

利安資金新馬基金 年度財務報告

(中文簡譯本)

2009年12月31日

利安資金管理公司

Lion Global Investors Limited

www.lookforLion.com

永豐證券投資顧問股份有限公司

SinoPac Capital Management Corp.

scm.sinotrade.com.tw

本基金財務報告內容如與英文版財務報告有任何歧異，以英文版財務報告為主。

本基金財務報告簡譯本僅供投資人參考用。

警語：本基金財務報告（簡譯本）僅供投資人參考，不代表對行情之預測或研判，投資人應自負風險。本基金經主管機關核准，惟不表示本基金絕無風險。本公司以往之經理績效，不保證各基金之最終投資收益；本公司除盡善良管理人之注意義務外，不負責各基金之盈虧，亦不保證最低收益，投資人申購前應詳閱各基金公開說明書。

利安資金新馬基金財務報告

獨立稽核報告

致利安資金新馬基金之基金持有人

我們業已審計利安資金新馬基金財務報告包含11頁至35頁中，資產負債表、投資組合表截至2009年12月31日，以及截至該年度底的總投資報酬表，重要會計準則及其他附註。

基金經理公司對本財務報表之責任

基金經理公司有責任依據新加坡會計師協會所發佈之會計財務報表實務七中『單位信託基金財務報告之架構』之建議事項以準備及誠實提出此等財務報表。其責任包含設計、執行並維持關於財務報表準備及誠實提供內部控制制度以免於重大不實陳述-無論係詐欺或是疏失，選擇並適用合適的會計準則，並做成合理之會計估計。

會計師之責任

我們的責任在於依據我們之審計就該等財務報表表示意見。我們係依據新加坡會計標準進行查核。該標準要求我們須符合道德要求，計畫並且執行稽核，以確保財務報表無重大不實陳述。

稽核包含以抽查方式獲取那些用來佐證財務報表裡的金額並揭露事項的查核證據。抽查方式依據會計師之判斷，包含財務報表重大不實陳述之風險估算，無論係詐欺或是疏失。在進行此等風險估算時，會計師會考量該事業之準備及誠實提出此等財務報表之內控制度，以設計合理之稽核方式，而非為了對該事業之內控制度是否有效來表示意見。稽核也包括查核基金經理公司在編製財務報表過程中所使用的會計原理與會計估計之合理性與評價整體財務報表呈現。

相信我們所取得之查核證據為我們之稽核意見提供充分且適當之基礎。

意見

在我們看來，本財務報表符合新加坡會計師協會所發佈之會計財務報表實務七中『單位信託基金財務報告之架構』之建議事項，且對本基金的財務狀況在2009年12月31日結算時的經營狀況和淨資產變化呈現一個真實公平的看法。

PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore

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利安資金新馬基金財務報告

總投資報酬表

2009年1月1日至2009年12月31日

	附註	2009 S\$	2008 S\$
收入			
股利		2,907,671	4,203,229
利息		3,001	21,408
其他收益		-	180
		<u>2,910,672</u>	<u>4,224,817</u>
減項：費用			
審計費		15,607	10,564
託管費		14,294	33,312
管理費		909,237	1,264,463
專業費		32,408	15,462
登錄費		24,194	36,462
受託公司費		59,298	86,035
評價行政費		29,673	42,598
其他費用		105,505	123,072
		<u>1,190,216</u>	<u>1,611,968</u>
淨收入		<u>1,720,456</u>	<u>2,612,849</u>
淨投資收益/(損失)			
已實現淨投資收益/(損失)		(7,441,931)	(34,605,680)
已實現金融衍生性商品淨變現收益/(損失)		(21,823)	(128,923)
淨投資變現公平價值		47,118,856	(52,241,548)
兌換收益/(損失)		(39,023)	(191,004)
		<u>39,616,079</u>	<u>(87,167,155)</u>
稅前總投資報酬/(虧損)		41,336,535	(84,554,306)
減項：所得稅	3	(191,543)	(387,323)
分配前總投資報酬/(虧損)		41,144,992	(84,941,629)
減項：分配	4	-	-
期間總投資報酬/(虧損)		<u>41,144,992</u>	<u>(84,941,629)</u>

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利安資金新馬基金財務報告

資產負債表 2009年12月31日

	附註	2009/12/31 S\$	2008/12/31 S\$
資產			
投資組合		86,553,301	52,317,555
應收帳款	5	227,749	49,256
應向證券經紀人收取之款項		507,735	-
定存	6	2,600,000	5,652,435
現金及銀行存款	7	1,331,333	1,416,893
總資產		91,220,118	59,436,139
負債			
應付款項	8	1,100,111	284,990
基金單位持有人資產淨值	9	90,120,007	59,151,149
總負債		91,220,118	59,436,139

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LionGlobal Singapore/Malaysia Fund

Annual Report

For the financial year ended 31 December 2009

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)
Soon Tit Koon
Andrew Lee Kok Keng
Cheong Jin Keat
Yoon Mun Thim

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/MALAYSIA FUND

PERFORMANCE OF THE FUND

For the year ended 31 December 2009

Returns for the Fund are calculated up to 31 December 2009 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Singapore/ Malaysia Fund – SGD Class	Benchmark* Returns (%)
3 months	7.4	7.9
6 months	26.1	23.0
1 year	70.6	59.5
3 years	4.0	15.2
5 years	57.0	66.5
10 years	72.4	75.5
Since Inception (21 May 1987)	422.6	241.8

Returns for the Fund are calculated up to 31 December 2009 in USD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Singapore/ Malaysia Fund – USD Class	Benchmark* Returns (%)
3 months	7.8	8.3
6 months	30.0	26.8
1 year	75.1	63.7
3 years	13.6	25.9
5 years	82.7	93.6
Since Inception (30 June 2004)	110.8	122.3

Source: Morningstar/Lion Global Investors Ltd

* Benchmark:

OCBC Composite Index : Since inception – August 1998

MSCI Singapore : From September 1998 – December 1999

50% MSCI Singapore + 50% MSCI Malaysia : From January 2000

FUND AND MARKET REVIEW

For the year ended 31 December 2009, the Fund gained 70.6% outperforming the benchmark which rose 59.5%, in Singapore dollar terms.

2009 has gone down in history as an extraordinary year. Driven by the global financial crisis which started in late 2008, the market indices plunged to their lows in March 2009. However, on the back of concerted loose monetary policies by central banks and fiscal pump priming by different governments, the health of global economies started to show signs of improvement. This drove a surge in the regional markets from its March 2009 lows.

For the period under review, both our Singapore and Malaysia portfolios exceeded their respective benchmarks. Our Malaysian construction related investments benefited from the announcement of the MYR60 billion second stimulus package in March 2009. The expectation of major construction projects being handed out drove stocks in this sector higher. Our exposure to banks with a strong fee income business also did well as activities in the capital markets began to pick up.

In the case of Singapore, both exports and industrial production numbers started to show signs of improvement since the second quarter. Overall sentiment also improved. Due to a re-rating of cyclical stocks on expectations of the global economy bottoming, the performance of our commodity and industrial stocks did well.

STRATEGY AND OUTLOOK

Following the dramatic turnaround in stock market performances in 2009, the outlook for 2010 is for a return to trend growth. All regional economies are expected to post positive GDP growth in 2010 although the extent of recovery would vary across the region.

Government policy should remain supportive as stimulus funds in the US and other countries continue to flow through, but this is likely to start to fade in the second half. China remains committed to supporting economic growth as a priority. Inflation remains muted, allowing central banks to remain accommodative. Some normalisation of rates on the margin, however are expected.

For the Singapore market, we believe the low interest rate environment should continue to be supportive of asset markets. However, the government is also concerned by the rapidly rising property market and hence announced measures to cool the market.

In the longer term, we expect a higher population base and the two integrated resorts to drive tourism, generate more domestic consumption and create a more vibrant services sector. Job creation and investment spending are likely to continue, driven by the government's expenditure and foreign direct investments. Domestic services like financial, telecom, healthcare, consumer and land transport sectors will benefit from the ongoing economic recovery.

Malaysia's political risk premium has seemingly receded, with the opposition having gone quiet after failing to disrupt the current regime. In the longer term, economic benefits will be more apparent if key pro-market reforms are implemented amid political pluralism. This includes further liberalisation of the New Economic Policy (NEP) to ensure relevance today, and to enhance the competitiveness of Malaysian individuals and corporates.

Based on our estimates, there is also at least MYR38 billion worth of high profile infrastructure projects to be awarded over the next 2 to 3 years. We should be expecting a number of these projects to be announced in the first half of 2010. The expected positive news flow will benefit the construction companies.

Against this backdrop, we have adopted a strategy of investing in core companies with strong balance sheets and cash flows while maintaining exposure to cyclicals which should benefit from a recovering global economy. We are positive on financials given the low interest rate environment. The real estate sector is also seeing a recovery as pent-up demand continues to drive developer sales. We also like the energy and material sectors, on the back of demand surprises from China and India.

DISCLOSURES ON THE FUND ¹

For the financial year ended 31 December 2009

1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2009

	Fair Value \$	Percentage of total net assets attributable to unitholders %
<i>a) <u>By Asset Class</u></i>		
Equities	86,553,301	96.0
Cash and cash equivalents	<u>3,566,706</u>	<u>4.0</u>
Net assets attributable to unitholders	<u>90,120,007</u>	<u>100.0</u>
<i>b) <u>By Credit Rating of Debt Securities</u></i>		
Not applicable		
<i>c) <u>By Derivative Type</u></i>		
Not applicable		

¹ As required by the Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 31 December 2009

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	9,535,600	10.6
CIMB Group Holdings	8,808,030	9.8
Oversea-Chinese Banking Corporation	5,694,294	6.3
Straits Asia Resources Limited	5,270,200	5.8
IJM Corporation Berhad	4,944,052	5.5
Singapore Telecommunications Limited	4,485,700	5.0
United Overseas Bank Limited	4,250,880	4.7
AMMB Holdings Berhad	4,205,814	4.7
Ascendas Real Estate Investment Trust	3,560,310	3.9
Sime Darby Berhad	3,426,223	3.8

As at 31 December 2008

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Bumiputra-Commerce Holdings Berhad	5,313,287	9.0
DBS Group Holdings Limited	3,700,400	6.3
Straits Asia Resources Limited	3,241,680	5.5
Oversea-Chinese Banking Corporation	3,168,650	5.4
United Overseas Bank Limited	2,967,000	5.0
StarHub Limited	2,823,590	4.8
IJM Corporation	2,383,492	4.0
Sime Darby Berhad	2,126,430	3.6
IOI Corporation Berhad	2,075,346	3.5
Raffles Medical Group Limited	1,889,244	3.2

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/Malaysia 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 35 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, the accompanying financial statements set out on pages 11 to 35, 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/Malaysia Fund (the "Fund") as at 31 December 2009 and the total return 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

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

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the accompanying financial statements of LionGlobal Singapore/ Malaysia Fund (the "Fund") set out on pages 11 to 35, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2009, 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 2009 and the total return 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

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2009

	Note	2009 \$	2008 \$
Income			
Dividends		2,907,671	4,203,229
Interest		3,001	21,408
Other income		-	180
		<u>2,910,672</u>	<u>4,224,817</u>
Less: Expenses			
Audit fee		15,607	10,564
Custodian fees		14,294	33,312
Management fee		909,237	1,264,463
Professional fees		32,408	15,462
Registration fee		24,194	36,462
Trustee fee		59,298	86,035
Valuation and administration fees		29,673	42,598
Miscellaneous expenses		105,505	123,072
		<u>1,190,216</u>	<u>1,611,968</u>
Net income		<u>1,720,456</u>	<u>2,612,849</u>
Net gains or losses on investments			
Net realised losses on investments		(7,441,931)	(34,605,680)
Net realised losses on financial derivatives		(21,823)	(128,923)
Net change in fair value of investments		47,118,856	(52,241,548)
Net foreign exchange losses		(39,023)	(191,004)
		<u>39,616,079</u>	<u>(87,167,155)</u>
Total return/(deficit) for the year before income tax		41,336,535	(84,554,306)
Less: Income tax	3	(191,543)	(387,323)
Total return/(deficit) for the year after income tax before distribution		<u>41,144,992</u>	<u>(84,941,629)</u>
Less: Distribution	4	-	-
Total return/(deficit) for the year		<u>41,144,992</u>	<u>(84,941,629)</u>

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

LIONGLOBAL SINGAPORE/MALAYSIA FUND

BALANCE SHEET

As at 31 December 2009

	Note	2009 \$	2008 \$
ASSETS			
Portfolio of investments		86,553,301	52,317,555
Receivables	5	227,749	49,256
Due from brokers		507,735	-
Fixed deposit	6	2,600,000	5,652,435
Cash and bank balances	7	1,331,333	1,416,893
Total assets		<u>91,220,118</u>	<u>59,436,139</u>
LIABILITIES			
Payables	8	1,100,111	284,990
Net assets attributable to unitholders	9	90,120,007	59,151,149
Total liabilities		<u>91,220,118</u>	<u>59,436,139</u>

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

PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Industry (Primary)			
QUOTED			
FINANCIAL			
DBS Group Holdings Limited	620,000	9,535,600	10.6
CIMB Group Holdings	1,673,000	8,808,030	9.8
Oversea-Chinese Banking Corporation*	626,435	5,694,294	6.3
United Overseas Bank Limited	216,000	4,250,880	4.7
AMMB Holdings Berhad	2,068,000	4,205,814	4.7
Ascendas Real Estate Investment Trust	1,611,000	3,560,310	3.9
Public Bank Berhad	384,571	1,756,627	1.9
Singapore Exchange Limited	171,000	1,422,720	1.6
CapitaLand Limited	310,000	1,302,000	1.4
City Developments Limited	97,000	1,115,500	1.2
Sunrise Berhad	997,600	830,367	0.9
		42,482,142	47.0

* ultimate holding company of the Managers

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

LIONGLOBAL SINGAPORE/MALAYSIA FUND

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
DIVERSIFIED			
IJM Corporation Berhad	2,709,600	4,944,052	5.5
Sime Darby Berhad	932,588	3,426,223	3.8
Keppel Corporation Limited	323,000	2,655,060	2.9
IJM Corporation Warrants due 27/10/2014	288,260	133,561	0.2
		<u>11,158,896</u>	<u>12.4</u>
CONSUMER, NON-CYCLICAL			
IOI Corporation Berhad	1,316,000	2,951,624	3.3
CWT Limited	2,580,000	2,180,100	2.4
Plus Expressways Berhad	804,000	1,071,414	1.2
Raffles Medical Group Limited	731,300	1,060,385	1.2
		<u>7,263,523</u>	<u>8.1</u>
COMMUNICATIONS			
Singapore Telecommunications Limited	1,447,000	4,485,700	5.0
Axiata Group Berhad	1,163,500	1,450,300	1.6
Digi.com Berhad	132,000	1,187,486	1.3
		<u>7,123,486</u>	<u>7.9</u>

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

LIONGLOBAL SINGAPORE/MALAYSIA FUND

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
ENERGY			
Straits Asia Resources Limited	2,027,000	5,270,200	5.8
INDUSTRIAL			
Gamuda Berhad	1,816,900	1,936,967	2.1
WCT Engineering Berhad	1,783,332	1,901,180	2.1
SMRT Corporation Limited	479,000	914,890	1.0
Hyflux Limited	88,000	312,400	0.4
		5,065,437	5.6
TECHNOLOGY			
CSE Global Limited	3,887,000	3,342,820	3.7
CONSUMER, CYCLICAL			
Genting Malaysia Berhad	1,395,900	1,608,342	1.8
Berjaya Sports Toto Berhad	637,214	1,133,947	1.3
Shangri-La Hotels (Malaysia) Berhad	223,200	166,565	0.2
		2,908,854	3.3
UTILITIES			
Tenaga Nasional Berhad	564,000	1,937,943	2.2

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

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
UNQUOTED			
NIL			
Portfolio of investments		86,553,301	96.0
Other net assets		3,566,706	4.0
Net assets attributable to unitholders		90,120,007	100.0

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2009 %	31 December 2008 %
By Industry (Summary)		
Financial	47.0	35.9
Diversified	12.4	9.8
Consumer, Non-Cyclical	8.1	9.7
Communications	7.9	8.3
Energy	5.8	5.5
Industrial	5.6	9.4
Technology	3.7	2.6
Consumer, Cyclical	3.3	4.7
Utilities	2.2	2.6
	<hr/>	<hr/>
Portfolio of investments	96.0	88.5
Other net assets	4.0	11.5
	<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/MALAYSIA FUND

	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2009 %	31 December 2008 %
By Geography (Secondary)			
Singapore	47,102,859	52.3	47.6
Malaysia	39,450,442	43.7	39.3
China	-	-	1.6
Portfolio of investments	86,553,301	96.0	88.5
Other net assets	3,566,706	4.0	11.5
Net assets attributable to unitholders	90,120,007	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 2009

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

1. GENERAL

LionGlobal Singapore/Malaysia Fund (the "Fund") is a unit trust constituted by a Deed of Trust dated 15 April 1987 together with its Supplemental Deeds thereon (hereafter referred to as "Trust Deed") between Lion Global Investors Limited (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.

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 dollars and United States dollars. The primary activity of the Fund is to invest in equity and debt securities (including real estate investment trusts) that are listed on the stock exchanges of Singapore and Malaysia.

The performance of the Fund is measured and reported to the investors in Singapore Dollars. 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.

	2009	2008
	\$	\$
Singapore income tax	35,149	55,622
Overseas income tax	<u>156,394</u>	<u>331,701</u>
Total income tax	<u>191,543</u>	<u>387,323</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

4. DISTRIBUTION

The Managers do not propose any distribution to unitholders for the financial year ended 31 December 2009 (2008: Nil).

5. RECEIVABLES

	2009	2008
	\$	\$
Amount receivable for creation of units	107,161	42,856
Dividends receivable	120,586	6,338
Interest receivable from a bank which is a non-related company	<u>2</u>	<u>62</u>
	<u>227,749</u>	<u>49,256</u>

6. FIXED DEPOSIT

Fixed deposit is placed with a bank which is a non-related company. It has a maturity of 5 days (2008: 5 days) from the end of the financial year and an effective interest rate of 0.03% (2008: 0.40%).

7. CASH AND BANK BALANCES

Included in the cash and bank balances is an amount of \$152,897 (2008: \$278,675) placed with a financial institution which is the ultimate holding company of the Managers.

8. PAYABLES

	2009	2008
	\$	\$
Amount payable for cancellation of units	958,986	56,147
Amount due to Managers	89,953	182,791
Amount due to Trustee	21,550	11,921
Amount due to Custodian	1,529	1,529
Amount due to Registrar	5,804	3,479
Other payables	<u>22,289</u>	<u>29,123</u>
	<u>1,100,111</u>	<u>284,990</u>

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2009	2008
	\$	\$
At beginning of financial year	59,151,149	173,903,756
Operations		
Change in net assets attributable to unitholders resulting from operations	41,144,992	(84,941,629)
Unitholders' contributions/(withdrawals)		
Creation of units	9,192,093	61,357,371
Cancellation of units	(19,368,227)	(91,168,349)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(10,176,134)	(29,810,978)
Total increase/(decrease) in net assets attributable to unitholders	30,968,858	(114,752,607)
At end of financial year	<u>90,120,007</u>	<u>59,151,149</u>
Units in issue (see Note 10)	<u>43,502,443</u>	<u>48,789,780</u>
Net assets attributable to unitholders per unit	<u>2.071</u>	<u>1.212</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:

	2009	2008
	\$	\$
Net assets attributable to unitholders per unit for issuing/redeeming units	2.076	1.217
Effect of adopting bid prices as fair value	(0.005)	(0.005)
Net assets attributable to unitholders per unit per the financial statements	<u>2.071</u>	<u>1.212</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

	2009	2008
	Units	Units
Units at beginning of the year	48,789,780	63,212,990
Units created	5,272,122	27,621,505
Units cancelled	<u>(10,559,459)</u>	<u>(42,044,715)</u>
Units at end of the year	<u>43,502,443</u>	<u>48,789,780</u>
of which, units denominated in		
– USD	<u>9,919,180</u>	<u>10,705,951</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, options 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 2009, the Fund's beta was 0.96 (2008: 1.00) which is calculated based on the daily returns over the preceding 12 months for the Fund and benchmark (2008 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 2009 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.

Fund	Benchmark	Impact of 12% (2008: 12%) movement in benchmark on net assets attributable to the unitholders	
		2009	2008
		\$	\$
LionGlobal Singapore /Malaysia Fund	50% MSCI Singapore Index + 50% MSCI Malaysia Index	<u>10,381,825</u>	<u>7,121,562</u>

(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.

Investment fund that invests in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Managers analyse how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between interest rates and the value of the equity securities is indirect. Consequently, no separate sensitivity analysis has been presented.

(iii) Currency risk

The Fund has monetary financial assets/liabilities 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.

LIONGLOBAL SINGAPORE/MALAYSIA FUND

31 December 2009	MYR	USD	SGD	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments	39,450,442	-	47,102,859	86,553,301
Receivables	30,872	20,582	176,295	227,749
Due from brokers	-	-	507,735	507,735
Fixed deposit	-	-	2,600,000	2,600,000
Cash and bank balances	152,897	62,715	1,115,721	1,331,333
Total assets	39,634,211	83,297	51,502,610	91,220,118
Liabilities				
Payables	-	95,679	1,004,432	1,100,111
Net assets attributable to unitholders	-	-	90,120,007	90,120,007
Total liabilities	-	95,679	91,124,439	91,220,118
Net financial assets/ (liabilities)	39,634,211	(12,382)	(39,621,829)	-
Fair value of currency forwards and financial derivatives	-	-	-	-
Currency exposure	39,634,211	(12,382)	(39,621,829)	

LIONGLOBAL SINGAPORE/MALAYSIA FUND

31 December 2008	MYR	USD	SGD	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments	23,207,086	-	29,110,469	52,317,555
Receivables	6,338	16,592	26,326	49,256
Fixed deposit	-	-	5,652,435	5,652,435
Cash and bank balances	278,675	93,919	1,044,299	1,416,893
Total assets	<u>23,492,099</u>	<u>110,511</u>	<u>35,833,529</u>	<u>59,436,139</u>
Liabilities				
Payables	-	15,239	269,751	284,990
Net assets attributable to unitholders	-	-	59,151,149	59,151,149
Total liabilities	<u>-</u>	<u>15,239</u>	<u>59,420,900</u>	<u>59,436,139</u>
Net financial assets/ (liabilities)	23,492,099	95,272	(23,587,371)	-
Fair value of currency forwards and financial derivatives	-	-	-	-
Currency exposure	<u>23,492,099</u>	<u>95,272</u>	<u>(23,587,371)</u>	

Equity/Mutual fund investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above other price risk sensitivity analysis.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Fund.

As of 31 December 2009 and 2008, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and consequently no sensitivity analysis on foreign currency risk has been presented.

(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 2009	Less than 3 months \$	3 months - 1 year \$	1-5 years \$	Above 5 years \$
Payables	1,100,111	-	-	-
Net assets attributable to unitholders*	90,120,007	-	-	-
31 December 2008	Less than 3 months \$	3 months - 1 year \$	1-5 years \$	Above 5 years \$
Payables	284,990	-	-	-
Net assets attributable to unitholders*	59,151,149	-	-	-

**Net assets attributable to unitholders are repayable on demand.*

(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 minimise the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 December 2008 and 2009.

LIONGLOBAL SINGAPORE/MALAYSIA FUND

31 December 2009	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
British and Malayan Trustees Limited	Not Rated	-
<u>Bank</u>		
Oversea-Chinese Banking Corporation	A+	S&P
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
United Overseas Bank Limited	A+	S&P
	Credit Rating ##	Source of Credit Rating
31 December 2008		
<u>Custodian</u>		
British and Malayan Trustees Limited	Not rated	-
<u>Bank</u>		
Oversea-Chinese Banking Corporation	A+	S&P
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Barclays Bank PLC	AA-	S&P

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

Group credit ratings are presented for unrated subsidiaries.

(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.

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:

	2009	2008
	\$	\$
Brokerage on purchases and sales of investments charged by the ultimate holding company of the Managers	-	7,435
Bank service fees charged by a bank which is the ultimate holding company of the Managers	1,380	1,965

13. FINANCIAL RATIOS

	2009	2008
	%	%
Expense ratio ¹	1.50	1.47
Portfolio turnover ratio ²	19	85

14. COMPARATIVES

Certain comparative information in the financial statements for the year ended 31 December 2008 has been restated from the previous year, to be consistent with the current year presentation.

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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