

Date: 20 October 2017

**ANNOUNCEMENT – WAIVERS FROM COMPLIANCE WITH CERTAIN RULES  
OF THE SGX-ST LISTING MANUAL**

We, Lion Global Investors Limited (the “**Manager**”), the manager of Lion-Phillip S-REIT ETF (the “**Fund**”) wish to announce that pursuant to an application made by us on 7 July 2017 to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), on 4 September 2017, the SGX-ST granted waivers from compliance with the following rules under the listing manual (the “**Rules**”) of the SGX-ST. The waivers granted by the SGX-ST and the reasons for seeking the waivers are set out below:

**(1) Rules 404(4) and 617**

Rule 404(4) of the Listing Manual states that a newly formed investment fund must not change its investment objectives and policies in the first 3 years unless approved by a special resolution of the shareholders in a general meeting.

Rule 617 of the Listing Manual requires (among others), in the case of a newly formed investment fund, a statement in the prospectus that the investment policy will be adhered to for at least 3 years following the issue of the prospectus, unless otherwise agreed by the shareholders of the investment fund by a special resolution in general meeting.

Whilst the Manager does not currently intend to change the investment objective of the Fund during its first 3 years, there may be instances where the investment policy of the Fund may need to change pursuant to the requirement of any regulatory authorities or as a result of a change in the applicable laws and regulations or due to changes in market environment or changes in relation to the index tracked by the Fund (the “**Index**”) (for example, the Index ceases to be compiled or published or if the licence agreement in respect of the Index is terminated for any reason).

Under the Code on Collective Investment Schemes (the “**Code**”), the manager of a Singapore authorised collective investment scheme is required to inform the Authority and existing participants of the scheme of any significant change to be made to the scheme (including a change of investment focus of the scheme or investment approach of the manager) not later than 1 month before the change is to take effect. To require a special resolution by unitholders in general meeting to approve any change of investment objective or investment policy to comply with applicable laws or for non-material changes is administratively cumbersome, time consuming and costly to the Fund.

In view of the above, the Manager sought and was granted a waiver by SGX-ST from compliance with Rule 404(4) and Rule 617 in respect of the Fund, to the extent that unitholders’ approval should be sought unless (i) the change of the investment objective and policy is required pursuant to the requirement of any regulatory authority in Singapore

or elsewhere or pursuant to the change in the laws and regulations in any jurisdiction; or (ii) the change of the investment policy is not material.

**(2) Rules 705(1), 705(3)(b) and 705(4)**

These Rules provide (among others) that an issuer must announce the financial statements for the first half and the full financial year immediately after the figures are available, but in any event not later than 45 or 60 days respectively after the relevant financial period.

The financial year end of the Fund is 31 December every year. As provided in the prospectus and in accordance with the relevant provisions of the Code, when available, unitholders may obtain electronic copies of (i) the annual accounts and the annual report of the Fund for the relevant financial year from the Manager's website and such annual accounts and annual report will be made available on the Manager's website within 3 months of the financial year-end of the Fund; and (ii) the semi-annual accounts and semi-annual report of the Fund from the Manager's website and such semi-annual accounts and semi-annual report will be made available on the Manager's website within 2 months of 30 June every year.

As the Fund is a collective investment scheme authorised under section 286 of the Securities and Futures Act, it will also be required to comply with the financial reporting requirements under the Code.

The Code sets out the time period within which accounts and reports of an authorised collective investment scheme have to be sent to unitholders under paragraph 2.3(b) of the Code, and the contents of the accounts and reports of an authorised collective investment scheme are set out in Chapter 5 of the Code.

Under paragraph 2.3(b) of the Code,

- (i) the semi-annual accounts and semi-annual report relating to an authorised collective investment scheme must be sent to participants within 2 months from the end of the period covered by the accounts and report; and
- (ii) the annual accounts, report of the auditors on the annual accounts and annual report relating to an authorised collective investment scheme must be sent to participants within 3 months from the end of each financial year of the authorised collective investment scheme.

Under paragraph 5.1 of the Code, the half-yearly financial statements and the audited financial statements of an authorised collective investment scheme should be prepared in the manner prescribed by the Institute of Certified Public Accountants in Statement of Recommended Accounting Practice 7: Reporting Framework for Unit Trusts. The contents of the semi-annual report and annual report of an authorised collective scheme are also required to comply with paragraph 5.2 of the Code.

In addition to complying with the financial reporting requirements under the Code, the Manager will also arrange for the Net Asset Value per Unit of the Fund to be published on its website at the end of each Business Day (as defined in the prospectus).

It is expected that the following information relating to the Fund will also be published on the Manager's website:



- (i) any public announcements made by the Fund, including information with regard to the Index, notices of the suspension of the calculation of the net asset value, changes in fees and the suspension and resumption of trading, changes in the participating dealer(s); and
- (ii) monthly holdings, the closing net asset value and net asset value per unit and monthly fund performance information.

The Manager is of the view that compliance with the financial reporting requirements under the Code and publication of the above information on the Manager's website will provide investors with information on the financial performance of the Fund on a timely basis.

In view of the above, the Manager sought and was granted a waiver by SGX-ST from compliance with Rules 705(1), 705(3)(b) and 705(4) in respect of the Fund subject to compliance with the financial reporting requirement set out under the Code and the Fund must announce via SGXNET its semi-annual and full year financial results within 2 months and 3 months after the end of the relevant financial period respectively.

### **(3) Rule 723**

Rule 723 of the Listing Manual states that an issuer must ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

The Manager believes that not applying Rule 723 in the case of the Fund will not necessarily result in a disorderly market in the units as it is intended that at least 1 designated market maker will be appointed to create liquidity for investors of the Fund. In addition, the Manager notes that Rule 404(9)(a)(xiii) of the Listing Manual expressly exempts an exchange traded fund from Rule 724, which applies in the event Rule 723 is not complied with.

In view of the above, the Manager sought and was granted a waiver by SGX-ST from compliance with Rule 723 in respect of the Fund, subject to the appointment of at least 1 designated market maker (approved by the Member Supervision function of the SGX-ST) to make market in the units to ensure that there will be a ready market for the trading of the units.

### **(4) Rule 725**

Rule 725 of the Listing Manual states that an issuer must appoint 2 authorised representatives who must be either directors or a director and the company secretary. As the Fund is constituted as a unit trust, it does not have a board of directors or company secretary.

As such, the Manager sought and was granted a waiver by SGX-ST from compliance with Rule 725 in respect of the Fund, provided that the SGX-ST will be notified of any proposed change of the Manager's representative, together with the name(s) and relevant particulars of the replacement(s), prior to the change being effective and SGX-ST reserves the right to

require the Manager to appoint a replacement if any representative is not fulfilling his or her responsibilities.

**(5) Rule 748(4)**

Rule 748(4) of the Listing Manual states that an investment fund must seek shareholders' approval for any change of the investment manager.

Under Clause 29.5(C) of the trust deed of the Fund (the "**Trust Deed**"), unitholders have the right to remove the Manager. Moreover, the Manager may also be removed by notice in writing given by the trustee of the Fund (the "**Trustee**") under the following circumstances:

- (i) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Manager; or
- (ii) if in the opinion of the Trustee, the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any obligations imposed on the Manager by the Trust Deed. In such an event, the Trustee shall appoint another manager (duly approved as may be required by law for the time being applicable to the Trust Deed) as the new manager; or
- (iii) the Monetary Authority of Singapore (the "**MAS**") withdraws its approval of the Manager as manager of the Fund or directs the Trustee to remove the Manager as manager of the Fund.

The purpose of permitting the removal of the Manager without unitholders' approval under the circumstances set out above is to allow the Trustee and the MAS to safeguard effectively the interests of unitholders in a timely manner in situations where the Manager is no longer in a capacity to discharge its duties in respect of the Fund.

It is also intended that the Manager shall have the power to retire in favour of some other person considered by the Trustee to be suitably qualified and eligible to be the manager of the Fund and who is acceptable to the MAS, by giving 3 months' prior notice in writing to that effect to the Trustee. Unitholders' interest will not be prejudiced by allowing the Manager to retire in favour of some other person who is considered by the Trustee to be suitably qualified and eligible, and who is acceptable to the MAS.

In view of the above, the Manager sought and was granted a waiver by SGX-ST from compliance with Rule 748(4) in respect of the Fund, subject to the Manager providing an undertaking that, where unitholders' approval is not required for any change of the investment manager in the situations provided for in the Trust Deed or pursuant to the Code, prior notification will nonetheless be given to investors via SGXNET and to the MAS.

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