

For the financial period from 28 March 2025 (date of inception) to
31 December 2025

ANNUAL REPORT

LION-CHINA MERCHANTS CSI DIVIDEND INDEX ETF

Lion Global Investors Ltd

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DIRECTORY

Manager

Lion Global Investors Limited
65 Chulia Street #18-01
OCBC Centre
Singapore 049513

Directors of Lion Global Investors Limited

Mr Seck Wai Kwong (Chairman)
Mr Teo Joo Wah (Chief Executive Officer)
Mr Gregory Thomas Hingston
Mr Ronnie Tan Yew Chye
Mr Tung Siew Hoong
Mr Sunny Quek Ser Khieng

Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard,
Marina Bay Financial Centre, Tower 2,
#48-01
Singapore 018983

Custodian

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Independent Auditor

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

PERFORMANCE OF THE FUND

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2025 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) Lion-China Merchants CSI Dividend Index ETF	Benchmark / Index* Returns (%)
3 months	2.47	2.74
6 months	6.78	7.24
Since Inception** (28 March 2025)	4.11	4.52

Source: Lion Global Investors Ltd / Morningstar

** Benchmark / Index: CSI Dividend Index*

*** Return periods longer than 1 year are annualised.*

REVIEW

For the financial period ended 31 December 2025, the Fund returned 4.11% in SGD terms.

In 2025, global markets navigated a complex investment landscape shaped by geopolitical uncertainties and major policy shifts. The year began on solid footing, but sentiment cracked when President Trump announced steep new tariffs that hit key trading partners, triggering one of the sharpest global selloffs in years. As the year progressed, equities clawed back losses and powered ahead, supported by healthy global growth, expectations of monetary easing, robust corporate earnings, and a powerful continuation of the artificial intelligence (AI) capital expenditure super-cycle. Concerns later emerged about whether these large technology companies could generate enough profits to justify their massive investments. Despite persistent debate over elevated multiples, positioning in equities exposed to the structural AI theme remained resilient, underpinned by markets' strong belief in the potential for AI to drive a sustained pickup in productivity, and boost profitability in the future.

The Chinese economy showed notable resilience in the first half of 2025, supported by fiscal support and robust exports as a result of transshipment and front-loading ahead of tariff implementation. As the impact of these tailwinds faded, growth momentum slowed in the second half. The yearslong property downturn weighed on domestic demand and investment, keeping the economy in a deflationary cycle. The People's Bank of China (PBoC) placed repeated emphasis on balancing financial stability with growth support, signaling that policymakers were in no rush to ease barring a sharp deceleration in growth. Despite the economic malaise, ample domestic liquidity fueled strong gains in China's equity markets, with investor sentiment bolstered by breakthroughs in homegrown artificial intelligence startups and Beijing's "anti-involution" campaign to curb excessive price competition.

The December 2025 Politburo meeting laid out the economic policy priorities for 2026. It reaffirmed that the goals for 2025 will be met, with the 14th Five-Year Plan on track for a successful finish. The policy direction broadly aligned with that in the 15th Five-Year Plan unveiled in October 2025. Policymakers endeavor to boost domestic demand, support household consumption, drive innovation and technological progress, deepen the reform for high-quality development, maintain proactive fiscal policy and moderately accommodative monetary policy, and improve policy coordination. The Politburo meeting was followed by the annual Central Economic Work Conference, during which numeric targets were discussed, to be released at the National People's Congress meeting in March 2026.

In SGD terms, the China Merchants CSI Dividend ETF (+4.8%) contributed positively to performance since the inception of Lion-China Merchants CSI Dividend Index ETF.

STRATEGY AND OUTLOOK

The Fund continues to replicate as closely as possible, before expenses, the performance of the CSI Dividend Index, by investing in units of the China Merchants CSI Dividend ETF.

As of 15 January 2026

DISCLOSURES ON THE FUND¹

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2025

	Fair Value	Percentage of
	\$	total net assets
		attributable to
		unitholders
		%
a) <u>By Asset Class</u>		
Quoted fund	18,261,422	104.4
Cash and other net liabilities	(776,709)	(4.4)
Net assets attributable to unitholders	17,484,713	100.0

b) By Credit Rating of Debt Securities

Not applicable

c) By Derivative Type

Total net realised losses from financial derivatives at the end of the financial period were \$8,033.

¹ As required by the Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 31 December 2025

	Fair Value \$	Percentage of total net assets attributable to unitholders %
China Merchants CSI Dividend ETF	18,261,422	104.4

3. GLOBAL EXPOSURE

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

4. COLLATERAL

Nil

5. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

Nil

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

Nil

7. BORROWINGS

Nil

8. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the financial 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.

9. OTHER MATERIAL INFORMATION

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

10. SUPPLEMENTAL INFORMATION ON UNDERLYING FUND

	31 December 2025
a) Ratio of expenses to average net assets ⁽¹⁾	0.30
b) Turnover ratios ⁽²⁾	0.49
c) Top 10 holdings	

As at 31 December 2025

	Fair Value RMB	Percentage of total net assets %
COSCO Shipping	260,513,255	3.0
Guanghui Energy	149,860,632	1.7
Shanghai Zhonggu Logistics	128,127,217	1.5
Shanxi Coal International Energy Group	127,832,601	1.5
Pingdingshan Tianan Coal Mining	126,424,097	1.5
Shanxi Lu'an Environmental Energy Development	126,412,775	1.5
Inner Mongolia Eerduosi Resources	125,358,383	1.4
Shanxi Coking Coal Energy Group	119,948,648	1.4
Shaanxi Coal Industry Company	117,351,612	1.4
Western Mining	114,388,140	1.3

⁽¹⁾ The expense ratio shown in the attached Product Summary (released 27 November 2025) combines the management and custodian fees set out in the current Fund Contract with the operating expenses (audit, disclosure, etc.) reported in the latest annual report. This is because of the 2025 annual report will not be available until the end of March 2026, hence the 2024 figures are used.

⁽²⁾ As the second-half 2025 trading data will only be published in the 2025 annual report (due end-March 2026), we calculated the ratio for the 12 months from 1 July 2024 to 30 June 2025: Turnover = min (purchases, sales of underlying investments) ÷ daily -average NAV for the same period.

REPORT OF THE TRUSTEE

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

The Trustee is under a duty to take into custody and hold the assets of Lion-China Merchants CSI Dividend Index ETF (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager 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.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial period covered by these financial statements, set out on pages 13 to 34, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

25 March 2026

STATEMENT BY THE MANAGER

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 13 to 34, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Lion-China Merchants CSI Dividend Index ETF (the "Fund") as at 31 December 2025, and the financial performance and movements in unitholders' funds for the financial period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. 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
LION GLOBAL INVESTORS LIMITED

TEO JOO WAH
CEO

25 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-CHINA MERCHANTS CSI DIVIDEND INDEX ETF

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

Our Opinion

In our opinion, the accompanying financial statements of Lion-China Merchants CSI Dividend Index ETF (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2025, and the financial performance and movements of unitholders' funds for the financial period ended from 28 March 2025 (date of inception) to 31 December 2025.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial period from 28 March 2025 (date of inception) to 31 December 2025;
- the Statement of Financial Position as at 31 December 2025;
- the Statement of Movements of Unitholders' Funds for the financial period from 28 March 2025 (date of inception) to 31 December 2025;
- the Statement of Portfolio as at 31 December 2025; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-CHINA MERCHANTS CSI DIVIDEND INDEX ETF

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

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-CHINA MERCHANTS CSI DIVIDEND INDEX ETF

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
LION-CHINA MERCHANTS CSI DIVIDEND INDEX ETF**

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ong King Howe.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 March 2026

STATEMENT OF TOTAL RETURN

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

	Note	For the financial period from 28 March 2025 (date of inception) to 31 December 2025 \$
Income		
Dividends		592,364
Interest on cash and cash equivalents	11	63
		<u>592,427</u>
Less: Expenses		
Audit fee	12	15,000
Custodian fees	11	3,684
Management fee	11	70,016
Professional fees		3,500
Registration fee	11	10,259
Trustee fee	11	6,067
Transaction costs		6,036
Valuation and administration fees	11	6,067
Preliminary expenses		35,706
Miscellaneous expenses		47,280
		<u>203,615</u>
Net income		<u>388,812</u>
Net gains or losses on value of investments and financial derivatives		
Net gains on investments		272,682
Net losses on foreign exchange spot contracts		(8,033)
Net foreign exchange losses		(20,517)
		<u>244,132</u>
Total return for the financial period before income tax		632,944
Less: Income tax	3	-
Total return for the financial period		<u>632,944</u>

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

STATEMENT OF FINANCIAL POSITION*As at 31 December 2025*

	Note	2025 \$
ASSETS		
Portfolio of investments		18,261,422
Receivables	5	8,074
Cash and cash equivalents	6	12,831
Total assets		<u>18,282,327</u>
LIABILITIES		
Payables	7	797,614
Total liabilities		<u>797,614</u>
EQUITY		
Net assets attributable to unitholders	8	<u>17,484,713</u>

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

		For the financial period from 28 March 2025 (date of inception) to 31 December 2025
	Note	\$
Net assets attributable to unitholders at the beginning of the financial period		-
Operations		
Change in net assets attributable to unitholders resulting from operations		632,944
Unitholders' contributions/(withdrawals)		
Creation of units		20,942,415
Cancellation of units		(3,357,000)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		17,585,415
Distributions	4	(733,646)
Total increase in net assets attributable to unitholders		17,484,713
Net assets attributable to unitholders at the end of the financial period	8	17,484,713

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

STATEMENT OF PORTFOLIO*As at 31 December 2025*

	Holdings at 31 December 2025	Fair value at 31 December 2025	Percentage of total net assets attributable to unitholders at 31 December 2025
		\$	%
QUOTED FUND			
China Merchants CSI Dividend ETF	64,051,900	18,261,422	104.4
Portfolio of investments		18,261,422	104.4
Other net liabilities		(776,709)	(4.4)
Net assets attributable to unitholders		17,484,713	100.0

Information on investment portfolio by industry and geographical segments is not presented as the Fund is a feeder into another investment fund, which invests primarily in China stocks.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 March 2025 (date of inception) to 31 December 2025

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

1. GENERAL

Lion-China Merchants CSI Dividend Index ETF (the "Fund") is a unit trust constituted by a Deed of Trust dated 24 January 2025. The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Manager of the Fund is Lion Global Investors Limited (the "Manager").

The investment objective of the Fund is to track as closely as possible, before fees and expenses, the performance of the CSI Dividend Index ("Index"), by investing in units of the China Merchants CSI Dividend ETF (the "Underlying Fund").

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") revised and issued by the Institute of Singapore Chartered Accountants in August 2023 for the financial year beginning on or after 1 January 2023.

(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 Manager and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the end of the financial period 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)(c) Financial derivatives (continued)

When a derivative expires, or is sold or terminated, the gains or losses are taken up in the Statement of Total Return.

(d) Distributions

The Manager has 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. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(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 period 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 gross of transaction costs, and are taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of investments held in underlying funds is the quoted net asset value of the underlying fund as determined by the underlying funds' administrator. Net changes in fair value of investments are included in the Statement of Total Return in the period which they arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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, less accumulated impairment losses.

(h) Due from and due to brokers

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(j) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(k) Foreign currencies

(i) Functional and presentation currency

The Fund qualifies as an authorised scheme under the Securities and Futures Act ("SFA") of Singapore and is offered to retail investors in Singapore. The Fund invests substantially in China, with subscriptions and redemptions of the units in the Fund denominated in Singapore Dollar ("SGD") and offshore Chinese Renminbi ("CNH").

The performance of the Fund is measured and reported to the investors in Singapore Dollar and majority of the Fund's expenses are incurred in Singapore Dollar. The Manager considers 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)(k) Foreign currencies (continued)

(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 of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the Statement of Total Return within the net foreign exchange gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the net gain or loss on investments.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(m) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)(m) Structured entities (continued)

The Fund considers its investment in the other funds ("Investee Fund") to be investment in unconsolidated structured entities. The Fund invests in each Investee Fund whose objectives range from achieving short to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Fund is managed by third party asset managers and apply various investment strategies to accomplish their respective investment objectives. The Investee Fund finances their operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in each of its Investee Fund.

The change in fair value of the Investee Fund is included in the Statement of Total Return in "Net gains/(losses) on investments".

(n) Expenses

Expenses are recognised in the Statement of Total Return as the related service are performed.

(o) Management fee

Management fee expense is recognised on an accrual basis and in accordance with the Prospectus. Management fee is recognised as an expense over the period for which the service is provided.

(p) Creation and cancellation of units

Units are issued and redeemed at the prices based on the Fund's net asset value per unit at the time of issue or redemption for each respective class. The Fund's net asset value per unit is calculated by dividing the net asset attributable to the holders of each class of units with the total number of outstanding units for each respective class.

3. INCOME TAX

The Fund meets the qualifying conditions under Section 13D of the Income Tax Act 1947 and the relevant Regulations for the current financial period (“Section 13D Scheme”). Under the Section 13D Scheme, the Fund enjoys Singapore corporate income tax exemptions on “specified income” derived from “designated investments”. Losses from “designated investments” are correspondingly disregarded. The terms “specified income” and “designated investments” are defined in the relevant Regulations.

The Trustee and the Manager of the Fund will ensure that the Fund fulfills its reporting obligations under the Section 13D Scheme.

4. DISTRIBUTIONS

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025 \$
<u>SGD Class</u>	
Distribution of \$2.48 per 100 units on 30 January 2026 to unitholders as at 8 January 2026	435,273
Distribution of \$1.70 per 100 units on 30 January 2026 to unitholders as at 8 January 2026*	298,373
	<u>733,646</u>

* Distributions made during the period represent a return of capital.

5. RECEIVABLES

	2025 \$
Other receivables	<u>8,074</u>

6. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are placed with a financial institution which is a related company of the Trustee.

7. PAYABLES

	2025
	\$
Distribution payable	733,646
Amount due to the Manager	7,703
Amount due to the Trustee	7,148
Amount due to the Custodian	26
Amount due to the Registrar	795
Other payables	48,296
	<u>797,614</u>

8. UNITS IN ISSUE

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025 Units
Units at beginning of the financial period	-
Units created	20,951,335
Units cancelled	<u>(3,400,000)</u>
Units at end of the financial period	<u>17,551,335</u>
	2025
	\$
Net assets attributable to unitholders	17,484,713
Net asset value per unit	<u>0.996</u>

8. UNITS IN ISSUE (continued)

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the reporting date is presented below:

	2025
	\$
Net assets attributable to unitholders per unit per the financial statements	0.996
Effect of preliminary expenses	0.002
Effect of distribution per unit	0.041
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>1.039</u>

9. 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 Manager is responsible for the implementation of overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's assets principally consist of investment in the Underlying Fund. The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve their investment objectives.

9. FINANCIAL RISK MANAGEMENT (continued)

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 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 Manager monitors the Fund's investments closely so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund.

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

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices. The Fund is designated to track the performance of the Index, therefore the exposure to price risk in the Fund will be substantially the same as the Index.

As at 31 December 2025, the Fund's beta is calculated based on the daily returns over the preceding 6 months for the Fund and its benchmark.

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Price risk (continued)

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 2025. The analysis was based on the assumptions that the index components within the benchmark index 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.

As at 31 December 2025

Fund	Benchmark	Beta	Reasonable possible change %	Impact of reasonable possible change on net asset attributable to unitholders \$
Lion-China Merchants CSI Dividend Index ETF	CSI Dividend Index	0.95	5	867,418

(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 funds that invest 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 Manager analyses 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. Hence, no separate sensitivity analysis has been presented.

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)(iii) Currency risk

The Fund has monetary financial assets/liabilities denominated in currencies other than Singapore Dollar 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 table below summarises the Fund's exposure to key currencies at the end of the financial period. Monetary and non-monetary items have been taken into account for the analysis.

As at 31 December 2025

	SGD \$	USD \$	CNH \$	Total \$
Assets				
Portfolio of investments	-	-	18,261,422	18,261,422
Receivables	8,074	-	-	8,074
Cash and cash equivalents	6,661	91	6,079	12,831
Total assets	<u>14,735</u>	<u>91</u>	<u>18,267,501</u>	<u>18,282,327</u>
Liabilities				
Payables	797,588	26	-	797,614
Total liabilities	<u>797,588</u>	<u>26</u>	<u>-</u>	<u>797,614</u>
Net financial assets/ (liabilities)	<u>(782,853)</u>	<u>65</u>	<u>18,267,501</u>	
Net currency exposure	<u>(782,853)</u>	<u>65</u>	<u>18,267,501</u>	

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

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 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 2025, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and hence no sensitivity analysis on foreign currency risk has been presented.

(b) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligation as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily redemption of units. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in investments that are traded in active market and can be readily disposed of.

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

As at 31 December 2025	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	797,614	-	-	-

9. FINANCIAL RISK MANAGEMENT (continued)

(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 Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by Standard and Poor's ("S&P") or Moody's.

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2025.

As at 31 December 2025	Credit rating ^{##}	Source of credit rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P

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

The credit ratings are based on the Long-Term Issuer Ratings published by the rating agency.

^{##} 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.

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

9. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2025:

As at 31 December 2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments				
- Investment fund	18,261,422	-	-	18,261,422

Investments in open-ended investment funds whose net assets value is struck daily, price information is published and readily available, and units are subscribed and redeemable on demand at the published prices, are classified within Level 1.

The assets and liabilities included in the Statement of Financial Position except portfolio of investments are carried at amortised cost; their carrying values are reasonable approximation of fair value.

10. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Fund's investment in the Investee Fund is subject to the terms and conditions of the Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of the Investee Fund. The Manager makes investment decisions after extensive due diligence of the Investee Fund, its strategy and the overall quality of the Investee Fund's manager. The Investee Fund in the investment portfolio is managed by portfolio managers who are compensated by the respective Investee Fund for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments the Investee Fund.

The Fund has right to request redemption of its investments in Investee Fund on a daily basis.

The exposure to investments in the Investee Fund at fair value is disclosed under the Statement of Portfolio. These investments are included within "Portfolio of investments" in the Statement of Financial Position.

The Fund's holding in the Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

10. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

The Fund's maximum exposure to loss from its interests in the Investee Fund is equal to the total fair value of its investments in the Investee Fund.

Once the Fund has disposed of its shares in the Investee Fund, the Fund cease to be exposed to any risk from it.

11. RELATED PARTY TRANSACTIONS

Management fee is paid to the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective notes to the financial statements are on terms set out in the Trust Deed.

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

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025 \$
Interest income earned from a bank which is a related company of the Trustee	63
Transaction fees charged by the Trustee	272
Registration fees charged by a related company of the Trustee	10,259
Custodian fees charged by a related company of the Trustee	3,684
Valuation and administration fees charged by the Trustee	6,067
Bank service fees charged by a bank which is a related company of the Trustee	231

12. AUDITORS' REMUNERATION

During the financial period ended 31 December 2025, the following fees were paid or payable for services provided by the auditor of the Fund.

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025
	\$
Audit fee paid/payable to:	
- Auditor of the Fund	15,000
Other fees paid/payable to:	
- Auditor of the Fund	3,500
	<u>18,500</u>

13. FINANCIAL RATIOS

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025
	%
Expense ratio ¹ (excluding preliminary expenses and underlying fund expense ratio)(annualised)	1.12
Expense ratio ¹ (including preliminary expenses and underlying fund expense ratio)(annualised)	1.32
Portfolio turnover ratio ²	<u>18</u>

13. FINANCIAL RATIOS (continued)

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio was based on total annualised operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transactions 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. The average net asset value is based on the daily balances.

The following table presents the total operating expenses and average net asset value of the Fund for the financial period from 28 March 2025 (date of inception) to 31 December 2025.

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025
	\$
Total operating expenses (annualised)	
- SGD Class (excluding preliminary expenses) (annualised)	206,067
- SGD Class (including preliminary expenses) (annualised)	241,773
Average net asset value	<u>18,321,701</u>
Weighted average of the underlying fund's expense ratio (%)	<u>0.30</u>

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value as follows:

	For the financial period from 28 March 2025 (date of inception) to 31 December 2025
	\$
Lower of the total value of purchases or sales of the underlying investments	3,357,321
Average daily net asset value	<u>18,321,701</u>

14. COMPARATIVES

There are no comparative figures presented for the Fund as this is the first set of annual financial statements prepared since 28 March 2025 (date of inception).

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