

LionGlobal Singapore Trust Fund

(formerly known as Lion Capital Singapore Trust Fund)

Annual Report

For the financial year ended 31 December 2008

Managers

Lion Global Investors Limited
One George Street #08-01
Singapore 049145

Directors of Lion Global Investors Limited

Ng Keng Hooi (Chairman)
David Philbrick Conner (Deputy Chairman)
Daniel Chan Choong Seng (CEO & Chief Investment Officer)
Soon Tit Koon
Andrew Lee Kok Keng
Loh Sook Mee (Mrs)

Trustee/Custodian

British and Malayan Trustees Limited
1 Coleman Street #08-01
The Adelphi
Singapore 179803

Independent Auditor

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424

Registrar

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

LIONGLOBAL SINGAPORE TRUST FUND

PERFORMANCE OF THE FUND

For the year ended 31 December 2008

Returns for the Fund are calculated up to 31 December 2008 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Singapore Trust Fund - SGD Class	Benchmark* Returns (%)
3 months	-25.6	-25.7
6 months	-40.8	-39.2
1 year	-49.6	-47.3
3 years	-13.5	-14.0
5 years	8.6	17.7
10 years	87.5	49.5
Since Inception (3 March 1989)	224.9	66.5

Returns for the Fund are calculated up to 31 December 2008 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Singapore Trust Fund - USD Class	Benchmark* Returns (%)
3 months	-26.2	-26.3
6 months	-44.2	-42.6
1 year	-49.7	-47.4
3 year	-0.2	-0.9
Since Inception (2 August 2004)	24.4	30.5

Source: Morningstar/Lion Global Investors Ltd

** Benchmark:*

DBS CPF Index: Inception to 30 November 1999

MSCI Singapore Index: From 1 December 1999

FUND AND MARKET REVIEW

For the year ended 31 December 2008, the Fund fell 49.6% underperforming the benchmark which fell 47.3%, in Singapore dollar terms.

In the first half of the year, our holdings in the industrial sector were heavily sold down on worries over the slowing economy. Smaller cap stocks were hit particularly hard in the sell-down.

During the latter part of the year, the global financial crisis escalated as the failure of Lehman Brothers and US government bailout of AIG caused an unprecedented freezing of global financial credit markets. Credit spreads and stock market volatility widened dramatically and global banks started cutting back on lending as their balance sheets were impacted by losses. This caused worldwide trade to slow and in some instances come to a virtual standstill.

All sectors in the market were affected by the sell-off with the telecom sector falling the least. Our underweight position in financials contributed positively to the Fund's performance while our holdings in the REITs sector were negatively impacted as concerns grew over their gearing ratios as well as refinancing concerns. With a sharp downward reversal in oil and coal prices, our exposure to holdings in the offshore and marine sectors also saw large declines.

STRATEGY AND OUTLOOK

The main concern overhanging equity markets is the global recession caused by the bursting of the credit bubble and near failure of the global banking system. The sharply curtailed economic backdrop, falling asset values and deleveraging will remain a drag on economic growth well into 2009.

Inflation which gripped the world in 2008, will likely start to ease this year. Demand destruction on the back of rapidly slowing growth, has caused both energy as well as prices of both hard and soft commodities to fall sharply over the past couple of months. Lower prices will begin to offer reprieve to consumers.

To ease inflationary concerns, the Monetary Authority of Singapore ("MAS") reset the mid-point of the bandwidth at the prevailing level of Singapore dollar nominal effective exchange rate ("S\$NEER") in 2008. This is equivalent to a one-off appreciation of about 2%. With slowing exports and easing inflationary pressures, we expect the MAS to change its tact from an anti-inflation bias policy to one emphasizing growth.

Economic growth in Singapore is likely to contract in the first half of 2009 on the back of declining exports. We have been seeing negative electronic exports growth over the past few months, with no indication of a turnaround. Even in the more resilient pharmaceutical sector, numbers are showing large negative swings.

Singapore's open economy will likely be more affected than some of the regional countries due to its high exports to GDP ratio. The manufacturing sector and financial services sector have been affected by the economic slowdown and we expect rising unemployment in the near term as businesses restructure their operations to cope with the current environment. The government approved an expansionary stimulus package of \$20.5 billion in its 2009 Budget with the focus on supporting employment, controlling business costs, ensuring the availability of credit and encouraging infrastructure investment. The severity of this recession is underscored by the fact that the government will be dipping into past reserves to partially fund this package.

Against this backdrop, our strategy is to stay cautious and nimble. Valuations are looking attractive but the risk of earnings being further revised downwards on margin compression and slowing demand is high. Hence, we prefer to position ourselves in companies that have low leverage, strong balance sheets and stable cashflows. We see value in the financials which are trading below their book values. We also like domestic oriented sectors such as the telecom and transport sectors. REITs could continue to face downward pressure from refinancing concerns and capital raising over the next two years.

DISCLOSURES ON THE FUND ¹

For the financial year ended 31 December 2008

1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2008

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <u>By Asset Class</u>		
Equities	23,613,139	95.6
Cash and cash equivalents	1,097,960	4.4
Net assets attributable to unitholders	24,711,099	100.0
b) <u>By Credit Rating of Debt Securities</u>		
Not applicable		
c) <u>By Derivative Type</u>		
Not applicable		

¹ As required by the Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 31 December 2008

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Singapore Telecommunications Limited	3,731,364	15.1
United Overseas Bank Limited	3,239,706	13.1
DBS Group Holdings Limited	2,304,340	9.3
Oversea-Chinese Banking Corporation	1,814,164	7.3
Singapore Exchange Limited	1,003,860	4.1
CapitaLand Limited	982,760	4.0
City Developments Limited	808,990	3.3
Raffles Medical Group Limited	782,408	3.2
Singapore Airlines Limited	686,860	2.8
StarHub Limited	656,200	2.6

As at 31 December 2007

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	5,666,320	10.9
United Overseas Bank Limited	4,987,640	9.6
Singapore Telecommunications Limited	4,844,189	9.3
Keppel Corporation Limited	3,100,800	6.0
Cosco Corporation (Singapore) Limited	2,659,970	5.1
Oversea-Chinese Banking Corporation	2,433,613	4.7
Hyflux Limited	2,171,940	4.2
Wilmar International Limited	1,829,200	3.5
Raffles Medical Group Limited	1,725,900	3.3
StarHub Limited	1,545,500	3.0

3. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES

Nil

4. BORROWINGS

Nil

5. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the period were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

6. OTHER MATERIAL INFORMATION

There is no other material information that will adversely impact the valuation of the Fund.

7. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of LionGlobal Singapore Trust Fund (formerly known as Lion Capital Singapore Trust Fund) (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Managers for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Managers have, in all material respects, managed the Fund during the period covered by these financial statements, set out on pages 11 to 32 comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
BRITISH AND MALAYAN TRUSTEES LIMITED

LINDA HO
General Manager

STATEMENT BY THE MANAGERS

In the opinion of the directors of Lion Global Investors Limited (formerly known as Lion Capital Management Ltd), the accompanying financial statements set out on pages 11 to 32, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of LionGlobal Singapore Trust Fund (formerly known as Lion Capital Singapore Trust Fund) (the "Fund") as at 31 December 2008 and the total deficit for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of
LION GLOBAL INVESTORS LIMITED

DANIEL CHAN CHOONG SENG
CEO & Chief Investment Officer

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SINGAPORE TRUST FUND

(formerly known as Lion Capital Singapore Trust Fund)
(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of LionGlobal Singapore Trust Fund (the "Fund") set out on pages 11 to 32, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2008, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The Fund's Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2008 and the total deficit for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore

LIONGLOBAL SINGAPORE TRUST FUND

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2008

	Note	2008 \$	2007 \$
Income			
Dividends		1,609,144	1,735,116
Interest		7,894	28,729
Other income		70	-
		<u>1,617,108</u>	<u>1,763,845</u>
Less: Expenses			
Audit fee		9,056	11,116
Custodian fees		12,807	9,900
Management fee		464,171	572,085
Professional fees		12,751	26,109
Registration fee		24,763	23,480
Trustee fee		31,510	46,421
Valuation and administration fee		16,900	20,611
Miscellaneous expenses		51,147	56,287
		<u>623,105</u>	<u>766,009</u>
Net income		<u>994,003</u>	<u>997,836</u>
Net gains or losses on investments			
Net realised (losses)/gains on investments		(7,837,348)	8,042,569
Net change in fair value of investments		(18,453,271)	(2,030,175)
Net foreign exchange gains		15,958	51,306
		<u>(26,274,661)</u>	<u>6,063,700</u>
Total (deficit)/return for the year before income tax		(25,280,658)	7,061,536
Less: Income tax	3	(27,636)	(120,180)
Total (deficit)/return for the year after income tax before distribution		<u>(25,308,294)</u>	<u>6,941,356</u>
Less: Distribution	4	-	-
Total (deficit)/return for the year		<u>(25,308,294)</u>	<u>6,941,356</u>

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

LIONGLOBAL SINGAPORE TRUST FUND

BALANCE SHEET

As at 31 December 2008

	Note	2008 \$	2007 \$
ASSETS			
Investments		23,613,139	50,990,247
Receivables	5	132,997	523,981
Fixed deposits	6	901,037	-
Cash and bank balances	7	455,237	1,171,123
Total assets		<u>25,102,410</u>	<u>52,685,351</u>
LIABILITIES			
Payables	8	391,311	622,893
Net assets attributable to unitholders	9	24,711,099	52,062,458
Total liabilities		<u>25,102,410</u>	<u>52,685,351</u>

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

LIONGLOBAL SINGAPORE TRUST FUND

PORTFOLIO STATEMENT

As at 31 December 2008

	Holdings at 31 December 2008	Fair value at 31 December 2008 \$	Percentage of total net assets attributable to unitholders at 31 December 2008 %
By Industry (Primary)			
QUOTED			
FINANCIAL			
United Overseas Bank Limited	251,140	3,239,706	13.1
DBS Group Holdings Limited	274,000	2,304,340	9.3
Oversea-Chinese Banking Corporation #	363,560	1,814,164	7.3
Singapore Exchange Limited	198,000	1,003,860	4.1
CapitaLand Limited	316,000	982,760	4.0
City Developments Limited	127,000	808,990	3.3
CapitaMall Trust	376,000	594,080	2.4
CapitaRetail China Trust	858,000	514,800	2.1
Ascendas India Trust	808,000	367,640	1.5
Ascendas Real Estate Investment Trust	230,000	315,100	1.3
Hongkong Land Holdings Limited	70,000	249,106	1.0
CDL Hospitality Trusts	317,000	229,825	0.9
		<u>12,424,371</u>	<u>50.3</u>
COMMUNICATIONS			
Singapore Telecommunications Limited	1,463,280	3,731,364	15.1
StarHub Limited	340,000	656,200	2.6
		<u>4,387,564</u>	<u>17.7</u>

ultimate holding company of the Managers

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

LIONGLOBAL SINGAPORE TRUST FUND

	Holdings at 31 December 2008	Fair value at 31 December 2008 \$	Percentage of total net assets attributable to unitholders at 31 December 2008 %
INDUSTRIAL			
Singapore Technologies Engineering Limited	261,000	618,570	2.5
SMRT Corporation Limited	366,000	603,900	2.5
Singapore Post Limited	755,000	596,450	2.4
Venture Corporation Limited	135,000	591,300	2.4
SBS Transit Limited	77,500	133,300	0.5
Tiong Woon Corporation Holding Limited	550,000	104,500	0.4
		<u>2,648,020</u>	<u>10.7</u>
CONSUMER, CYCLICAL			
Singapore Airlines Limited	61,000	686,860	2.8
Tat Hong Holdings Limited	374,000	252,450	1.0
Tat Hong Holdings Limited Call Warrants due 02/08/2013	37,400	1,496	*
		<u>940,806</u>	<u>3.8</u>
CONSUMER, NON-CYCLICAL			
Raffles Medical Group Limited	1,150,600	782,408	3.2
Wilmar International Limited	234,000	650,520	2.6
		<u>1,432,928</u>	<u>5.8</u>
DIVERSIFIED			
Keppel Corporation Limited	141,000	610,530	2.5
ENERGY			
Straits Asia Resources Limited	539,000	420,420	1.7

* denotes amount less than 0.1%

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

LIONGLOBAL SINGAPORE TRUST FUND

	Holdings at 31 December 2008	Fair value at 31 December 2008 \$	Percentage of total net assets attributable to unitholders at 31 December 2008 %
TECHNOLOGY			
CSE Global Limited	900,000	337,500	1.4
UNQUOTED			
FINANCIAL			
DBS Group Holdings Limited Nil Paid Rights due 20/01/2009	137,000	411,000	1.7
BASIC MATERIALS			
Ferrochina Limited	376,000	-	-
Investments		23,613,139	95.6
Other net assets		1,097,960	4.4
Net assets attributable to unitholders		24,711,099	100.0

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2008	31 December 2007
	%	%
By Industry (Summary)		
Financial	52.0	40.1
Communications	17.7	12.3
Industrial	10.7	22.2
Consumer, Non-Cyclical	5.8	13.8
Consumer, Cyclical	3.8	1.2
Diversified	2.5	6.0
Energy	1.7	-
Technology	1.4	1.0
Basic Materials	-	1.3
	<hr/>	<hr/>
Investments	95.6	97.9
Other net assets	4.4	2.1
	<hr/>	<hr/>
Net assets attributable to unitholders	100.0	100.0
	<hr/>	<hr/>

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

LIONGLOBAL SINGAPORE TRUST FUND

	Fair value at 31 December 2008 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2008 %	31 December 2007 %
By Geography (Secondary)			
Singapore	23,613,139	95.6	96.6
China	-	-	1.3
Investments	23,613,139	95.6	97.9
Other net assets	1,097,960	4.4	2.1
Net assets attributable to unitholders	24,711,099	100.0	100.0

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

LionGlobal Singapore Trust Fund (formerly known as Lion Capital Singapore Trust Fund) (the "Fund") is a unit trust constituted by a Deed of Trust dated 1 February 1989 together with its Supplemental Deeds thereon (hereafter referred to as "Trust Deed") between Lion Capital Management Ltd, which changed its name to Lion Global Investors Limited on 2 June 2008 (the "Managers") and British and Malayan Trustees Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Fund is a unit trust under the Central Provident Fund Investment Scheme.

The Fund changed its name to LionGlobal Singapore Trust Fund on 2 June 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore ("ICPAS").

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established.

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

(c) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Managers and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(d) Distribution

The Managers have the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund.

(e) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price net of transaction costs, and are taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method.

(h) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollar and United States dollar. The primary activity of the Fund is to invest in securities listed on the Main Board of The Singapore Exchange Securities Trading Limited ("SGX-ST") and on the Catalist (formerly known as the SGX-ST Dealing and Automated Quotation System ("SESDAQ")).

The performance of the Fund is measured and reported to the investors in Singapore dollar. The Managers consider the Singapore dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the fair value net gain or loss.

3. INCOME TAX

The Fund was granted the status of a Designated Unit Trust and included under the Central Provident Fund Investment Scheme and, therefore, the following income is exempted from tax in accordance with Section 35(12) and (12A) of the Income Tax Act (Cap 134):

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index; and
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

	2008	2007
	\$	\$
Singapore income tax	<u>27,636</u>	<u>120,180</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends.

4. DISTRIBUTION

The Managers do not propose any distribution to unitholders for the financial year ended 31 December 2008 (2007: Nil).

5. RECEIVABLES

	2008	2007
	\$	\$
Amount receivable for creation of units	51,044	455,477
Dividends receivable	81,943	68,504
Interest receivable from a bank which is a non-related company	10	-
	<u>132,997</u>	<u>523,981</u>

6. FIXED DEPOSITS

Fixed deposit was placed with a bank which is a non-related company. It has a maturity of 5 days (2007: Nil) from the end of the financial year and an effective interest rate of 0.40% (2007: Nil).

7. CASH AND BANK BALANCES

The cash and bank balances are placed with a non-related financial institution.

8. PAYABLES

	2008	2007
	\$	\$
Amount payable for cancellation of units	283,983	412,665
Amount due to Managers	75,022	168,969
Amount due to Trustee	4,893	11,020
Amount due to Custodian	1,019	548
Amount due to Registrar	3,302	3,493
Other payables	23,092	26,198
	<u>391,311</u>	<u>622,893</u>

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2008	2007
	\$	\$
At beginning of financial year	52,062,458	25,812,937
Operations		
Change in net assets attributable to unitholders resulting from operations	(25,308,294)	6,941,356
Unitholders' contributions/(withdrawals)		
Creation of units	40,663,422	84,166,629
Cancellation of units	(42,706,487)	(64,858,464)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(2,043,065)	19,308,165
Total (decrease)/increase in net assets attributable to unitholders	(27,351,359)	26,249,521
At end of financial year	<u>24,711,099</u>	<u>52,062,458</u>
Units in issue (see Note 10)	<u>18,574,109</u>	<u>19,772,888</u>
Net assets attributable to unitholders per unit	<u>\$1.330</u>	<u>\$2.633</u>

Reconciliation of net assets attributable to unitholders per unit for issuing/redeeming units at financial year-end and the net assets attributable to unitholders per unit per the financial statements:

	2008	2007
	\$	\$
Net assets attributable to unitholders per unit for issuing/redeeming units	1.332	2.645
Effect of adopting bid prices as fair value	(0.002)	(0.012)
Net assets attributable to unitholders per unit per the financial statements	<u>1.330</u>	<u>2.633</u>

Quoted investments have been valued at the current bid prices in accordance with the recommendations of Statement of Recommended Accounting Practice 7. For the purpose of the net assets attributable to unitholders per unit calculation for the issuance and redemption of units, quoted investments are stated at the last available transacted price, in accordance with the Code on Collective Investment Schemes.

10. UNITS IN ISSUE

	2008	2007
	Units	Units
Units at beginning of the year	19,772,888	11,626,974
Units created	17,937,874	32,651,996
Units cancelled	<u>(19,136,653)</u>	<u>(24,506,082)</u>
Units at end of the year	<u>18,574,109</u>	<u>19,772,888</u>
of which, units denominated in		
- USD	<u>999,331</u>	<u>1,394,582</u>

11. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, financial options contracts and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of equity investments. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Managers to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss to the value of financial investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. External factors such as changes in economic environment, consumption patterns and investor's expectation contribute to market risk which may have a significant impact on the asset's value.

The Fund's investments are substantially dependent on changes in market prices. The Managers monitor the Fund's investments closely so as to assess changes in fundamentals and valuation. Although the Managers make reasonable efforts in the choice of investments, events beyond reasonable control of the Managers could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies/industries.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatilities and foreign exchange movements.

(i) Price Risk

The Fund's sensitivity to the market is measured using its beta, a ratio that describes how the expected return of a portfolio is correlated to the return of the financial market as a whole. The daily Fund price movements are measured against the daily price movement of the benchmark to derive the beta.

As at 31 December 2008, the Fund beta was 0.8147 (2007: 0.8355) which is calculated based on the daily returns over the preceding 12 months for the Fund and benchmark (2007 is based on the daily returns over the preceding 12 months for the Fund and benchmark).

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to the unitholders as at 31 December 2007 and 2008. The analysis was based on the assumptions that the index components within the benchmark increased/decreased by a reasonable possible shift, with all variables held constant and that the fair value of the Fund's investments moved according to the beta.

Benchmark	Impact of 12% (2007: 8%) movement in benchmark on net assets attributable to the unitholders	
	2008 \$	2007 \$
MSCI Singapore Index	2,415,856	3,479,855

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fixed deposits have short term to maturity and have minimal exposure to interest rate risk. As at 31 December 2007 and 2008, the Fund does not hold substantial financial assets or liabilities whose values are sensitive to changes in interest rates.

(iii) Currency risk

The Fund has securities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the on-balance sheet exposure to currency risks for the Fund.

31 December 2008	USD	SGD	Total
	\$	\$	\$
Assets			
Investments	249,106	23,364,033	23,613,139
Receivables	8,120	124,877	132,997
Fixed deposits	-	901,037	901,037
Cash and bank balances	64,734	390,503	455,237
Total assets	321,960	24,780,450	25,102,410
Liabilities			
Payables	1,203	390,108	391,311
Net assets attributable to unitholders	1,329,516	23,381,583	24,711,099
Total liabilities	1,330,719	23,771,691	25,102,410
Notional value of foreign exchange contracts	-	-	

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31 December 2007	USD \$	SGD \$	Total \$
Assets			
Investments	-	50,990,247	50,990,247
Receivables	15,015	508,966	523,981
Cash and bank balances	175,688	995,435	1,171,123
Total assets	190,703	52,494,648	52,685,351
Liabilities			
Payables	14,723	608,170	622,893
Net assets attributable to unitholders	3,671,966	48,390,492	52,062,458
Total liabilities	3,686,689	48,998,662	52,685,351
Notional value of foreign exchange contracts	-	-	-

The following table shows the Fund's sensitivity to foreign currency exposure should those currencies increase by a reasonable possible shift with all other variables held constant. The sensitivity analysis is not presented separately should those currencies decrease as it is the reversal of the impact disclosed below.

Currency	Reasonable possible FX movement		Impact of increase in FX rates on net assets attributable to the unitholders	
	2008 %	2007 %	2008 \$	2007 \$
USD	5	4	16,038	7,039

(b) Liquidity risk

The Fund is exposed to daily redemption of units in the Fund. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

31 December 2008	Less than 3 months \$	3 months - 1 year \$	1-5 years \$	Above 5 years \$
Payables	391,311	-	-	-
Net assets attributable to unitholders	24,711,099	-	-	-

31 December 2007	Less than 3 months \$	3 months - 1 year \$	1-5 years \$	Above 5 years \$
Payables	622,893	-	-	-
Net assets attributable to unitholders	52,062,458	-	-	-

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

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

Credit risk also arises from cash and cash equivalents and assets held with financial institutions.

The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Managers minimize the Fund's credit risk by undertaking transactions with banks that are part of a banking group with good credit-ratings assigned by international credit rating agencies.

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The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 December 2007 and 2008.

31 December 2008	Amount \$	Credit Rating^{##}	Source of Credit Rating
<u>Custodian</u>			
British and Malayan Trustees Limited	23,613,139	Not rated	-
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	455,237	AA-	S&P
Barclays Bank PLC	901,037	AA-	S&P

31 December 2007	Amount \$	Credit Rating^{##}	Source of Credit Rating
<u>Custodian</u>			
British and Malayan Trustees Limited	50,990,247	Not rated	-
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	1,171,123	AA-	S&P

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Capital Management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

^{##} Group credit rating will be presented for unrated subsidiaries.

12. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	2008	2007
	\$	\$
Brokerage on purchases and sales of investments charged by the ultimate holding company of the Managers	<u>2,630</u>	<u>14,976</u>

13. FINANCIAL RATIOS

	2008	2007
	%	%
Expense ratio ¹	1.55	1.54
Portfolio turnover ratio ²	<u>40</u>	<u>97</u>

¹ The expense ratio does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes.

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