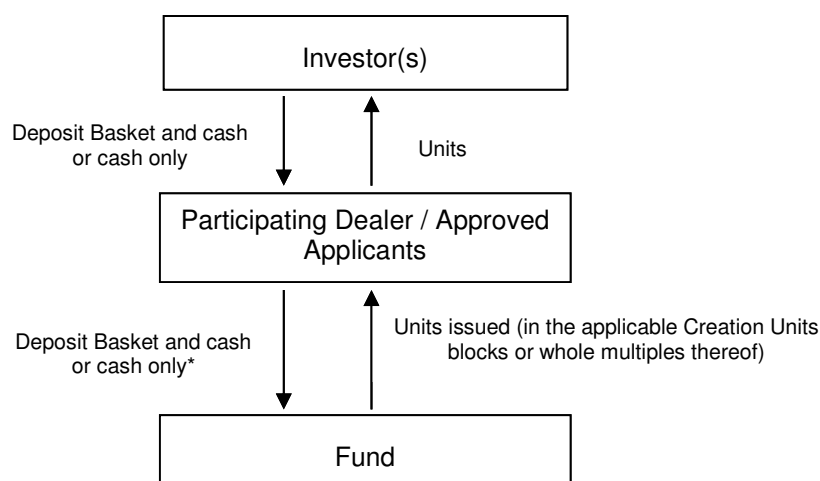
6.6 Creation of Units

Only Participating Dealers and Approved Applicants (through the Manager) may apply for the creation of Units in the primary market. Investors who are neither a Participating Dealer nor an Approved Applicant may request a Participating Dealer or Approved Applicant to apply for the creation of new Units on any Dealing Day. The Manager generally expects Participating Dealers and Approved Applicants, in the normal course of business, to process requests from investors to create Units.

Where applicable, Units may only be created in the Creation Unit block size (or multiples thereof) unless otherwise approved by the Manager on a case-by-case basis. Subject to the Fund being approved by the Mandatory Provident Fund Schemes Authority as an eligible investment under the mandatory provident fund regime, the Manager has approved MPF Schemes and ORSO Schemes which are Approved Applicants to create Units in smaller than Creation Unit block sizes. Other application requests submitted in respect of Units other than in a Creation Unit block (or whole multiples thereof) will not generally be accepted.

Once the Units are created, the Manager shall instruct the Trustee to effect, for the account of the Fund, the delivery of Units to the Participating Dealer or Approved Applicant (through the Manager).

The diagram below illustrates the creation process for Participating Dealers and Approved Applicants:



* Approved Applicants may only apply for creation of Units through the Manager in cash. Participating Dealers may only apply for creation of Units in cash only in exceptional circumstances if approved by the Manager on a case-by-case basis

The Manager intends that the Units will be denominated in Hong Kong dollars and no fractions of a Unit shall be created or issued. Any creation requests which, by virtue of the powers conferred on the Manager, are not completed in respect of a particular Dealing Day, shall be carried forward for creation to the next Dealing Day, unless the Manager otherwise determines.

The Trustee may charge a Transaction Fee (the rate of which may be varied by the Trustee from time to time with the consent of the Manager) in respect of an application for creation of Units. The Trustee may charge an application cancellation fee in connection with the cancellation of each accepted application for creation or redemption of Units and/or an extension fee in connection with any requests for extended settlement. Please see section 10 of this Prospectus for further details on fees and charges.

6.7 Creation of Units during the Initial Offer Period

On the relevant Registrar's receipt of an application for creation of Units by a Participating Dealer or Approved Applicant (through the Manager) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date (being two Business Days following the close of the Initial Offer Period), if the Participating Dealer or Approved Applicant (as the case may be) complies with its obligations as set out below.

6.8 Creation of Units by delivery made in kind

An investor wishing to create Units by exchange for a Deposit Basket of Index Securities is required to deliver and pay to the Trustee (through a Participating Dealer if such investor is not a Participating Dealer):

- (a) the Deposit Basket (as published by the Manager at the start of business on that Dealing Day);
- (b) the Cash Issue Component (if any), being an amount equal to the difference between the relevant Issue Price and the value of the Deposit Basket;
- (c) a cash amount in respect of any Duties and Charges payable;
- (d) an initial charge; and

- (e) a Transaction Fee.

The Deposit Basket must be delivered to an account for the Fund on or before 2:00 pm (Hong Kong time) on the Settlement Date, and a cash amount (constituting the Cash Issue Component, Duties and Charges, initial charge and Transaction Fee) must be paid to the Trustee for the account of the Fund on or before 2:00 pm (Hong Kong time) on the Settlement Date. No in-kind creation of Units may be made by an Approved Applicant.

6.9 Creation of Units in cash

Applications for creation of Units by Participating Dealers shall be made in kind and in cash (in exchange for Index Securities comprising a Deposit Basket plus or minus a Cash Issue Component) unless otherwise approved by the Manager on a case-by-case basis. Professional Investors who have been accepted as Approved Applicants will create Units in exchange for cash only.

In addition, the Manager may accept applications from Participating Dealers to create Units in exchange for cash only, or different combinations of Index Securities and cash in accordance with the terms of the Trust Deed and Operating Guidelines if:

- (a) the Manager determines that certain Index Securities are likely to be unavailable for delivery or available in sufficient quantity for delivery by the Participating Dealer in connection with the application for creation of Units; or
- (b) the Manager is satisfied that it is not feasible or undesirable for the Participating Dealer, whether from a regulatory or operational perspective, to invest or engage in a transaction in any Index Security.

Any cash accepted in lieu of Index Securities shall equal the closing price at the Valuation Point for the relevant Dealing Day of such Index Securities constituting part of the relevant Deposit Basket. The Manager may charge (for the account of the Fund) the Participating Dealer or Approved Applicant (as the case may be) such additional sum it considers appropriate as provision for Duties and Charges.

6.10 Procedures for Creation of Units

Applications for creation of Units may be submitted on a continuous basis up to the cut-off time on any relevant Dealing Day. If the application is received on a day which is not a Dealing Day or after the cut-off time on any Dealing Day, it will be deemed to have been received on the next Dealing Day. Units will be issued and delivered on or after the Settlement Date only after the cash subscription amount or, as the case may be, ownership of the relevant Index Securities plus or minus the cash amount (constituting the Cash Issue Component, Duties and Charges and if applicable, the initial charge and/or Transaction Fee) have been paid and/or transferred to or to the order of the Trustee. The Unit creation process will in the normal course be completed by the Settlement Date. The Manager may, upon giving prior notice to the Trustee, extend the settlement period at its discretion under certain circumstances.

An application for creation of Units must (i) be given by a Participating Dealer or Approved Applicant (through the Manager), in accordance with the Trust Deed, Operating Guidelines and a Participation Agreement or Approved Applicant Applicable Form, as applicable; (ii) specify the number of Units which is to be applied; and (iii) include the certifications required in respect of creation of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation of Units which are the subject of the application for creation of Units.

No Units shall be issued to any Participating Dealer or Approved Applicant (through the Manager) unless:

- (a) the Trustee receives full payment for the issue of Units either in kind and cash or fully in cash (including the value of any applicable Duties and Charges, initial charge and Transaction Fee);
- (b) the application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager;
- (c) the Trustee and the Manager receive copies of the certifications required in respect of the creation of new Units; and
- (d) the Trustee and the Manager receive such other certifications and opinions of counsel as each may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation and issue of Units which are the subject of the application for creation of Units.

An application for the creation of Units, once given cannot be revoked or withdrawn without the consent of the Manager. No Units will be issued and no applications will be accepted during any period when the creation of Units is suspended. For further details, please refer to section 9 of this Prospectus.

For further details on fees for creation and redemption of Units, please refer to section 10.3.1 of this Prospectus.

6.11 Rejection of Creation of Units

The Manager reserves the right to reject in whole or in part an application for creation of Units and the Participating Dealers and Approved Applicants reserve the right to reject a request from any third party to submit an application for creation of Units provided that the Manager, Participating Dealer or Approved Applicant (as the case may be) must act reasonably and in good faith.

The Manager shall have the right to reject an application for creation of Units under exceptional circumstances, including without limitation the following circumstances where:

- (a) the acceptance of the application for creation of Units would, in the opinion of the Manager, have a material adverse effect on the Fund;
- (b) there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to a substantial part of the Securities in the Underlying Index;
- (c) acceptance of the application for creation of Units would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;
- (d) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the application for creation of Units;
- (e) any circumstance where there is a suspension of the creation or redemption of Units of the Fund and/or the determination of Net Asset Value of the Fund; or
- (f) an Insolvency Event occurs in respect of a Participating Dealer or Approved Applicant.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer or Approved Applicant and the Trustee of its decision to reject such application for creation of Units in accordance with the Operating Guidelines.

Participating Dealers and Approved Applicants will generally accept and submit creation requests received from third parties, but shall, acting in good faith, have the right to reject an application for creation of Units from third parties under exceptional circumstances, including (i) market disruption events which are out of control of the Participating Dealers and Approved Applicants (such as if dealing of the Units or determination of the Net Asset Value of the Fund has been suspended), (ii) where the investor fails to comply with the client acceptance procedures of the Participating Dealers and Approved Applicants, (iii) where there is in existence any trading restriction or limitation, regulatory restriction or requirement, internal compliance or internal control restriction, or (iv) if in the opinion of the Manager, acceptance of the application for creation of Units will have a material adverse effect on the Fund. Participating Dealers and Approved Applicants may impose fees and charges in handling any creation request which would increase the cost of investment and investors are advised to check with the Participating Dealers and Approved Applicants as to relevant fees and charges.

6.12 Cancellation of applications for Creation Units

The Trustee shall cancel Units created and issued in respect of an application for creation of Units under the following circumstances:

- (a) if all the Deposit Securities have not vested upon trust in the Trustee; and/or
- (b) the full amount of the cash amount (including the Cash Issue Component, Duties and Charges and if applicable, the initial charge and/or Transaction Fee) in respect of the application for creation of Units have not been received in cleared funds by or on behalf of the Trustee,

by 2.30 pm (Hong Kong time) on the Settlement Date, provided that the Manager may in its discretion extend the settlement period on such terms and conditions as the Manager may determine or partially settle the application for creation of Units to the extent to which Deposit Securities and cash amount (if any) has been vested in, or to the account of the Fund, on such terms and conditions as the Manager may determine including terms as to any extension of the settlement period for the outstanding Deposit Securities and cash amount (if any).

Upon the cancellation of any Units created pursuant to an application for the creation of Units as mentioned above or if a Participating Dealer or Approved Applicant withdraws an application for the creation of Units other than in the circumstances contemplated in the Trust Deed, such Units shall be deemed for all purposes never to have been created and the Participating Dealer or Approved Applicant shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- (a) the Manager and/or the Trustee may charge the Participating Dealer or Approved Applicant the applicable initial charge, Transaction Fee, any Duties and Charges, and an application cancellation fee;
- (b) the Manager may require the Participating Dealer or Approved Applicant to pay to the Trustee (for the account of the Fund) any losses and interest costs incurred by the Fund arising in respect of the Fund's purchase and/or sale of investments in connection with such creation order and its cancellation; and
- (c) the Manager may require the Participating Dealer or Approved Applicant to pay to the Trustee (for the account of the Fund) in respect of each Unit so cancelled the cancellation compensation, being the amount (if any) by which the Issue Price Per Unit at the Transaction Date of the creation order exceeds the Redemption Value per Unit which would have applied in relation to each such Unit if the Participating Dealer or Approved Applicant had, on the date on which such Units are cancelled, made an application for redemption of Units.

6.13 No Certificates

No certificates will be issued in respect of the Units. All Units will be registered in the name of the HKSCC Nominees by the Registrar on the Register, which is the evidence of ownership of Units. Beneficial interest of Approved Applicants will be established through an account with the Manager. Beneficial interest of investors in the Units who are neither Participating Dealers nor Approved Applicants will be established through an account with the relevant Participating Dealer or Approved Applicant.

After listing of the Units, all Units will be registered in the name of HKSCC Nominees by the Registrar. The Register is the evidence of ownership. Any beneficial interest of an investor in the Units will be established through the records of CCASS or the statements such investor receives from his broker/custodian.

6.14 Redemption of Units

6.14.1 Redemption of Units

Only Participating Dealers and Approved Applicants (through the Manager) may redeem Units. Investors who are neither a Participating Dealer nor an Approved Applicant may apply to a Participating Dealer for the redemption of Units on any Dealing Day. The Manager generally expects Participating Dealers and Approved Applicants, in the normal course of business, to process requests from investors to redeem Units. Participating Dealers and Approved Applicants are required to submit a duly completed redemption request through the Registrar.

Where applicable, Units may only be redeemed in the applicable Redemption Unit block size (or multiples thereof) unless otherwise approved by the Manager on a case-by-case basis. Subject to the Fund being approved by the Mandatory Provident Fund Schemes Authority as an eligible investment under the mandatory provident fund regime, the Manager has approved MPF Schemes and ORSO Schemes which are Approved Applicants to redeem Units in smaller than Redemption Unit block size. Other redemption requests submitted in respect of Units other than in a Redemption Unit block (or whole multiples thereof) will not generally be accepted.

The value at which a Unit may be redeemed, the Redemption Value per Unit, is the value of that Unit on the Dealing Day on which the redemption application is received (provided it is received on or before the cut-off time on the relevant Dealing Day). If the redemption application is received from a Participating Dealer or an Approved Applicant (through the Manager) on a day which is not a Dealing Day or after the cut-off time on any Dealing Day, it is deemed to have been received on the next Dealing Day. The Unit redemption process will in the normal course be completed on the Settlement Date, subject to any suspension of redemption. The Manager may, upon giving prior notice to the Trustee, extend the settlement period at its discretion under certain circumstances.

To be effective, an application for redemption of Units must (i) be given by a Participating Dealer or Approved Applicant (through the Manager), in accordance with the Trust Deed, Operating Guidelines and a Participation Agreement or an Approved Applicant Application Form, as applicable; (ii) specify the number of Units which is to be redeemed; and (iii) include the certifications required in respect of redemption of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the application for redemption of Units.

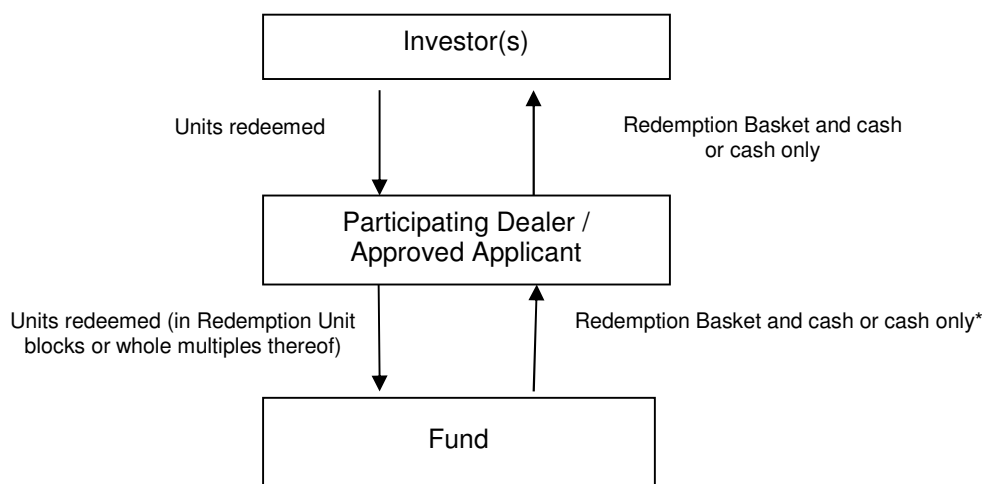
Upon redemption of Units pursuant to a valid application for redemption of Units,

- (a) the Units, which are the subject of the application for redemption of Units, shall be redeemed and cancelled after the Valuation Point as at the Dealing Day on which the application for redemption of Units is or is deemed to be received; and

- (b) the name of the Unitholder of such Units shall be removed from the Register on the relevant Settlement Date.

Subject to the Trust Deed, the maximum interval between the receipt of a properly documented application for redemption of Units and the payment of redemption proceeds to the Unitholder may not exceed one calendar month unless such longer period is permitted under the Code.

The diagram below illustrates the redemption process for Participating Dealers and Approved Applicants:



* Approved Applicants may only apply for redemption of Units through the Manager in cash. Participating Dealers may only apply for redemption of Units in cash only in exceptional circumstances if approved by the Manager on a case-by-case basis

An application for the redemption of Units, once given cannot be revoked or withdrawn without the consent of the Manager. The Trustee may charge a Transaction Fee (the rate of which may be varied by the Trustee from time to time with the consent of the Manager) in respect of any accepted application for redemption of Units. The Trustee may charge an application cancellation fee in connection with the cancellation of each accepted application for redemption of Units and/or an extension fee in connection with any requests for extended settlement. Please see section 10 of this Prospectus for further details on fees and charges.

However, applications for redemption of Units may not be accepted during any period when the redemption of Units is suspended. For further details, please refer to section 9 of this Prospectus.

The Redemption Value per Unit for redemption of Units will be the Net Asset Value per Unit rounded down to the nearest 0.01 in the Base Currency. For further details, please refer to section 8.3 of this Prospectus.

6.14.2 Redemption of Units by delivery in kind

The Manager will generally accept redemption requests from Participating Dealers to redeem Units in kind and in cash unless otherwise approved by the Manager on a case-by-case basis to redeem Units in cash only. In this connection, the Manager has approved all Professional Investors who have been accepted by the Manager as Approved Applicants to redeem Units in exchange for cash only. No in-kind redemption of Units may be made by an Approved Applicant.

In any other event, Participating Dealers will normally receive Index Securities comprising a Redemption Basket (as such Redemption Basket is determined by the Manager on the date the redemption application is deemed to be received) and will also receive, or may have to pay, a cash payment. The cash payment, calculated as at the Valuation Point on the Transaction Date, represents an amount equal to the value of the Units redeemed minus:

- (a) the value of the Index Securities delivered in kind;
- (b) the value of any Duties and Charges payable; and
- (c) a Transaction Fee.

In addition, the Manager may accept redemption requests from Participating Dealers to effect redemptions of Units in cash only, or different combinations of Index Securities and cash, in accordance with the terms of the Trust Deed, if:

- (a) the Manager determines that certain Index Securities are likely to be unavailable for delivery or available in sufficient quantity for delivery to the Participating Dealer in connection with the redemption of Units; or
- (b) the Manager is satisfied that it is not feasible or desirable for the Participating Dealer, whether from a regulatory operational perspective, to hold or engage in a transaction in any Index Securities comprising the Redemption Basket.

Any cash paid in lieu of Index Securities shall equal the closing price at the Valuation Point for the relevant Dealing Day of such Index Securities constituting part of the relevant Redemption Basket.

6.14.3 General procedures for creation and redemption

If the Manager extends the settlement period for any creation or redemption request, the Trustee may charge an extension fee to cover the administrative costs of extending settlement. The Transaction Fee payable in respect of each application for creation or redemption of Units shall continue to be payable notwithstanding the cancellation of such application.

Neither the Trustee, the Registrars nor the Manager shall be liable for any delay or loss to any Participating Dealer or Approved Applicant or any investor caused by:

- (a) CCASS being closed or the settlement and clearance of Securities in CCASS being disrupted in any way whatsoever;
- (b) the creation or redemption of Units being suspended pursuant to the Trust Deed; or
- (c) any circumstances beyond the Trustee's, the Registrars' or the Manager's reasonable control.

6.15 Rejection of Redemption of Units

Under exceptional circumstances, the Manager reserves the right to reject a redemption request and the Participating Dealers and the Approved Applicants reserve the right to reject a request from any third party to submit a redemption request provided that the Manager, the Participating Dealer or the Approved Applicant (as the case may be) must act reasonably and in good faith. In rejecting a redemption request, the Manager will take into account the interests of all Unitholders to ensure that the interest of all Unitholders will not be materially adversely affected.

The Manager shall have the right to reject a redemption request under exceptional circumstances, including without limitation the following circumstances where:

- (a) the acceptance of the redemption of Units would, in the opinion of the Manager, have a material adverse effect on the Fund;

- (b) there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Underlying Index;
- (c) acceptance of the redemption request would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;
- (d) circumstances outside the reasonable control of the Manager make it for all practicable purposes impossible to process the redemption request; or
- (e) any circumstance where there is a suspension of the creation or redemption of Units of the Fund and/or the determination of Net Asset Value of the Fund.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer or Approved Applicant and the Trustee of its decision to reject such redemption request in accordance with the Operating Guidelines.

Participating Dealers and Approved Applicants will generally accept and submit redemption requests received from third parties, but shall, acting in good faith, have the right to reject an application for redemption of Units from third parties under exceptional circumstances, including (i) market disruption events which are out of control of the Participating Dealers and Approved Applicants (such as if dealing of the Units or determination of the Net Asset Value of the Fund has been suspended), (ii) where the investor fails to comply with the redemption procedures of the Participating Dealers and Approved Applicants, (iii) where there is in existence any trading restriction or limitation, regulatory restriction or requirement, internal compliance or internal control restriction, or (iv) if in the opinion of the Manager, acceptance of the application for redemption of Units will have a material adverse effect on the Fund. Participating Dealers and Approved Applicants may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds and investors are advised to check with the Participating Dealers and Approved Applicants as to relevant fees and charges.

With a view to protecting the interests of Unitholders, the Manager may, but shall not be obliged to, defer any or all redemption requests of Units on any Dealing Day which exceed 10% of the latest available Net Asset Value of the Units. In this event, the limitation will apply pro-rata (to the nearest Redemption Unit block, where applicable) so that all Unitholders wishing to redeem Units on that Dealing Day will redeem in approximately the same proportion by value of such Units (subject to the Manager's discretion to give priority to redemption requests from Participating Dealers who are Market Makers in certain exceptional circumstances including, but not limited to, if such priority to Market Makers is required to maintain the liquidity of the Fund or where it is not reasonably practicable to apply such limitation pro rata to all redeeming Unitholders), and Units not redeemed (but which would otherwise have been redeemed) will be carried forward and given priority for redemption, subject to the same limitation, on the next Dealing Day.

6.16 Cancellation of Redemption Requests

A redemption request once given cannot be revoked or withdrawn without the Manager's consent.

Where Participating Dealers or Approved Applicants (through the Manager) submit a redemption request but fail to deliver Units for redemption to the Manager before 2.30 pm (Hong Kong time) on the Settlement Date (except where the Manager, upon giving prior notice to the Trustee, has extended the settlement period) or Units for redemption are not free and clear of any Encumbrance, that redemption request shall be deemed never to have been made and the Participating Dealer or Approved Applicant shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- (a) the Manager and/or the Trustee may charge Participating Dealer or Approved Applicant who fail to deliver Units the applicable Transaction Fee (if any), any Duties and Charges, and an application cancellation fee;
- (b) the Manager may require the Participating Dealer or Approved Applicant to pay the Trustee (for the account of the Fund) any losses and interest costs incurred by the Fund arising in respect of the Fund's purchase and/or sale of investments in connection with such redemption order and its cancellation; and
- (c) the Manager may require the Participating Dealer or Approved Applicant to pay to the Trustee (for the account of the Fund) in respect of each Unit so cancelled cancellation compensation, being the amount (if any) by which the Redemption Value per Unit (at the Transaction Date on which the redemption request was made) is less than the Issue Price Per Unit which would have applied if the Participating Dealer or Approved Applicant had, on the date of cancellation of the redemption request, received an application for the creation of the relevant Units.

6.17 Dividend Policy

The Manager may in its absolute discretion make dividend distributions (out of distributable income or capital) to Unitholders from time to time. The amount of any distribution will be calculated once a year in March each year. Distributions of dividends are not guaranteed and the Manager may decide not to make any dividend distribution annually or otherwise.

All interests, dividends and other amounts determined by the Manager to be in the nature of income received for the account of the Fund will be reinvested by the Manager and will form part of the capital of the Fund.

The Fund may pay dividend distributions out of capital. Furthermore, the Manager may pay dividends out of gross income while charging all or part of the fees and expenses to the capital, resulting in distributable income being increased for the payment of dividends by the Fund, and therefore, the Fund may pay dividends effectively out of capital. In addition, any fees and expenses of the Fund will also be paid out of capital rather than out of gross income.

Dividends paid out of capital are a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Accordingly, the capital that the Fund has made available for investment in the future and capital growth may be reduced. In addition, any distribution involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital may result in an immediate decrease of the Net Asset Value per Unit.

The compositions of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available from the Manager on request and also on the Fund's website.

The distribution policy may be amended subject to the prior approval of the SFC and by giving not less than one month's prior notice to the Unitholders.

6.18 Liquidity Risk Management and Liquidity Management Policy

The Manager has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of the Fund and to ensure that the liquidity profile of the investments of the Fund will facilitate compliance with the Fund's obligation to meet redemption requests. The liquidity risk management policy includes details on the monthly stress testing carried out by the Manager to manage the liquidity risk of a Fund under normal and exceptional market conditions. The Manager will perform monthly stress testing on an ongoing basis to ensure that the liquidity profile of the Fund is appropriate to facilitate compliance with the Fund's obligation to meet redemption requests in an orderly manner. Exceptions on liquidity risk related issues are escalated to senior management with appropriate actions properly documented. Such policy, combined with the liquidity

management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of the remaining Unitholders in case of sizeable redemptions.

The Manager's liquidity risk management policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Fund. These measures seek to ensure fair treatment and transparency for all investors.

Additionally, the Manager is supported by a liquidity management committee that monitors liquidity on an ongoing basis.

The Manager has the discretion, but not an obligation, to utilise the following risk management tools to manage liquidity risks:

- implementation of and maintaining appropriate practice to delay and/or limit redemptions to allow them to be proceeded in an orderly manner, such as imposing redemption gates of up to 10% of the latest available Net Asset Value of the Units;
- borrowing for the account of the Fund an amount not exceeding 10% of the value of the Net Asset Value of the Fund on any Dealing Day for the purposes of paying redemption proceeds on a redemption of Units (for the avoidance of doubt, the success of such borrowing is subject to market conditions at the time of the borrowing); and
- suspension of redemption of Units of the Fund, after consulting the Trustee, having regard to the best interests of the Unitholders, during any period in which the determination of the Net Asset Value of the Fund are suspended.

7 Exchange Listing and Trading of Units

7.1 Listing of Units on the SEHK

Application has been made to the listing committee of the SEHK for the listing of, and permission to deal in, the Units. Subject to the approval of the application and compliance with the relevant requirements of HKSCC, the Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealing in the Units on the SEHK or such other date as HKSCC determines. Upon listing, the Units will and are traded on the SEHK in board lots of 100 Units and will be traded in Hong Kong dollars.

Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second settlement day (as defined in the CCASS Rules) after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Units of the Fund are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. The Manager may, in the future, in consultation with the Trustee, apply for listing of Units on one or more other stock exchanges.

Investors will not be able to purchase or sell Units on the SEHK if the Units are no longer listed. There is no assurance that the Units of the Fund will continue to meet the listing requirements of the SEHK. If the Units of the Fund are delisted, the Manager may, in consultation with the Trustee, seek the SFC's prior approval to operate the Fund as an unlisted index fund (subject to any necessary amendments to the constitutive documents of the Fund) or terminate the Fund in accordance with the Code, Trust Deed and/or all relevant laws.

If trading of the Units of the Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

7.2 Dealing of Units on the SEHK (Secondary Market)

Investors can invest in the Units by placing an order to buy Units (in board lots of 100 Units) during the trading day through a broker on the SEHK, as one would in the case of a security listed on the SEHK, at any time after the Units are listed on the SEHK. The trading price of the Units may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Investors may place an order with a broker to sell their Units (in board lots of 100 Units) on the SEHK at any time during the trading day. To sell Units (or to buy new Units) an investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers. There are also exchange participants that will make a market for Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK. Please refer to section 5.9 of this Prospectus for further details on the role of a Market Maker.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on type 1 regulated activity under Part V of the Securities and Futures Ordinance.

Brokerage, stamp duty and other fees may be payable when purchasing and selling Units on the SEHK. Please see section 10.2 of this Prospectus for further details.

8 Valuation

8.1 Determination of Net Asset Value

The Net Asset Value of the Fund is determined by the Administrator at the Valuation Point on each Dealing Day (or such other time as the Manager and the Trustee may determine) by valuing the assets of the Fund and deducting the liabilities of the Fund in accordance with the terms of the Trust Deed.

The Trust Deed provides, inter alia, that the value of the assets comprised in the Fund is calculated on the following basis:

- (a) the value of any investment (other than a unit or other interest in a collective investment scheme or a commodity listed, quoted or dealt in a Recognised Exchange) is calculated by reference to the price appearing as the last traded price on the principal stock exchange for such investment as at the close of the business in such place on the Dealing Day;
- (b) the value of any investment (other than a unit or other interest in a collective investment scheme or a commodity listed, quoted or dealt in a Recognised Exchange) that is not quoted will be the initial value as ascertained or the value as assessed on the latest revaluation;
- (c) subject to sub-sections (d) and (e) below, the value of each unit or other interest in a collective investment scheme which is valued as at the same day as the Fund will be the net asset value per unit or other interest in such collective investment scheme calculated as at that day or, if the Administrator so determines, or if such collective investment scheme is not valued as at the same day as the Fund, will be the last published net asset value per unit or other interest in such collective investment scheme, or if unavailable, the last published bid and offer price for such unit or other interest;
- (d) if no net asset value, bid and offer prices or price quotations are available for interests in a collective investment scheme, the value shall be determined from time to time in such manner as the Administrator shall determine;
- (e) the Manager may, in consultation with the Trustee, adjust the value of any investment if, having regard to currency, applicable rates of interest, maturity, marketability and other considerations it deems relevant, it considers that such adjustment is required to reflect the fair value of the investment or permit some other method of valuation to be used if it considers that to do so better reflects the fair value of the investment;
- (f) assets other than investments and cash will be valued in such manner and at such times as the Administrator may decide acting prudently and in good faith and after consultation with the Trustee.

The term "last traded price" referred above, refers to the last traded price reported on the relevant exchange for the day, commonly referred to in the market as the "settlement" or "exchange price", and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded then the last traded price will represent the "exchange close" price as calculated and published by that exchange in accordance with its local rules and customs.

Notwithstanding the above, the Manager may, in consultation with the Trustee, adjust the value of any investment if such adjustment is required to reflect the fair value of such investments or permit some other method of valuation to be used if it considers that to do so better reflects the fair value.

8.2 Determination of Issue Price

The Issue Price at which any issue of Units after the Initial Offer Period shall be effected, shall be ascertained as follows:

- (a) by dividing the value of the Fund at the relevant Valuation Point on the Transaction Date by the number of Units then in issue and deemed to be in issue;
- (b) by adjusting the resulting total per Unit to four decimal places (or such other method of rounding or adjustment as may be determined by the Manager from time to time in consultation with the Trustee) ("Issue Price Per Unit");
- (c) by multiplying the Issue Price Per Unit by the number of Units in the Fund to be created; and
- (d) thereafter by adjusting the amount determined under paragraph (c) above upwards to the nearest HK\$0.01 (with fractions of HK\$0.005 being rounded up) (or such other method of rounding or adjustment as may be determined by the Manager from time to time in consultation with the Trustee).

8.3 Determination of Redemption Value

The Redemption Value of any redemption and cancellation of Units shall be ascertained as follows:

- (a) by dividing the Value of the Fund at the relevant Valuation Point on the Transaction Date by the number of Units then in issue and deemed to be in issue;
- (b) by adjusting the resulting total per Unit to four decimal places (or such other method of rounding or adjustment as may be determined by the Manager from time to time in consultation with the Trustee) ("Redemption Value Per Unit");
- (c) by multiplying the Redemption Value Per Unit as determined under paragraph (b) above by the number of Units to be redeemed; and
- (d) thereafter by adjusting the amount downwards to the nearest HK\$0.01 (one cent) (with fractions of HK\$0.005 being rounded up) (or such other method of rounding or adjustment as may be determined by the Manager from time to time in consultation with the Trustee).

Neither the Issue Price nor Redemption Value takes into account Duties and Charges or fees payable by a Participating Dealer or an Approved Applicant.

For further details on suspension of determination of Net Asset Value, please refer to section 9 of this Prospectus.

9 Suspension of Creations and Redemptions, Valuation and Dealings

The Manager may at any time after consultation with the Trustee suspend in whole or in part any application for creation or redemption of Units received by the Registrar under exceptional circumstances, having regards to the best interests of Unitholders, including but not limited to if:

- (a) there are circumstances outside the reasonable control of the Manager which would render it practically impossible to determine the value of the Fund Assets or to process the application for creation or redemption of Units. For example, if there is any breakdown in the means normally employed in determining the value of the Fund Assets or the liabilities of the Fund or when for any other reason the value of a substantial part of the Investments or other property for the time being comprised in the Fund Assets or the liabilities of the Fund cannot be promptly and accurately ascertained;
- (b) the Fund is restrained from, subject to a quota limit, or is otherwise unable to acquire or dispose of a substantial part of further Investments for the time being comprised in the Fund Assets of the Fund;
- (c) in the opinion of the Manager, funds cannot be normally remitted from Fund Assets without prejudicing the interests of Unitholders;
- (d) in the opinion of the Manager or the Trustee, the acceptance of the application for creation or redemption of Units or any Securities in respect of an in kind application is unlawful or would otherwise have adverse tax consequences for the Trust and/or the Fund;
- (e) there is the existence of any state of affairs which in the opinion of the Manager or the Trustee, with the prior approval of the other, might seriously prejudice the interests of the Unitholders as a whole or a substantial part of the Fund Assets;
- (f) following changes in any laws, rules, orders or directions, and regulations (including foreign exchange controls) imposed by any regulatory or supervisory, governmental or quasi-governmental authority, any fiscal body or self-regulatory organisation (whether of a governmental nature or otherwise) as a result of which delivery of Securities in respect of an in kind application for creation or redemption of Units, disposal of Investments for the time being comprised in the Fund Assets or repatriation or remittance of funds to Unitholders cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders.

If the Units of the Fund are listed on the SEHK, the Manager may also at any time, after giving prior written notice to the Trustee, suspend in whole or in part any application for creation or redemption of Units of the Fund received by the Registrar under the following circumstances:

- (a) the SEHK, CCASS or any relevant Index Depository is closed;
- (b) dealings of the Units on the SEHK are restricted or suspended;
- (c) settlement or clearing of Securities in CCASS or any other Index Depository is disrupted; or
- (d) the Underlying Index is not compiled or published.

Any suspension (including the right to delay delivery) will take effect as soon as the Manager, after giving prior written notice to the Trustee, declares that a suspension is in effect. After this declaration, there shall be no creation or redemption of Units and/or delivery of redemption proceeds until the Manager declares that suspension to be at an end. However, the suspension will terminate in any event on the Business Day following the first Business

Day on which (i) the condition giving rise to the suspension ceases to exist; and (ii) no other conditions exists under which a suspension may be declared. The Manager will review any prolonged suspension of dealings and take all necessary steps to resume normal operations as soon as possible.

Any Participating Dealer or Approved Applicant may, at any time after such a suspension has been declared and before the suspension has ceased, withdraw any creation or redemption request by notice in writing to the Registrar. If the Registrar does not receive any such notice before the termination of a suspension, the Manager shall process the creation/redemption applications on the next Dealing Day following the termination of the suspension. In addition, the period for distributing any proceeds, the distribution of which has been delayed as a result of the suspension, shall be extended by a period equal to the length of the period of the suspension.

During any period which there exists any conditions giving the Manager the right to suspend the creation or redemption of Units (as described above), the Manager may also, at any time after giving prior written notice to the Trustee, suspend:

- (a) the dealing of the Units; and/or
- (b) the valuation of the Value of the Fund Assets and the determination of the Net Asset Value per Unit.

The Manager will give the SFC notice and will publish an announcement of any suspension of the creation and redemption of Units, any decision to suspend trading in Units by the SEHK or the calculation of the Net Asset Value of the Fund's portfolio and of each Unit immediately following such suspension and at least once a month during the period of such suspension in the Hong Kong Economic Times and South China Morning Post, and for the duration of the suspension, on the Fund's website at <http://lippoetf.com>¹.

10 Fees and Charges

10.1 Fees payable by the Fund

The following fees are paid by the Fund out of the Fund Assets and will not be charged directly to Unitholders.

10.1.1 Management Fee

The Management Fee is currently charged at a rate of 0.68% per annum of the Net Asset Value of the Fund, accrued daily and paid as soon as practicable after the last Dealing Day in each month in each year. The Manager is entitled to receive a Management Fee of up to 2% per annum of the Net Asset Value of the Fund.

The Fund has a single fee structure whereby a single flat fee is paid to the Manager (“**Management Fee**”) to cover the fees, costs and expenses of the Fund (including, but not limited to, the Manager’s fee, the Trustee’s fee, the Registrars’ 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 under the Index Service Agreement). The Management Fee does not represent the estimated tracking error of the Fund and does not include any extraordinary charges, fees, expenses or liabilities of the Fund such as litigation expenses, fees and expenses relating to any potential listing and authorization of the Fund in other jurisdictions and the establishment costs of the Trust and the Fund.

To the extent that the Trust has more than one sub-fund, any extraordinary charges, fees, expenses or liabilities incurred which are not specific to any particular sub-fund will be allocated among all the sub-funds in proportion to the respective Net Asset Values of each sub-fund.

10.1.2 Trustee Fee

The trustee fee is included as part of the Management Fee.

10.1.3 Estimated Total Expense Ratio

The total expense ratio is the sum of anticipated charges to the Fund, expressed as a percentage of the Net Asset Value of the Fund. As the Fund adopts a single fee structure (as described in section 10.1.1 above), the estimated total expense ratio of the Fund will be equal to the amount of the Management Fee plus all brokerage commissions, transaction levies, trading fees and stamp duties incurred by the Fund, at 0.75% of the Net Asset Value of the Fund per annum.

The estimated total expense ratio does not represent the estimated tracking error of the Fund and does not include any extraordinary charges, fees, expenses or liabilities of the Fund.

10.1.4 Establishment Costs

The costs and expenses incurred by the Manager and the Trustee (such as the costs of establishing the Trust and the Fund and the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorization by the SFC and all initial legal and printing costs) in establishing the Trust and the Fund will be borne by the Fund. These costs are estimated to be no greater than HK\$2 million. These costs will be amortised over the first five years of the Fund.

10.1.5 Operating Expenses

The Manager will bear all operating costs relating to the administration of the Fund (except establishment costs) including, but not limited to, the costs in connection with maintaining a

listing of the Units on the SEHK and maintaining the Fund's authorisation under the Securities and Futures Ordinance, any disbursements or out-of-pocket expenses properly incurred on behalf of the Fund by any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and semi-annual reports, accounts and other publications, notices or circulars relating to the Fund.

10.1.6 Promotional Expenses

The Fund will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Fund will not be paid (either in whole or in part) out of the Fund.

10.1.7 Increase in fees

The Management Fee and the Trustee's fee (which is included as part of the Management Fee) may be increased up to the maximum rate set out in the Trust Deed by giving at least one month's written notice to Unitholders (or as otherwise required by the SFC).

10.2 Fees Payable by investors dealing in Units on SEHK

The following table sets out the fees payable by investors dealing in Units on SEHK:

(% based on price of Units)

Brokerage Fee	As determined by the relevant broker
Transaction Levy	0.0027%, payable by the buyer and the seller
Trading Fee	0.005%, payable by the buyer and the seller
Stamp Duty ²	Nil

10.3 Fees payable by Participating Dealers and Approved Applicants*

The following table sets out the fees payable by Participating Dealers and Approved Applicants on creation and redemption of Units:

Creation of Units

	Participating Dealers	Approved Applicants
Initial Charge	Nil	
Transaction Fee (See Note 1):		
(i) In-kind	HK\$15,000 per application plus Service Agent Fee (See Note 2)	Not Applicable

² Pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable on any contract notes and instruments of transfer for the transaction of shares or units of exchange traded funds traded on the Stock Exchange of Hong Kong Limited is waived with effect from 13 February 2015

(ii) Cash	HK\$ 250 per transaction of purchase of listed Securities plus Service Agent Fee (See Note 2)	HK\$ 250 per transaction of purchase of listed Securities plus Service Agent Fee (See Notes 2 and 3)
(iii) Combination of in-kind and cash	A fee to be determined on a case-by-case basis, Participating Dealers should check the fees payable before submitting an application for creation of Units	Not Applicable
Extension Fee (See Note 4)	HK\$10,000 per application	
Application Cancellation Fee (See Note 5)	HK\$10,000 per application	
Partial Delivery Request Fee (See Note 6)	HK\$10,000 per application	
Cancellation Compensation	See Note 7	
Stamp Duty	Nil	
Duties and Charges (See Note 8)	As Applicable	

Redemption of Units

	Participating Dealers	Approved Applicants
Redemption Charge	Nil	
Transaction Fee (See Note 1):		
(i) In-kind	HK\$15,000 per application plus Service Agent Fee (See Note 2)	Not Applicable
(ii) Cash	HK\$ 250 per transaction of sale of listed Securities plus Service Agent Fee (See Note 2)	HK\$ 250 per transaction of sale of listed Securities plus Service Agent Fee (See Notes 2 and 3)

(iii) Combination of in-kind and cash	A fee to be determined on a case-by-case basis Participating Dealers should check the fees payable before submitting an application for redemption of Units.	Not Applicable
Extension Fee (See Note 4)	HK\$10,000 per application	
Application Cancellation Fee (See Note 5)	HK\$10,000 per application	
Cancellation Compensation	See Note 7	
Stamp Duty	Nil	
Duties and Charges (See Note 8)	As Applicable	

* The Manager shall give not less than one (1) month's prior notice to Unitholders if it increases the fees payable on creation and redemption of Units.

Note 1 – The Transaction Fee is payable by the Participating Dealer or Approved Applicant for the benefit of the Trustee and may be passed on in whole or in part to the investor.

Note 2 – Participating Dealers and Approved Applicants will be subject to the Service Agent fee, being the fee for book-entry deposit and withdrawal, currently to the amount of HK\$1,000 and payable to CCASS.

Note 3 – Professional Investors which are MPF Schemes or ORSO Schemes will be subject to reduced fees of HK\$ 100 per transaction of sale or purchase of listed Securities.

Note 4 – An Extension Fee is payable by a Participating Dealer or Approved Applicant to the Trustee for the benefit of the Trustee on each occasion the Manager grants the request by the Participating Dealer or Approved Applicant for extended settlement in respect of an application for creation or redemption of Units.

Note 5 – An Application Cancellation Fee is payable to the Trustee for the benefit of the Trustee by a Participating Dealer or Approved Applicant in respect of either a withdrawn or failed application for creation or redemption of Units.

Note 6 – The Partial Delivery Request Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the request for partial settlement of the Participation Dealer or Approved Applicant.

Note 7 – A Participating Dealer or Approved Applicant may be required to pay cancellation compensation to the Trustee, for the account of the Fund, pursuant to the terms of the Operating Guidelines.

Note 8 – A Participating Dealer or Approved Applicant may pass on to the relevant investor such Duties and Charges. In order to prevent any "dilution" of the portfolio of Index Securities of the Fund and any consequential potential adverse effect on the existing Unitholders arising from the costs incurred in cash subscriptions to invest in Index Securities or in paying cash redemption proceeds on a redemption of Units, the Duties and Charges applicable to

a cash or cash combination creation or redemption of Units will generally be higher than the Duties and Charges applicable to an in-kind creation or redemption of Units. The actual Duties and Charges can only be determined after the relevant application for creation or redemption of Units has been effected.

10.3.1 Initial and Redemption Charges

An initial charge of up to 3% of the Issue Price of Units for the creation of Units may be retained by the Manager for its own use and benefit, or may be made and retained by persons by or through whom the Units are offered for their own use and benefit by agreement between the Manager and such persons. The Manager has currently waived the initial charge applicable to the application for creation of Units.

A redemption charge of up to 3% of the Redemption Value of Units for the redemption of Units may be retained by the Manager for its own use and benefit, or may be made and retained by persons by or through whom the Units are offered for their own use and benefit by agreement between the Manager and such persons. The Manager has currently waived the redemption charge applicable to the redemption of Units.

11 Taxation

The following summary is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all the tax considerations that may be relevant to an investment in the Fund. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all classes of investors.

Prospective investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Units under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Hong Kong Tax

11.1 The Trust

11.1.1 Profit Tax

The Fund has been authorised by the SFC pursuant to Section 104 of the Securities and Futures Ordinance. Accordingly profits of the Fund arising from the sale or disposal of Securities, net investment income received by or accruing to the Fund and other profits of the Fund are exempt from Hong Kong profits tax, for so long as the Fund is so authorised.

11.1.2 Stamp Duty

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty payable by an investor on the transfer of Index Securities to the Trust in respect of allotment of Units, or by the Trust to an investor upon redemption of Units, will be remitted or refunded. In addition, the sale and purchase of securities constituting “Hong Kong Stock” (as defined in the Stamp Duty Ordinance) by the Trust will be subject to stamp duty in Hong Kong at the current rate of 0.2% of the price of such securities being sold and purchased. The Trust will be liable to one half of such Hong Kong stamp duty. No Hong Kong stamp duty is payable by the Trust on any creation or redemption of Units pursuant to an application in cash.

11.2 The Unitholders

11.2.1 Profit Tax

No tax will be payable by Unitholders in Hong Kong in respect of income distributions from the Fund or in respect of any gains arising on a sale, redemption or other disposals of units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

11.2.2 Stamp Duty

Pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable on any contract notes and instruments of transfer for the transaction of shares or units of exchange traded funds traded on the Stock Exchange of Hong Kong Limited is waived with effect from 13 February 2015.

No Hong Kong stamp duty is payable on an issue or redemption of Units or on the sale and purchase of Units in the secondary market.

Pursuant to the application made by the Trust to obtain the remission of stamp duty under the remission by class given by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty on the transfer of Index Securities to the Trust by an investor pursuant to an application in kind will be remitted or refunded. Similarly, Hong Kong stamp duty on the transfer of Index Securities by the Trust to an investor upon redemption of Units will also be remitted or refunded.

No Hong Kong ad valorem stamp duty is payable by an investor in relation to any creation or redemption of Units.

11.3 FATCA

11.3.1 General Information

Sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended (commonly known as the Foreign Account Tax Compliance Act or “FATCA”) imposes a 30% withholding tax on certain payments to a foreign financial institution (“FFI”) if that FFI is not compliant with FATCA. The Fund is likely to be a FFI and thus, subject to FATCA and generally be required to enter into an agreement (an “FFI Agreement”) with the US Internal Revenue Service (“US IRS”) under which it will agree to identify its direct or indirect owners who are United States persons (“US persons”) and report certain information concerning such owners who are US persons to the US IRS.

Beginning 1 July 2014, this withholding tax applies to payments to the Fund that constitute interest, dividends and other types of income from US sources (such as dividends paid by a US corporation) and beginning on 1 January 2017, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to US source dividend or interest payments. It is expected that certain non-US sourced payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) will also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.

These FATCA withholding taxes may be imposed on payments to the Fund unless the Fund becomes FATCA compliant pursuant to (i) the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder; and/or (ii) where the Fund is subject to an appropriate Intergovernmental Agreement to improve international tax compliance and to implement FATCA (“IGA”), the applicable IGA. If an IGA is in place between the US and the country where the FFI is domiciled, the FFI will generally be able to apply simpler, less burdensome due diligence and tax information sharing requirements, with generally no FATCA tax withholding if the requirements of that IGA are satisfied.

The Hong Kong government has entered into an IGA for the implementation of FATCA, adopting “Model 2” IGA arrangements with the US on 13 November 2014. Under these “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Fund) would be required to enter into an FFI Agreement with the US IRS, and register with the US IRS and comply with the terms of an FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments and other “withholdable payments” paid to them.

FFIs in Hong Kong (such as the Fund) complying with the terms of an FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to “nonconsenting US accounts” (i.e. certain accounts of which the Unitholders do not consent to FATCA reporting and disclosure to the US IRS), but may be required to withhold tax on withholdable payments made to non-compliant FFIs.

11.3.2 FATCA Registration Status

The Fund has been registered with the IRS as a participating FFI and has obtained a global intermediary identification number (GIIN No.: FJ8IIF.99999.SL.344) from the IRS and an officer of the Manager is acting as the responsible officer for the Fund.

11.3.3 Impact to the Funds and Unitholders

Unitholders will be required to furnish appropriate documentation certifying as to their US or non-US tax status, together with such additional tax information as the Manager or its agents may from time to time request. Each Unitholder shall also be required to: (a) inform the Fund, the Manager or its agents as soon as possible of any change in any information provided in relation to its US or non-US tax status (including any circumstances that would result in a

change in the taxpayer status of such Unitholder); and (b) subject to the Unitholder's express consent, waive any and all rights of such Unitholder under any relevant law or regulation in any applicable jurisdiction that would prevent the Fund, the Manager or its agents from meeting applicable regulatory and legal requirements.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund being subject to withholding tax under FATCA, the Fund, the Manager or its agents may, and acting in good faith and on reasonable grounds as permitted under applicable laws and regulations (i) report the relevant information of such Unitholder to the US IRS (subject to applicable laws or regulations in Hong Kong); and/or (ii) exercise its right to request a transfer of Units to another person or to compulsorily redeem the Units held by such Unitholder.

Nothing in this section constitutes or purports to constitute tax advice and a Unitholder should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. Investors should consult their own tax advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, investors who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

Although the Manager and the Fund will endeavour to satisfy any obligations imposed by FATCA to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Manager and the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material losses.

11.4 Automatic exchange of financial account information ("AEOI")

11.4.1 General Information

The Inland Revenue (Amendment) (No.3) Ordinance ("**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for AEOI. The AEOI requires financial institutions ("**FI**") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with Hong Kong FIs, and to file such information with the Hong Kong Inland Revenue Department ("**IRD**") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("**CAA**"); however, the Fund and/or agents of the Fund may further collect information relating to residents of other jurisdictions.

The Trust and the Fund are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Fund, the Manager, the Trustee and/or any of their agents shall collect and provide to the IRD tax information relating to Unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong require the Trust to, amongst other things: (i) register the Trust's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts to identify whether any such accounts are considered reportable accounts ("**Reportable Accounts**") for AEOI purposes; and (iii) report to the IRD the information on such Reportable Accounts. The IRD is expected on an annual basis, commencing from 2018, to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax residents in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, tax identification number (if any), account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and

subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

11.4.2 Impact to the Fund and Unitholders

By investing in the Trust and the Fund and/or continuing to invest in the Trust and the Fund, Unitholders acknowledge that they may be required to provide additional information to the Manager, the Trustee and/or their agents in order for the Trust and the Fund to comply with AEOI. The Unitholder's information may be communicated by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Manager and/or the Trustee, as permitted by applicable law and regulations, taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned. In such case, the Manager and/or the Trustee shall act in good faith and on reasonable grounds when exercising its discretion to mandatorily redeem or withdraw a Unitholder.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Trust and the Fund.

12 Conflicts of Interest and Connected Party Transactions

12.1 Conflict of Interests

The Manager may, in the course of its business, have potential conflicts of interest with the Trust or the Fund. The Manager and the Trustee may, from time to time, act as manager, investment adviser, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Fund. Additionally, the Manager, the Trustee and their Connected Persons may contract with or enter into any financial, banking or other transaction with one another or with any Unitholders, the Participating Dealers or any company or body any of whose shares or Securities form part of Fund or may be interested in any such contract or transaction. Furthermore, employees, their immediate family members and their dependents who reside with the employees may invest in Units of the Fund. Conflicts may also arise in the allocation of investment opportunities identified by the Manager between the Fund and other funds managed or advised by, and/or other clients of the Manager. In such circumstances, the Manager will have regard to its obligations under the Trust Deed and, in particular, to its obligation to act in the best interest of the Trust and the Unitholders so far as practicable, having regard to its obligations to other clients when undertaking investments where conflicts of interest may arise. If such conflicts do arise, the Manager will use its best efforts to resolve such conflicts fairly.

The Manager also has in place internal control procedures (e.g. on trade allocation and staff dealing policy) to ensure that, in the event of conflicts of interests, all transactions shall be treated fairly. Dedicated personnel are put in place to monitor the internal systems and controls, and to ensure that any potential conflicts of interests are, to the extent possible, promptly identified and handled in accordance with the established policies.

In addition, the Manager will exercise its voting rights in accordance with its fiduciary duty in circumstances where the Manager would face a conflict between its own interest and that of Unitholders in respect of such voting rights.

12.2 Connected Party Transactions

The Trustee, the Manager and investment delegate (if any) will take all reasonable care to ensure that all transactions carried out by or on behalf of the Trust or the Fund are conducted at arm's length and are in the best interests of the Unitholders.

Any transactions with Connected Persons will be carried out in accordance with the provisions of the Code, any other applicable laws and any conditions (including any conditions of waivers and exemptions from the operation of the Code granted by the SFC from time to time) imposed by the SFC and other competent government authority from time to time provided that no Connected Person transaction will be void or voidable if it is entered into in breach of such provisions.

The Manager, the investment delegate and their Connected Persons must not, without the written approval of the Trustee, as principal sell, or deal in the sale of, investments for the account of the Fund or otherwise deal as principal for the account of the Fund, including any purchase for the account of the Fund of any unit or other interest in a collective investment scheme managed by the Manager or any of its Connected Persons. The Trustee may give such approval on the condition that the Manager will ensure that such transactions:

- (a) are or will be transacted at arm's length;
- (b) are in the best interests of the Unitholders; and
- (c) are or will be executed on the best available terms.

If the Manager or any Connected Person of the Manager shall so sell or deal, the Manager or such Connected Persons (as the case may be) may retain for its own absolute use and

benefit any profit so arising, provided that such transactions are entered into on an arm's length basis and at the best price available to the Fund having regard to the nature, size and time of the transaction.

The Manager shall be responsible for selecting brokers and dealers through whom transactions for the account of the Fund are to be executed (which may include the Manager or a Connected Person of the Manager) subject to any such transactions being at arm's length, in the best interests of the Unitholders and executed on the best available terms.

Soft Dollars and Rebates

In transacting with brokers or dealers connected to the Manager, the Trustee, the investment delegate (if any), directors of the Fund, or any of their Connected Persons, the Manager must ensure that it complies with the following obligations:

- (a) such transactions should be on arm's length terms;
- (b) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) the Manager must monitor such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the Fund's annual report.

Neither the Manager nor any of its Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions for the account of the Fund to the broker or dealer. The Manager or its Connected Persons will not receive soft dollars benefits (including research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; incidental computer hardware and software; clearing and custodian services and investment-related publications) or enter into any soft dollar arrangements in respect of the management of the Fund.

13 Other Important Information

13.1 Information available on the Internet

Investors can find the following information of the Fund, both in the English and in the Chinese languages, at the Fund's website at <http://lippotf.com>¹:

- The Fund's Prospectus, including the product key fact statement
- The most recent annual and semi-annual reports and accounts of the Fund (available in English only)
- The last Net Asset Value per Unit of the Fund and last Net Asset Value of the Fund (updated on a daily basis);
- Near real-time indicative Net Asset Value per Unit of the Fund throughout each Dealing Day (updated at least every 15 seconds during trading hours)
- Any public announcements or notices made by the Lippo Fund Series, including information regarding the Fund or the Underlying Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading, and notices relating to material alterations or additions to the Prospectus or the constitutive documents of the Fund
- Full holdings of the Fund (updated on a monthly basis)
- The latest list of Participating Dealers and Market Makers of the Fund
- The last closing level of the Underlying Index
- The compositions of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income; and (ii) capital) for the last 12 months
- The ongoing charges figure and the past performance information of the Fund
- The annual tracking difference and tracking error of the Fund

Any intraday indicative net asset value of the Fund will be disclosed on a near real time basis on the Fund's website.

13.2 Reports and Accounts

The financial year of the Trust and the Fund end on 31 March in each year. The audited annual reports and unaudited semi-annual reports will be prepared in English only and will be posted on the Fund's website at <http://lippotf.com>¹ and available at the office of the Manager free of charge within four months of the end of each financial year and two months after the end of the semi-financial year-end respectively. The first audited report and the first unaudited semi-annual report of the Fund will be for the financial year ended 31 March 2013 and for the half-year ended 30 September 2013 respectively.

On or before the publication of the annual report and the unaudited semi-annual report within the relevant timeframe, notice will be given to Unitholders to notify them where the financial reports, in printed and electronic forms, can be obtained. Such reports will contain a statement of the value of the net assets of the Fund and the investments comprising its portfolio. Unitholders will be given at least one month's prior notice of any change to the mode of delivery of the annual report and unaudited semi-annual report. The contents of these reports will comply with the requirements of the Code. Chinese annual reports and semi-annual reports will not be prepared in respect of the Fund.

13.3 Removal and Retirement of the Trustee and the Manager

13.3.1 The Trustee

Subject to requisite regulatory approvals (including the SFC's prior approval), the Trustee may retire from office by giving not less than three months' notice (or such shorter period as the SFC may approve) upon and subject to the appointment of a new trustee in accordance with the provisions of the Trust Deed. The Manager shall be responsible in finding a new trustee approved by the SFC as trustee of the Trust. The Trustee, the new trustee and the Manager shall by deed or deeds supplemental to the Trust Deed appoint such new trustee to be the Trustee in the place of the retiring Trustee.

If following a material breach of the Trustee's obligations under the Trust Deed which, if capable of remedy, and the Trustee fails to remedy within 30 days of being specifically required to do so by the Manager; and the Manager is of the opinion and so states in writing to the Trustee that a change of the Trustee is desirable and in the best interests of Unitholders as a whole, the Manager shall be entitled to give not less than one month's notice in writing to the Trustee that it wishes the Trustee to retire and specify in such notice the name of a company eligible, in accordance with Chapter 4.2 of the Code and any other applicable laws, to be the trustee of the Trust and is approved by the SFC (and any other competent government authority as required by law), whereupon the Trustee shall, with effect on and from the date on which the appointment of such new Trustee takes effect, by deed supplemental to the Trust Deed retire as the Trustee.

The new Trustee shall as soon as practicable after its appointment give notice to the Unitholders specifying the name and address of the office of the new Trustee.

The Trustee may be removed by prior notice in writing given by the Manager:

- (a) if the Trustee goes into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a receiver shall be appointed in respect of the property or undertaking of the Trustee or any part thereof or a judicial manager is appointed in respect of the Trustee or the Trustee is the subject of any analogous proceedings or procedure in each case under such law as may be applicable in the circumstances;
- (b) if the Manager acting in good faith and in the best interests of Holders, wishes to remove the Trustee;
- (c) if a Holder or Holders who is or between them are registered as holding in aggregate 50% or more in value of the Units outstanding (other than those held or deemed to be held by the Trustee) delivers or deliver to the Manager in writing a request to dismiss the Trustee; or
- (d) if the SFC withdraws its approval of the Trustee as trustee of the Trust.

The Manager shall inform the SFC and any other competent government authority of any decision to remove the Trustee, if required by law. The Manager shall be responsible in finding a new trustee approved by the SFC as trustee of the Trust. The Trustee, the new trustee and the Manager shall by deed or deeds supplemental to the Trust Deed appoint such new trustee to be the Trustee in the place of the retiring Trustee.

13.3.2 The Manager

Upon giving three months' written notice to the Trustee, the Manager may retire in favour of some other person eligible to be the manager of the Trust in accordance with the Code and approved by the Trustee, the SFC and the Unitholders by extraordinary resolution, subject to the Trustee selecting a new manager being duly qualified under the Code, and approved by the SFC and subject to such person entering into such deed or deeds (being a deed or

deeds supplemental to the Trust Deed) as the Trustee may be advised to be necessary or desirable to be entered into by such person in order to secure the due performance of its duties as Manager.

The Manager shall be subject to removal by notice in writing given by the Trustee:

- (a) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or shall be adjudged bankrupt or insolvent or appoints a liquidator or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or a judicial manager is appointed in respect of the Manager or the Manager is the subject of any analogous proceedings or procedure in each case under such law as may be applicable in the circumstances; or
- (b) if the SFC withdraws its approval of the Manager as manager of the Trust; or
- (c) following a material breach of the Manager's obligations under the Trust Deed which, if the breach is capable of remedy, the Manager fails to remedy within 30 days of being specifically required in writing so to do by the Trustee, and the Trustee is of the reasonable opinion and so states in writing to the Manager that a change of Manager is desirable and in the best interests of Unitholders as a whole; or
- (d) if for good and sufficient reason the Trustee is of the reasonable opinion and so states in writing to the Manager that a change of Manager is desirable to the Unitholders; or
- (e) if a Unitholder or Unitholders who is or between them are registered as holding in aggregate 50% or more in value of the Units outstanding delivers or deliver to the Trustee in writing a request to dismiss the Manager.

The Trustee shall inform the SFC and any other competent government authority of any decision to remove the Manager, if required by law. The Trustee shall by writing appoint as Manager some other person eligible to be the manager of the Trust and approved by the SFC (and any other competent government authority as required by law) and subject to such person entering into such deed or deeds (being a deed or deeds supplemental to the Trust Deed) as the Trustee may be advised to be necessary or desirable to be entered into by such person in order to secure the due performance of its duties as Manager. The Trustee shall also, as soon as practicable after the appointment of a new Manager, give notice to the Unitholders specifying the name and the address of the office of the new Manager.

13.4 Termination of the Trust or the Fund

13.4.1 The Trust shall continue for a period of 80 years from the date of the Trust Deed unless it is terminated as described below and/or in accordance with the Trust Deed.

13.4.2 The Trust or the Fund may be terminated by the Trustee (with the Manager's prior written approval) in the following circumstances:

- (a) the Trust or the Fund becomes liable to taxation (whether in Hong Kong or elsewhere) in respect of income or capital gains at a rate considered by the Trustee (upon advice of the Manager) to be excessive in relation to the rate which would be borne by the Unitholders if they owned directly the portfolio securities in question;
- (b) after one year from the date of establishment of the Fund, the average of the daily Net Asset Value of the Fund is less than HK\$100 million over any rolling three-month period;

- (c) the Units of the Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager;
- (d) its Underlying Index is no longer available for benchmarking and there is no successor index unless the Manager determines (in consultation with the Trustee) that it is possible, feasible, practicable and in the best interests of the Unitholders to substitute another index for the Underlying Index; or
- (e) if the Index Service Agreement is terminated and a new Index Service Agreement relating to the Underlying Index is not entered into by the Manager.

13.4.3 The Trust or the Fund may be terminated by the Trustee in the following circumstances:

- (a) the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or becomes bankrupt or insolvent or liquidators or a receiver is appointed in respect of the Manager or is subject to any analogous proceedings where, after the expiration of three months, the Trustee has not appointed a new Manager;
- (b) if on the expiration of three months after notifying the Manager that in the Trustee's reasonable opinion a change of Manager is desirable in the interests of the Holders, the Trustee has not found another company ready to accept the office of manager of the Fund of which the Trustee and the SFC (and any other government authority required by law) shall approve or the person nominated shall fail to be approved by extraordinary resolution;
- (c) the Manager fails to appoint a new trustee in place of the Trustee within such time as the Manager considers to be reasonable (which shall not be less than three months) after the date of the Trustee's written notice to retire;
- (d) the Manager is, in the reasonable opinion of the Trustee, incapable of performing its duties properly or performs any act which is calculated to bring the Trust or the Fund into disrepute or harmful to the Unitholder's interests;
- (e) it becomes illegal or in the reasonable opinion of the Trustee (in consultation with the Manager and if the Trustee deems necessary, upon advice from legal counsel) impracticable or inadvisable to continue the Trust or the Fund;
- (f) the Manager commits a material breach of any of the terms of the Trust Deed and fails to remedy such breach within 30 days of a notice served by the Trustee;
- (g) the Trust or the Fund ceases to be authorised by the SFC pursuant to the Securities and Futures Ordinance or the SFC or any other competent government authority directs the Trust or the Fund to be terminated.

13.4.4 The Manager may, by notice in writing to the Trustee and Unitholders, terminate the Trust or the Fund (with the approval of the Trustee, the SFC and any other competent authority) if the Manager considers it to be in the best interests of: (i) Unitholders to terminate the Trust; or (ii) the Unitholders of the Fund to terminate the Fund (as the case may be).

13.4.5 The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate the Fund if:

- (a) after one year from the date of establishment of the Fund, the average daily Net Asset Value of the Fund is less than HK\$100 million over any rolling three-month period;
- (b) at any time, the Fund ceases to have any Participating Dealer; or

- (c) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Fund by extraordinary resolution.

13.4.6 The Trust or the Fund may be terminated at any time by extraordinary resolution of the Unitholders of the Trust or the Fund (as the case may be) and such termination shall take effect from the date on which such extraordinary resolution is passed or such later date (if any) as the extraordinary resolution may provide.

The Trustee will give the Unitholders three months' prior notice of termination of the Trust or the Fund (or such longer or shorter period as required by the SFC), unless the Trust or the Fund is terminated by reason of illegality, in which case such notice shall be issued to Unitholders as determined by the SFC. Such notice will be submitted to the SFC for prior approval and contain the reasons for the termination, the relevant provisions under the Trust Deed that enable such termination, the consequences of the termination and their effects on existing Unitholders, the alternatives available to Unitholders, the estimated costs of the termination and who is expected to bear them. The effective date of termination shall not be less than three months after the service of such notice.

Unless previously terminated, the Trust will terminate on 10 June 2092.

13.4.7 Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of twelve months from the date on which the same were to be distributed under the Trust Deed be sold by the Trustee and the net proceeds together with any unclaimed cash held by the Trustee at such time be paid into Court subject to the right of the Trustee to deduct therefrom any expenses it may incur in carrying out such payment.

13.5 Trust Deed

The Trust was established under Hong Kong law by the Trust Deed. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and prospective investors are advised to consult the terms of the Trust Deed. Nothing in the Trust Deed shall exempt either the Trustee or the Manager (as the case may be) from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against any such liability by Unitholders or at Unitholders' expense.

13.6 Documents Available for Inspection

Copies of the Trust Deed, supplemental deed (if any), Participation Agreement, CCASS Service Agreement, latest annual and semi-annual reports are available for inspection free of charge at all times during normal office hours on each Business Day at the Manager's office at 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong. A copy of the Trust Deed and any supplemental deeds (if any) may be supplied by the Manager on application at a reasonable fee.

13.7 Modification of Trust Deed

13.7.1 The Trustee and the Manager may jointly modify, alter or add to the provisions of the Trust Deed by supplemental deed to the extent as they may consider expedient for any purpose, provided that unless the Trustee and the Manager will certify in writing (in such form and manner agreed between the Trustee and the Manager) that in its reasonable opinion such proposed modification, alteration or addition:

- (a) is necessary or desirable in order to make possible compliance with any fiscal, statutory, regulatory or other official requirements of any country or authority (whether or not having the force of law); or

- (b) does not materially prejudice the interests of Unitholders in the Fund, does not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders under the Trust Deed and (with the exception of the payment of proper fees and expenses incurred in relation to the preparation and execution of the relevant supplemental deed) will not result in any increase in the amount of costs and charges payable from the Fund and borne by the Unitholders relating to the Fund which are in issue at the time such modification, alteration or addition takes effect; or
- (c) is necessary or desirable to correct a manifest or technical error,

no such modification, alteration or addition may be made without an extraordinary resolution of Unitholders specified by the Trustee as being required to approve such modification, alteration or addition and no such modification, alteration or addition (whether or not approved by an extraordinary resolution) shall impose upon any Unitholder any obligation to make any further payment in respect of his Units or to accept any liability in respect thereof.

- 13.7.2 Unitholders shall be given prior notice of the details of any modification, alteration or addition to the Trust Deed and their effects on existing Unitholders (if any). Any such modification, alteration or addition to the Trust Deed shall be subject to prior approval by the SFC.

13.8 Meetings of Unitholders

- 13.8.1 The Trust Deed provides that the Trustee or the Manager may (and the Trustee shall at the request in writing of Unitholders together registered as holding not less than one-tenth of the Units for the time being in issue) at any time convene a general meeting of Unitholders after giving at least either 14 days' prior notice for any general meeting at which an ordinary resolution is to be proposed, or at least 21 days' prior notice for any general meeting at which an extraordinary resolution is to be proposed. General meetings may be used to sanction any modification, alteration or addition to the terms of the Trust Deed, to increase the maximum Management Fee or trustee fee, to permit other types of fees, to approve any scheme of reconstruction and amalgamation of the Trust or the Fund or to approve termination of the Trust or the Fund in accordance to the terms of the Trust Deed. An ordinary resolution may be passed by a simple majority of the votes. A special or extraordinary resolution may only be passed by 75% or more of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting. Such matters must be considered by one or more Unitholders present in person or by proxy and registered as holding in aggregate at least 25% of the Units in issue for the Fund and passed by at least 75% majority of the votes cast.

- 13.8.2 Proxies may be appointed. A Unitholder may appoint more than one proxy to attend and vote a prescribed number of his or its Units. Where the Unitholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of the Trust or the Fund provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number of Units in respect of which each such representative is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder, including the right to vote individually on a show of hands.

- 13.8.3 The Trust Deed sets out procedures to be followed in respect of meetings of the Unitholders, including provisions as to the giving of notice, appointment of proxies and quorum.

13.9 Enquiries or Complaints

Investors may contact the Manager for any queries or complaints in relation to the Fund. To contact the Manager, investors may either:

- (a) write to the Manager at 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong; or
- (b) contact the Manager by phone at its telephone number +852 2867-6717 or via the Fund's website, at <http://lippoetf.com>¹.

The Manager will respond to any enquiry or complaint in writing as soon as practicable and generally in any event within one month.

13.10 Anti-Money Laundering Regulations

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee or the Trust is subject, the Manager, the Trustee or the relevant Registrar may require a detailed verification of an investor's identity and the source of payment of any applications for creation of Units. Depending on the circumstances of each application, a detailed verification might not be required where:

- (a) the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

In the event that verification of an investor's identity and the source of payment of any applications for creation of Units is required, any delay or failure in the production of such information may result in the Trustee and/or the Manager refusing to accept the application and/or the subscription monies.

13.11 Part XV of the Securities and Futures Ordinance

Part XV of the Securities and Futures Ordinance sets out the Hong Kong disclosure of interests regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Fund. Consequently, Unitholders are not obliged to disclose their interest in the Fund. Further, pursuant to section 323(1)(c)(i) of the Securities and Futures Ordinance, Unitholders are not considered to hold an interest in the underlying shares of a Hong Kong listed company held by the Fund.

14 Definitions

Administrator	means BOCI-Prudential Trustee Limited, or any person or company who may for the time being be appointed by the Manager to carry out the day to day administration of the Trust and/or the Fund.
Approved Applicant	means a Professional Investor or such other person approved by the Manager on a case-by-case basis to apply for creation and/or redemption Units through the Manager pursuant to the CCASS Service Agreement.
Approved Applicant Application Form	means an application for creation of Units submitted by an Approved Applicant to the Manager setting out, inter alia, the arrangement in respect of the creation, issue, redemption and cancellation of Units in the Fund.
Auditor	means PricewaterhouseCoopers or such other accountant or accountants, for the time being appointed as auditor or auditors of the Trust or in respect of the Fund by the Manager.
Base Currency	of the Fund means Hong Kong dollars or such other currency as the Manager may determine from time to time.
Business Day	<p>means, unless the Manager and the Trustee otherwise agree, any day on which:</p> <ol style="list-style-type: none">i. banks are open for business in Hong Kong and the SEHK is open for normal trading (other than a day on which trading on the SEHK is scheduled to close prior to its regular weekday closing time); andii. on which the relevant Underlying Index is compiled and published, <p>or such other day or days as the Manager and the Trustee may agree, provided that if on any such day, the period during which the SEHK is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day.</p>
Cash Issue Component	means the amount being equal to the difference between the Issue Price at the Valuation Point on the relevant Transaction Date and the Value of the Securities exchanged in kind for those Units and vested in the Trustee, calculated as at the Valuation Point on that Transaction Date.
Cash Redemption Component	means the amount being equal to the difference between the Redemption Value at the Valuation Point on the relevant Transaction Date on which such Units are redeemed and the Value of the Securities transferred <i>in kind</i> to the redeeming Unitholder in respect of such Units, calculated at the Valuation Point on that Transaction Date.
CCASS	means the central clearing and settlement system operated by HKSCC or any successor system operated by HKSCC.
CCASS Rules	refers to the General Rules of CCASS in which terms and conditions regulating the use of CCASS are set out.

CCASS Service Agreement	means the agreement between the Trustee, the Manager, the Registrar, HKSCC, HKCAS and a Participating Dealer and/or a participant in CCASS designated by the Manager.
Code	means the Code on Unit Trusts and Mutual Funds as may be amended and supplemented by the SFC from time to time.
Connected Person	<p>in relation to a company means:</p> <p>(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or</p> <p>(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</p> <p>(c) any member of the group of which that company forms part; or</p> <p>(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c),</p> <p>or such other meaning as set out in the Code from time to time.</p>
Creation Unit	means, 25,000 Units or whole multiples of such Units, or such other multiple of Units as from time to time determined by the Manager with the Trustee's prior approval.
Custodian	means Bank of China (Hong Kong) Limited, or the person or persons for the time being appointed by the Trustee as the custodian of the Trust to hold all the assets and property of the Trust.
Dealing Day	means each Business Day and/or such other Business Day or Business Days as the Manager may with the Trustee's prior approval from time to time determine.
Deposit Basket	means, in relation to any subscription of Creation Units, a portfolio of Securities determined and designated or approved by the Manager from time to time.
Deposit Securities	means in relation to any subscription of Creation Units, a portfolio of Securities to be deposited with the Trust by or for the account of a Participating Dealer or Approved Applicant pursuant to an application for Units in the Fund.
Distribution Account	means, in respect of the Fund, the bank account or accounts (if any) opened by the Trustee for the purposes of making distributions to Unitholders.

Duties and Charges	means, in relation to any particular transaction or dealing in or for the account of the Fund, all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Fund or the increase or decrease of the Fund Assets or the creation, issue, sale, exchange, purchase, redemption or cancellation of Units or the acquisition or disposal of Investments or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing in respect of which such duties and charges are payable. This may include, in relation to an issue of Units or a redemption of Units in the Fund, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Fund for the difference between: <ul style="list-style-type: none"> (a) the prices used when valuing the Investments in the Fund for the purpose of such issue or redemption of Units; and (b) (in the case of an issue of Units) the prices which would be paid when acquiring the same Investments if they were acquired by the Fund with the amount of cash received by the Fund upon such issue of Units and (in the case of a redemption of Units) the prices which would be obtained when selling the same Investments if they were sold by the Fund in order to realise the amount of cash required to be paid out of the Fund upon such redemption of Units.
Encumbrance	means any mortgage, charge, pledge, lien, third party right or interest, any other encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect.
FDI	means financial derivative instruments.
Fund	means Lippo Select HK & Mainland Property ETF.
Fund Assets	means all the assets (including any cash or other property) received by or on behalf of the Trustee from time to time held or deemed to be held for the Unitholders, but excluding any amount from time to time standing to the credit of the Distribution Account.
Government and other Public Securities	means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development (OECD) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the trustee, of similar standing, or such other meaning as set out in the Code from time to time.
HKCAS	means HK Conversion Agency Services Limited.
HKSCC	means Hong Kong Securities Clearing Company Limited.
HKSCC Nominees	means HKSCC Nominees Limited.
Index Depository	means any securities system or depository in, with or through which any Securities are deposited, cleared and settled.

Index Provider	means Hang Seng Indexes Company Limited, who is responsible for compiling and publishing the Underlying Index.
Index Securities	means securities of those companies which are at the relevant time the constituent companies of the relevant Underlying Index.
Index Service Agreement	means the index service agreement entered into between the Index Provider and the Manager in respect of the Underlying Index, or if the Index Service Agreement is for any reason terminated, any subsequent index service agreement entered into by the Manager and/or the Trustee with the Index Provider.
Initial Issue Date	means the date of the first issue of Units.
Initial Issue Price	means, in relation to the initial offer of Units, the amount per Unit as determined by the Manager for the first issue of such Units.
Initial Offer Period	means 10 September 2012 to 21 September 2012.
Investment	means Securities and, as the case may be, any other investments for the Fund as permitted under the Trust Deed.
Insolvency Event	occurs in relation to a person where (i) the person goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation) or shall be adjudged a bankrupt or insolvent or appoints a liquidator; (ii) if a receiver shall be appointed in respect of the property or undertaking of the person or any part thereof or a judicial manager is appointed in respect of the person; (iii) the person is the subject of any analogous proceedings or procedure in each case under such law as may be applicable in the circumstances; or (iv) the Manager in good faith believes that any of the above is likely to occur.
Issue Price	means the Issue Price Per Unit multiplied by the number of Units to be created and adjusted in accordance with the Trust Deed.
Issue Price Per Unit	means the price per Unit (other than the Initial Issue Price) at which Units are from time to time issues or to be issued and which shall be the price per Units ascertained in accordance with the Trust Deed.
Listing Agent	means Lippo Investments Management Limited or any other person or persons being qualified to be a listing agent and for the time being duly appointed to act as the listing agent of the Trust in succession to Lippo Investments Management Limited.
Management Fee	means the fee payable to the Manager and as set out in section 10.1.1 of this Prospectus.
Manager	means Lippo Investments Management Limited or any other person or persons being qualified to be a management company and for the time being duly appointed to act as the manager of the Trust in succession to Lippo Investments Management Limited.
Market Maker	means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.

MPF Scheme	means any mandatory provident fund scheme or its constituent fund or approved pooled investment funds approved by the Mandatory Provident Fund Schemes Authority; or any person who, in relation to any mandatory provident fund schemes, is an approved trustee or service provider, who is an investment manager of any such mandatory provident fund scheme, constituent fund or approved pooled investment funds.
Net Asset Value	means the net asset value of the Fund or, as the context may require, the net asset value of a Unit.
Operating Guidelines	means, in relation to the Fund, the guidelines for the creation and redemption of Units of the relevant class set out in the schedule to the Participation Agreement or Approved Applicant Application Form as amended from time to time by the Manager with the approval of the Trustee, the Service Agent and HKSCC and following consultation, to the extent reasonably practicable, with the Participating Dealers or Approved Applicants (as applicable) and as notified in writing to the Participating Dealers or Approved Applicants (as applicable).
ORSO Scheme	means any voluntary occupational retirement schemes operating in or from Hong Kong which is administered by the Mandatory Provident Fund Schemes Authority; or any person who, in relation to any occupational retirement schemes, is an approved trustee or service provider, who is an investment manager of any such occupational retirement scheme.
Participating Dealer	means a person who: <ul style="list-style-type: none"> (a) is licensed or registered for Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance; (b) is a participant in CCASS; and (c) is acceptable to the Manager and the Trustee.
Participation Agreement	means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, <i>inter alia</i> , the arrangement in respect of the creation, issue, redemption and cancellation of Units.
Professional Investor	has the meaning ascribed to it in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance.
Prospectus	means this prospectus issued by the Manager in relation to the Fund in connection with the continuous offering of Units, as amended, supplemented and updated from time to time.
Recognised Exchange	means a stock exchange, over-the-counter market or other organised Securities market that is open to the international public and on which Securities are regularly traded.
Redemption Basket	means, in relation to any redemption of Redemption Units, a portfolio of Securities determined and designated or approved by the Manager from time to time.
Redemption Unit	means, 25,000 Units or whole multiples of such Units, or such other multiple of Units as from time to time determined by the Manager with the Trustee's prior approval.

Redemption Value	means the Redemption Value per Unit multiplied by the number of Units to be redeemed and adjusted in accordance with the Trust Deed.
Register	means the register of Unitholders of the Fund.
Registrar	means Computershare Hong Kong Investor Services Limited, or the person appointed by the Manager by whom the Register is for the time being and from time to time kept and to which the applications for creation or redemptions of Units will be sent. References to Registrar shall include any registrar's agent from time to time appointed by the Registrar with the Manager's prior approval, such approval by the Manager not to be unreasonably withheld.
REITs	means real estate investment trusts.
Securities	has the meaning ascribed to it under the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong).
Securities and Futures Ordinance	means the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong) as amended from time to time.
SEHK	means the Stock Exchange of Hong Kong Limited or its successors.
Service Agent	means, where applicable, HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to the Fund.
Settlement Date	means, with respect to creations and redemptions of Units, 2 (Two) Business Days after the relevant Transaction Date or such other number of days after the relevant Transaction Date as may be determined by the Manager in consultation with the Trustee (on either a general or case by case basis).
SFC	means the Securities and Futures Commission of Hong Kong or its successors.
Transaction Date	means any Dealing Day on which the Registrar receives or is treated as having received a valid application for Units or a valid request to redeem Units.
Transaction Fee	means the fee which may at the discretion of the Trustee be charged for the benefit of the Trustee and/or the Registrar: (a) on each application for any Units (in addition to the Issue Price of the Units); and (b) on each request to redeem any Units, the maximum level of which shall be as determined by the Trustee with the consent of the Manager from time to time and set out in this Prospectus.
Trust	means Lippo Fund Series, as constituted by the Trust Deed.
Trust Deed	means the Trust Deed dated 11 June 2012 constituting Lippo Fund Series signed between the Manager and the Trustee, as amended from time to time.
Trustee	means BOCI-Prudential Trustee Limited, or any other person or persons for the time being duly appointed to act as the trustee or trustees hereof in its succession.
Underlying Index	means Lippo Select HK & Mainland Property Index.

Unit	means one undivided share in the Fund.
Unitholder	means the person for the time being entered on the Register as the holder of a Unit including (where the context so admits) persons jointly so registered and the beneficial owner of Units which are registered in the name of HKSCC Nominees and held in CCASS.
Valuation Point	means such time or times as the Manager may determine, as at which the Net Asset Value of the Fund and Net Asset Value per Unit are calculated in respect of any Dealing Day and, unless otherwise determined, shall mean the close of business in the last relevant market to close on each Dealing Day for the Fund.
%	means percent.

15 Parties

Manager and Listing Agent

LIPPO INVESTMENTS MANAGEMENT LIMITED
40/F, Tower Two
Lippo Centre
89 Queensway
Hong Kong
Website: <http://www.lippo-im.com>³

Directors of the Manager

David Tai Chiu NG
Bruce Heung Wing CHEUNG

Trustee and Administrator

BOCI-PRUDENTIAL TRUSTEE LIMITED
12/F & 25/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Custodian

BANK OF CHINA (HONG KONG) LIMITED
14/F, Bank of China Tower
No. 1 Garden Road Central
Central
Hong Kong

Registrar

COMPUTERSHARE HONG KONG INVESTOR SERVICES LIMITED
17M, 17th Floor, Shops 1712-16
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Service Agent

HK CONVERSION AGENCY SERVICES LIMITED
8/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Legal Adviser as to Hong Kong law

KING & WOOD MALLESONS
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

³ This website has not been reviewed by the SFC.

Auditors

PRICEWATERHOUSECOOPERS
21st Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong