

## FOURTH REMINDER

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUND NAMED BELOW**

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*If you are in any doubt about the contents of this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.*

*If you have sold or transferred all your units in the Terminating ETF (as defined below), you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), the Hong Kong Exchanges and Clearing Limited (the “HKEX”), the Hong Kong Securities and Futures Commission (the “SFC”) and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Announcement and Notice, 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 Announcement and Notice.

Lippo Investments Management Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or an endorsement of the Trust (as defined below) and the Terminating ETF nor does it guarantee the commercial merits of the Trust and the Terminating ETF or their performance. It does not mean the Trust and the Terminating ETF are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

### **Lippo Fund Series (the “Trust”)**

*(A Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong) (the “SFO”)*

#### **Lippo Select HK & Mainland Property ETF**

**Stock code: 2824**

**(the “Terminating ETF”)**

### **ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND NON-APPLICABILITY OF CERTAIN PROVISIONS OF THE CODE ON UNIT TRUSTS AND MUTUAL FUNDS (“CODE”)**

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus of the Trust and the Terminating ETF, dated 29 April 2020 (as amended by addendum dated 29 April 2021) (the “Prospectus”).

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading of units of the Terminating ETF (the “Units”) on the SEHK, proposed termination and proposed deauthorisation of the Trust and the Terminating ETF, and proposed delisting of the Terminating ETF from the SEHK and the non-applicability of certain provisions of the Code from 14 December 2021 (the “Trading Cessation Date”) to the date of deauthorisation of the Trust and the Terminating ETF, i.e. on or around 14 February 2022 (the “Deauthorisation Date”). In particular, investors should note that:

- taking into account the relevant factors, including, in particular, the current relatively small Net Asset Value of the Terminating ETF, the Manager has, by means of a resolution of the board of directors decided to exercise its power under clause 29(a) of Schedule 4 of the trust deed of the Trust dated 11 June 2012, as amended and supplemented from time to time (the “Trust Deed”) to terminate the Trust and the Terminating ETF;
- the Last Trading Day (as defined in section 2.4) of the Units will be 13 December 2021;
- the Units will cease trading on the Trading Cessation Date (as defined in section 2.4), 14 December 2021;
- the Manager, after having consulted the Trustee and the Terminating ETF’s auditor, will aim to realise all of the assets of the Terminating ETF save for any Suspended Stocks (as defined in section 2.5 of this Announcement and Notice) from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units and no further creation and redemption of Units; (ii) the Manager will start to realise all the assets of the Terminating ETF save for any Suspended Stocks and the Terminating ETF will therefore cease to track its index (the “Index”) and will not be able to meet its investment objective of tracking the performance of such Index; (iii) the Trust and the Terminating ETF will no longer be marketed or offered to the public; (iv) the Terminating ETF will mainly hold cash; and (v) the Terminating ETF will only be operated in a limited manner;
- if the Terminating ETF holds Suspended Stocks (as defined in section 2.5 of this Announcement and Notice) after the Trading Cessation Date, having regard inter alia, to the level of Suspended Stocks held by the Terminating ETF, the fair value of those Suspended Stocks and whether those Suspended Stocks are permitted to be transferred off market, the Manager intends to, in its corporate capacity, purchase the Suspended Stocks held by the Terminating ETF by paying an amount equal to the fair value of those Suspended Stocks, with the aim to avoid undue delay in the payment of Distribution (as defined below). For details of the Suspended Stocks held by the Terminating ETF, please refer to section 2.5 of this Announcement and Notice.
- the Manager will, after having consulted the Trustee and the Terminating ETF’s auditor, declare a distribution (“Distribution”) to the investors who

are still holding Units as at 16 December 2021 (the “Distribution Record Date”). The Distribution is expected to be payable on or around 14 January 2022 (the “Distribution Date”). The amount of Distribution will be equal to the total net assets of the Terminating ETF as at the Distribution Record Date, which will exclude (i) the relevant Provision (as defined in section 4.3); (ii) any taxes payable; and (iii) any expenses payable;

- when the Trustee and the Manager form an opinion that the Terminating ETF ceases to have any outstanding contingent or actual assets or liabilities, the Trustee and the Manager will commence the completion of the termination of the Trust and the Terminating ETF (i.e. the Termination Date). The Manager expects that the Termination Date will be on or around 14 February 2022. The Manager will publish an announcement on the Termination Date about the termination and deauthorisation of the Trust and the Terminating ETF and delisting of the Terminating ETF from the SEHK;
- from the Trading Cessation Date until the Termination Date, the Manager will maintain the Trust and the Terminating ETF’s authorisation by the SFC and maintain the Terminating ETF’s listing on the SEHK. Subject to the SEHK’s approval, delisting of the Terminating ETF from the SEHK should take effect at or around the same time as the deauthorisation of the Trust and the Terminating ETF;
- the Manager expects the deauthorisation of the Trust and the Terminating ETF and the delisting of the Terminating ETF from the SEHK will take place either on the Termination Date or shortly after the Termination Date; and
- investors should pay attention to the risk factors as set out in section 5.1 below. Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to each of their clients (including any new investors) holding any Units, and inform them of the contents of this Announcement and Notice as soon as possible;
- assist those clients who want to dispose of Units on or before the Last Trading Day;
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units; and
- inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

**Any product documents of the Trust and the Terminating ETF, including the Prospectus and Product Key Fact Statement (the “KFS”) should be retained for**

**personal use only and not for public circulation. If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 7 for further information).**

## **1. Termination, cessation of trading and realisation of assets**

### **1.1. Termination**

Pursuant to clause 29(a) of Schedule 4 of the Trust Deed, the Trust and the Terminating ETF may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if after one year from the date of establishment of the Terminating ETF, the average daily net asset value ("**Net Asset Value**") of the Terminating ETF shall be less than HK\$100,000,000 over any rolling three-month period. The Trust Deed does not require investors' approval for terminating the Trust and the Terminating ETF on the ground set out in clause 29(a) of Schedule 4 of the Trust Deed.

As at 12 November 2021, the Net Asset Value and the Net Asset Value per Unit of the Terminating ETF were as follows:

Terminating ETF	Net Asset Value	Net Asset Value per Unit
Lippo Select HK & Mainland Property ETF	HK\$77,288,636.28	HK\$65.78

Having taken into account the relevant factors including the interests of the investors as a whole, the current relatively small Net Asset Value of the Terminating ETF, the Manager is of the view that the proposed termination of the Trust and the Terminating ETF would be in the best interests of the investors of the Terminating ETF as a whole. Therefore, the Manager has by means of a resolution of the board of directors of the Manager, decided to exercise its power under clause 29(a) of Schedule 4 of the Trust Deed to terminate the Trust and the Terminating ETF on the date when the Trustee and the Manager form an opinion that the Terminating ETF ceases to have any contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Trust and the Terminating ETF pursuant to clause 29(a) of Schedule 4 of the Trust Deed, and the Trustee does not object to such proposal (and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice).

As required under Clause 30.4 of the Trust Deed, no less than three months' notice is hereby given to investors, notifying them of the proposed termination of the Trust and the Terminating ETF. Also, as required under Chapters 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Terminating ETF will cease to track its Index, and cease trading, from the Trading Cessation Date.

## **1.2. Proposed cessation of trading of Units on the SEHK**

The Manager will apply to SEHK to have the Units cease trading on the SEHK with effect from the Trading Cessation Date. The Manager will aim to realise all of the assets of the Terminating ETF save for any Suspended Stocks effective from the Trading Cessation Date. The realisation of assets of the Terminating ETF will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

13 December 2021 will be the Last Trading Day when investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, and no creation and redemption of Units through Participating Dealers will be allowed after such date. Creation and redemption of Units by Participating Dealers will continue to be permitted until the Last Trading Day. Creations of Units will be limited to the creation of Units by Participating Dealers for market making activities of market makers to provide liquidity of the trading of the Units on the SEHK. There will be no creation of Units for other purposes after this Announcement and Notice has been published.

Investors should note that they cannot create or redeem Units directly in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager. Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

## **1.3. Impact of the realisation of the assets**

After realisation of the assets of the Terminating ETF by the Manager, the Terminating ETF will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of the Terminating ETF including the Suspended Stocks). It therefore follows that, from the Trading Cessation Date, the Terminating ETF will cease to track its Index, and will not be able to meet its investment objective of tracking the performance of the Index.

## **2. What will happen on or before the Last Trading Day and from the Trading Cessation Date?**

### **2.1. Trading on the SEHK up to and including the Last Trading Day**

On any trading day up to and including the Last Trading Day, an investor may continue to buy or sell its Units on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market makers of the Terminating ETF (collectively the “**Market Makers**”) will continue to perform their market making functions in accordance with the Trading Rules of the SEHK until the Trading Cessation Date.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units) and a trading fee (at 0.005% of the price of the Units) will be payable by the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the “Units trading at a discount or premium and Market Makers’ inefficiency risk” in section 5.1 below.

Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their holdings of Units during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

## **2.2. Distribution**

For investors who are still holding Units as of the Distribution Record Date (such investors, the “**Relevant Investors**”), the Manager will, after consulting the Trustee and the Terminating ETF’s auditor, determine the Distribution payable to the Relevant Investors. Such Distribution is expected to be made on or around 14 January 2022.

Each Relevant Investor will be entitled to share in the Distribution pro rata to the number of Units held by such investor relative to the total number of Units still in issue in the Terminating ETF as at the Distribution Record Date. The amount of the Distribution will be the Terminating ETF’s then Net Asset Value and any proceeds from the transfer of any Suspended Stocks from the Terminating ETF, excluding (i) the Provision; and (ii) any taxes or expenses payable by the Terminating ETF.

The Distribution payable to each Relevant Investor is expected to be paid on or around 14 January 2022 to the accounts of its financial intermediary or stockbroker maintained with CCASS, based on the Trustee’s record as at the Distribution Record Date. The Manager will issue a further announcement to inform the Relevant Investors of the exact day of payment of the Distribution, together with the amount of Distribution per Unit for the Terminating ETF in due course.

The Manager does not expect or anticipate there will be a further distribution after the Distribution. However, in the unlikely event there is a further distribution after the Distribution, the Manager will issue an announcement informing the Relevant Investors.

The Distribution and any further distribution will be calculated and paid in the base currency (i.e. Hong Kong dollars) of the Terminating ETF.

If there is any change, including to the dates mentioned in this section, the Manager will issue an announcement informing the Relevant Investors.

**IMPORTANT NOTE: Investors should consider the risk factors as set out in section 5.1 below and consult their professional and financial advisers before disposing of the Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Distribution or further distribution (if any) in respect of any Units so disposed. Investors should exercise caution and consult their professional and financial advisers before**

**dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

### **2.3. Between the Trading Cessation Date and Termination Date**

Following the realisation of the assets and the Distribution and further distribution (if any), when the Trustee and the Manager form an opinion that the Terminating ETF ceases to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of termination of the Trust and the Terminating ETF.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Terminating ETF will continue to have listing status on the SEHK and the Trust and the Terminating ETF will remain authorised by the SFC, the Trust and the Terminating ETF will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Terminating ETF will have no investment activities from the Trading Cessation Date onwards. As such, pursuant to Chapter 8.6(t) of the Code and question 13 of the of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds issued by the SFC dated 16 December 2019 (the “**ETF FAQs**”), the Trust and the Terminating ETF will continue to remain authorised by SFC without the need to strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in section 3 below.

The deauthorisation of the Trust and the Terminating ETF and delisting of the Terminating ETF from the SEHK will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC’s and SEHK’s respective approvals. The Manager expects that the delisting of the Terminating ETF will take place at or around the same time of the deauthorisation of the Trust and the Terminating ETF.

The proposed termination and proposed deauthorisation of the Trust and the Terminating ETF and proposed delisting of the Terminating ETF from the SEHK will be subject to the payment of all outstanding fees and expenses (please refer to section 4 below), discharge of all outstanding liabilities of the Trust and the Terminating ETF, as well as the final approvals by the SFC and the SEHK respectively.

Following deauthorisation, the Trust and the Terminating ETF will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Trust and the Terminating ETF previously issued to investors, including the Prospectus and any KFS in respect of the Terminating ETF, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Trust and the Terminating ETF to the public in Hong Kong as this may be in breach of the SFO.

### **2.4. Important dates**

Subject to the SFC’s and the SEHK’s respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the

expected important dates in respect of the Trust and Terminating ETF will be as follows:

<b>Event</b>	<b>Expected date</b>
Dispatch of Announcement and Notice and setting aside the Provision immediately thereafter	12 November 2021 (Friday)
<p>Last day on which requests for creation by Participating Dealers for market making activities and redemption by Participating Dealers of Units in the primary market may be accepted</p> <p>Last day for dealings in the Units on the SEHK (the “<b>Last Trading Day</b>”)</p>	13 December 2021 (Monday)
<p>No further requests for creation and redemption of Units in the primary market will be accepted</p> <p>Cessation of trading in the Units on the SEHK in the secondary market</p> <p>The date on which the Manager will start to realise all the investments of the Terminating ETF save for any Suspended Stocks and the Terminating ETF will cease to be able to track its Index</p> <p>The date from which the Trust and the Terminating ETF shall no longer be marketed or offered to the public in Hong Kong</p> <p>(the “<b>Trading Cessation Date</b>”)</p>	14 December 2021 (Tuesday)
Last valuation of the Terminating ETF to be conducted (“ <b>Last Valuation Date</b> ”)	15 December 2021 (Wednesday)
<p>Record date for determining the eligibility of entitlement for the Distribution and any further distribution</p> <p>(the “<b>Distribution Record Date</b>”)</p>	By close of business on 16 December 2021 (Thursday)
Dispatch of an announcement on the Distribution and of the distribution rate per Unit	On or around 13 January 2022 (Thursday), at least one business day before the Distribution Date
<p>Distribution, after the Manager having consulted the Trustee and the Terminating ETF’s auditor, will be paid to the investors who are still holding Units as at the Distribution Record Date</p> <p>(the “<b>Distribution Date</b>”)</p>	On or around 14 January 2022 (Friday)



Event	Expected date
Termination of the Trust and the Terminating ETF when the Manager and the Trustee form an opinion that the Terminating ETF ceases to have any contingent or actual assets or liabilities (the “ <b>Termination Date</b> ”)	Expected to be on or around 14 February 2022 (Monday)
Deauthorisation of the Trust and the Terminating ETF and delisting of the Terminating ETF from the SEHK  The date of deauthorisation and delisting will be the date which the SFC and SEHK approve the deauthorisation and delisting respectively	On or shortly after the Termination Date

The Manager will issue the following:

- (i) on a weekly basis from the date of this Announcement and Notice to the Last Trading Day, reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (ii) in due course, an announcement to inform the investors of the Distribution Date and further distribution date (if any); and
- (iii) shortly before the Termination Date, an announcement informing investors about the Termination Date, Deauthorisation Date and the date for the delisting of the Terminating ETF from the SEHK,

in accordance with the applicable regulatory requirements.

If there is any change, including to the dates mentioned in this section, the Manager will issue an announcement to inform the investors.

## 2.5. Treatment of Suspended Stocks (if any)

*\* Please refer to the Announcement and Notice of Resumption of Trading of Suspended Stocks issued by the Manager on 26 November 2021 for an update on the status of the Suspended Stocks.*

Certain stocks held by the Terminating ETF could be suspended from trading on the Hong Kong Stock Exchange (the “**Suspended Stocks**”) on or after the Trading Cessation Date.

As of 11 November 2021, details of the Suspended Stocks which the Terminating ETF holds is as follows:

Name of Suspended Stocks	Total holdings of Suspended Stocks	% of Net Asset Value of the Terminating ETF
KAISA GROUP (1638.HK)	400,739.72	0.5176%

There is currently no active market on any stock exchange or current market price for the Suspended Stocks, and there is currently no indicated date for the Suspended Stocks to resume trading before the Termination Date.

If the Suspended Stocks remains suspended after the Trading Cessation Date and there remains no active market on any stock exchange or off-exchange, to avoid undue delay in the payment of the Distribution referable to the Suspended Stocks (if any), and having regard, inter alia, to the level of Suspended Stocks held by the Terminating ETF, the fair value of those Suspended Stocks and whether those Suspended Stocks are permitted to be transferred off market, the Manager proposes to, in its corporate capacity, purchase the Suspended Stocks held by the Terminating ETF by paying an amount equivalent to the fair value of those Suspended Stocks as at 16 December 2021 ("**Lippo Payment**"). It is intended that the Manager (in its corporate capacity) would pay the Lippo Payment to the Trustee (acting solely in its capacity as trustee on behalf of the Terminating ETF) on or before the Distribution Record Date (e.g. 16 December 2021), so that the Lippo Payment would form part of the Distribution ("**Purchase Arrangement**")

Upon the Lippo Payment, the Suspended Stocks shall be held by the Manager (in its corporate capacity). When the Suspended Stocks resume trading after the Purchase Arrangement, the Manager (in its corporate capacity) will be entitled to dispose of such Suspended Stocks on the relevant stock exchange and receive payment from such disposal ("**Suspended Stocks Receivables**"), up to an amount equivalent to the Lippo Payment.

This means that,

- (i) if the Suspended Stocks Receivables, less (i) the cost of holding and disposing the Suspended Stocks between Distribution Record Date and the date of disposal of the Suspended Stocks and (ii) the Lippo Payment, is a positive figure, the Manager (in its corporate capacity) shall donate the excess amount to a charity chosen by the Manager, in consultation with the Trustee; and
- (ii) if the Suspended Stocks Receivables is less than the Lippo Payment (or if the Suspended Stocks Receivables amounts to zero), the Manager shall bear the loss in its corporate capacity, and neither the Trustee nor the Terminating ETF nor the Relevant Investors shall be liable for the shortfall.

The purchase of the Suspended Stocks and the Lippo Payment amounts to a connected person transaction between the Manager and the Terminating ETF. Pursuant to Chapter 10.11 of the Code, these transactions carried out on behalf of the Terminating ETF are at arm's length. The Trustee has, on behalf of the Terminating ETF, agreed to (i) the Lippo Payment and (ii) the subsequent transfer of the Suspended Stocks to the Manager, as required by Chapter 10.11 of the Code. The Manager considers that the Purchase Arrangement set out above (if implemented), which would allow the Relevant Investors to receive Distributions without undue delay, to be in the best interest of the Terminating ETF and the Relevant Investors as a whole.

The fair value of the Suspended Stocks is determined in accordance with the Manager's fair valuation policy. Under this policy, circumstances which can give rise to fair value pricing include but are not limited to suspension of trading of a listed stock for more than 5 business days. Fair value pricing under this policy is

performed with due care, skill and diligence and in good faith, in consultation with the Trustee. Relevant factors in considering whether to (and how to) apply fair value pricing to Suspended Stocks include and are not limited to the type of Suspended Stocks involved, the amount and duration of the suspension of the Suspended Stocks owned by the Terminating ETF, the potential impact on the Net Asset Value of the Terminating ETF, the method to be used to perform the fair valuation and the reliability of the fair value price to be used.

If the condition of the Suspended Stocks remains unchanged till the Trading Cessation Date, this arrangement will remain unchanged. In the case where the Suspended Stocks resumes trading prior to the Distribution Record Date, the Manager will not be required to purchase the Suspended Stocks. The Manager will update the investors by further announcements as soon as practicable if there is any change of the condition of the Suspended Stocks before the Trading Cessation Date.

The Trustee does not have any objection to the above-mentioned arrangements.

### **3. Non-applicability of certain provisions of the Code**

#### **3.1. Background**

As set out in section 2.3 above, while the Units will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Terminating ETF, the Trust and the Terminating ETF will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Trust and the Terminating ETF will remain authorised by the SFC and the Terminating ETF will maintain its SEHK listing status, until the completion of the proposed termination, proposed deauthorisation and proposed delisting.

Pursuant to Chapter 8.6(t) of the Code and question 13 of the ETF FAQs, the Trust and the Terminating ETF may not strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 3.

#### **3.2. Updating of the Prospectus and KFS**

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Trust and the Terminating ETF must be up-to-date and must be updated to incorporate any relevant changes to the Trust and the Terminating ETF.

The Manager will continue to manage the Trust and the Terminating ETF without updating the Prospectus and the KFS as required under Chapter 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (i) the Manager shall promptly notify investors of any changes to the Trust and the Terminating ETF or to the Prospectus or the KFS by means of publishing further announcement(s) on its website <https://www.lippo->

im.com/ (this website has not been reviewed by the SFC) and the HKEX's website (each, a "**Relevant Future Announcement**"); and

- (ii) the Manager shall ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFS, and any other Relevant Future Announcement(s).

### **3.3. Provision of real time or near-real time indicative Net Asset Value per Unit and last Net Asset Value**

Under Chapter 8.6(u)(i) and (ii) of the Code, the Manager is required to provide real time or near-real time indicative Net Asset Value per Unit of the Terminating ETF (updated at least every 15 seconds during trading hours) and last Net Asset Value per Unit and last Net Asset Value of the Terminating ETF (updated on a daily basis) on the Trust's website or such other channels as the SFC considers appropriate.

The Manager will continue to manage the Trust and the Terminating ETF without strict compliance with Chapter 8.6(u)(i) and (ii) of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (i) the Manager shall ensure that the Net Asset Value per Unit of the Terminating ETF as of 13 December 2021 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of the Terminating ETF will be published on the website: <https://www.lippo-im.com/> (this website has not been reviewed by the SFC); and
- (ii) the Manager shall update the latest available Net Asset Value per Unit of the Terminating ETF on the website <https://www.lippo-im.com/> (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of the Terminating ETF, including but not limited to changes arising from (i) the Distribution (please see further in section 2.2 above); (ii) the further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Terminating ETF concerned (if any) of the underlying stocks; and (iv) any deduction of transaction costs or taxes relating to the realisation of assets of the Terminating ETF.

### **3.4. Publication of suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Terminating ETF without strict compliance with Chapter 10.7 of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the condition that a statement shall be posted in a prominent position of the website <https://www.lippo-im.com/> (this website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units have ceased trading on the

SEHK from 14 December 2021 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, any subsequent reminder announcements and all other relevant announcements.

As the Terminating ETF will maintain its listed status with the SEHK during the period from and including the Trading Cessation Date until the date of delisting of the Terminating ETF which should take effect at or around the same time as the deauthorisation of the Trust and the Terminating ETF, investors may continue to access further announcements in relation to the Terminating ETF via the HKEX's website and the Manager's website <https://www.lippo-im.com/> (this website has not been reviewed by the SFC) during such period.

### **3.5. Other related matters**

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and applicable laws and regulations in respect of the Trust and the Terminating ETF.

## **4. Costs**

### **4.1. Trading on the SEHK**

As indicated in section 2.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

### **4.2. Creation and redemption by Participating Dealers**

All creation and redemption of Units by Participating Dealers will be subject to the fees and costs as set out in the Prospectus. Participating Dealers may pass on to the Relevant Investors such fees and costs, and may also impose fees and charges in handling creation and redemption requests which would increase the cost of creation and redemption. Investors are advised to check with Participating Dealers as to their relevant fees, costs and charges.

### **4.3. Ongoing charges and provision of costs and expenses**

The Terminating ETF adopts 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 Terminating ETF (including but not limited to the Manager's fees, Trustee's fees, Registrar's fees, fees and expenses of service providers and ordinary out-of-pocket fees).

The ongoing charges over a year as disclosed in the KFS dated April 2021 for the Terminating ETF is 0.68%\*.

*\*The ongoing charges figure is based on the expenses charged to the Terminating ETF for the year ended 31 March 2021. It represents the ongoing expenses chargeable to the Terminating ETF expressed as a percentage of the Terminating ETF's average Net Asset Value over the same period.*

The Manager will set aside an amount of provision for the Terminating ETF immediately after this Announcement and Notice is published. The ongoing charges figure for the Terminating ETF will no longer be applicable and the Provision (in terms of percentage of the Net Asset Value of the Terminating ETF) represents the cost and expenses chargeable to the Terminating ETF from the date of this Announcement and Notice until the Termination Date. The amount of HK\$630,000 (approximately 0.82% of the Net Asset Value of the Terminating ETF) will be set aside for the Terminating ETF (the “**Provision**”).

The Provision is to discharge the Management Fees and any fees and expenses incurred by the Manager in terminating the Terminating ETF (which includes any termination fees payable to the Trustee, auditor’s fees, legal fees and any other expenses incurred in relation to the termination and deauthorisation of the Trust and the Terminating ETF and delisting of the Terminating ETF) during the period between the date of this Announcement and Notice and up to and including the Termination Date.

The Trustee will waive its entitlement to the trustee fee from the Last Valuation Date until the Termination Date.

Any future costs, charges, expenses, claims and demands (including but not limited to any legal costs, auditors’ fees, regulatory maintenance costs, termination related expenses and the fees payable to any other service provider of the Terminating ETF) that the Trustee and the Manager may incur or make, during the period between the date of this Announcement and Notice up to and including the Termination Date (including if the Termination Date is extended), in connection with or arising out of the ongoing maintenance of the Terminating ETF and implementation of the termination (together, the “**Future Costs**”), to the extent not covered by the Provision, will be borne by the Manager.

The Trustee has confirmed it has no objection to the amount of the Provision.

**As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and Net Asset Value per Unit will be reduced before the commencement of trading on the SEHK on 15 November 2021, as follows:**

Terminating ETF	Before setting aside Provision		After setting aside Provision	
	NAV	NAV per Unit	NAV	NAV per Unit
Lippo Select HK & Mainland Property ETF	HK\$77,288,636.28	HK\$65.78	HK\$76,658,636.28	HK\$65.24

Please refer to “Net Asset Value downward adjustment risk” in section 5.1 below.

#### **4.4. Cost of termination, deauthorisation and delisting**

Where a Provision is insufficient to cover the Future Costs until the Termination Date, any shortfall will be borne by the Manager. Future Costs do not include normal operating expenses such as transaction costs, and any taxes relating to

the liquidation of assets of the Terminating ETF. Subject to the Provision, the Manager will bear all costs and expenses associated with the termination and deauthorisation of the Terminating ETF as well as the delisting of the Terminating ETF (other than normal operating expenses such as transaction costs, and any taxes relating to the liquidation of assets of the Terminating ETF) from the date of this Announcement and Notice up to and including the Termination Date.

Conversely, where the Provision is in excess of the actual amount of Future Costs until the Termination Date, such excess will be refunded to the Relevant Investors as part of a further distribution (if any) in proportion to the Relevant Investor's interests in the Terminating ETF as at the Distribution Record Date.

#### **4.5. Unamortised preliminary expenses**

As at the date of this Announcement and Notice, the Terminating ETF does not have any unamortised preliminary expenses or contingent liabilities.

### **5. Other matters**

#### **5.1. Other implications of the proposed cessation of trading of Units on the SEHK, the proposed termination and proposed deauthorisation of the Trust and the Terminating ETF and proposed delisting of the Terminating ETF**

In consequence of this Announcement and Notice and the proposed cessation of trading of Units on the SEHK, the proposed termination and proposed deauthorisation of the Trust and the Terminating ETF and proposed delisting of the Terminating ETF from the SEHK, investors should note and consider the following risks:

*Liquidity risk* – Trading of Units on the SEHK from the date of this Announcement and Notice may become less liquid;

*Units trading at a discount or premium and Market Makers' inefficiency risk* – The Units may trade at a discount or premium of its Net Asset Value. Although the Manager expects that up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Terminating ETF in accordance with the Trading Rules of the SEHK, Units may trade at a discount compared to its Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after this Announcement and Notice but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units may trade at a premium and consequently the divergence between the supply of and demand for the Units of the Terminating ETF may be larger than usual. In particular, should there be a large demand for Units before the Trading Cessation Date, the Market Makers may not be able to effectively perform their market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day;

*Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk* – The setting aside of the Provision (immediately after this Announcement and Notice has been published) will adversely affect the Net Asset Value per Unit. This reduction of Net Asset Value per Unit will cause the

Terminating ETF's return to substantially deviate from the performance of the Index so the Terminating ETF may not be able to properly track the performance of the Index during the period from the date of this Announcement and Notice to the Last Trading Day and thus triggering significant tracking error. It is possible that the size of the Terminating ETF may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfil the investment objectives of Terminating ETF and result in significant tracking error. In the extreme situation where the size of the Terminating ETF becomes so small that the Manager considers that it is not in the best interest of the Terminating ETF to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the Terminating ETF into cash deposits in order to protect the interest of the investors of the Terminating ETF;

*Net Asset Value downward adjustment risk* – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the investments. Also, the Net Asset Value of the Terminating ETF may be reduced as the Terminating ETF will be set aside the Provision immediately after publication of this Announcement and Notice. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day;

*Failure to track the Terminating ETF's Index risk* – All assets of the Terminating ETF, to the extent possible, will be liquidated with effect from the Trading Cessation Date. Thereafter, the Terminating ETF's assets will mainly be cash and the Terminating ETF will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Terminating ETF will cease to track its Index, and will not be able to meet its investment objective of tracking the performance of the Index; and

*Delay in distribution risk* – The Manager will aim to realise all of the assets of the Terminating ETF and proceed with the Distribution and further distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Terminating ETF in a timely manner during certain periods of time, for example, when trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Distribution and any further distribution (if any) to the Relevant Investors may be delayed.

Investor's attention is also drawn to the risk factors disclosed in the Prospectus.

## **5.2. Tax implications**

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Trust and the Terminating ETF are collective investment schemes authorised under Section 104 of the SFO, profits derived from realisation of the Terminating ETF's assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Trust and the Terminating ETF derived from realisation of the Terminating ETF's assets are exempt from Hong Kong profits tax, the Trust and the Terminating ETF may be subject to tax in certain jurisdictions where investments are made, on income and/or capital gains derived from such investments.



The Distribution and further distribution (if any) (to the extent such amount represents profits and/or capital of the Terminating ETF) should generally not be subject to Hong Kong profits tax. For investors carrying on a trade, profession or business in Hong Kong, profits derived from the redemption or disposal of Units may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, and the Units are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### **5.3. Connected party transaction**

As at the date of this Announcement and Notice, other than any connected party transaction as disclosed in this Announcement and Notice, none of the connected persons of the Manager and/or the Trustee are involved in any transaction in relation to the Trust and the Terminating ETF.

A related entity of the Manager, World Grand Holding Limited (the “**Lippo Entity**”), currently holds Units in the Terminating ETF. The Lippo Entity is a connected person of the Manager.

## **6. Documents available for inspection**

Copies of the following documents are available for inspection free of charge upon request at the place of business of the Manager at 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong during normal business hours:

- Trust Deed and any supplemental deed;
- the service agreements and participation agreements;
- the latest annual report and semi-annual reports of the Trust and the Terminating ETF; and
- the Prospectus and the KFS of the Terminating ETF.

Copies of the above documents may be obtained from the Manager at a reasonable fee upon request (other than the financial statements, the Prospectus and the KFS which may be obtained free of charge).

## **7. Enquiries**

If you have any questions in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager by calling +852 2867 6717 during normal business hours (except Hong Kong statutory holidays), or visiting the Manager’s website <https://www.lippo-im.com/> (this website has not been reviewed by the SFC).

The Manager accepts full responsibility for the accuracy of the contents of this Announcement and Notice, 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 misleading.

**Lippo Investments Management Limited**  
as Manager of the Trust and the Terminating ETF

**12 November 2021**