



GLOBAL INVESTMENTS LIMITED



**DELIVERING
RETURNS
CONSISTENTLY**

Annual Report 2016

corporate information

BOARD OF DIRECTORS

Boon Swan Foo (*Chairman*)
Adrian Chan Pengee (*Lead Independent Director*)
Ronald Seah Lim Siang
Tan Kok Wee
Jason See Yong Kiat

HONORARY COUNSEL

Goh Mui Hong

NOMINATION AND GOVERNANCE COMMITTEE

Adrian Chan Pengee (*Chairman*)
Boon Swan Foo
Ronald Seah Lim Siang

AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Kok Wee (*Chairman*)
Adrian Chan Pengee
Ronald Seah Lim Siang

REMUNERATION COMMITTEE

Ronald Seah Lim Siang (*Chairman*)
Adrian Chan Pengee
Tan Kok Wee

COMPANY SECRETARY

Janice Loraine Haskins

ASSISTANT SECRETARY

Horseshoe Corporate Services Ltd.
Lim Xinhua

FUND ADMINISTRATOR

Horseshoe Fund Services Ltd.

REGISTERED OFFICE

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Hamilton, HM12, Bermuda
Telephone: +1 441 295 8282
Facsimile: +1 441 279 2090

BERMUDA COMPANY REGISTRATION NUMBER

EC 38267

SHARE TRANSFER AGENT

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Republic of Singapore
Telephone: +65 6536 5355
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AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
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Republic of Singapore
Telephone: +65 6535 7777
Facsimile: +65 6532 7662

Audit Partner: Adrian Koh
Date of Appointment: 29 April 2016

THE MANAGER

Singapore Consortium Investment Management Limited
51 Cuppage Road, #10-04
Singapore 229469
Republic of Singapore
Telephone: +65 6908 4477
Facsimile: +65 6908 4478
Email: contact@sicim.com.sg
Website: www.sicim.com.sg

INVESTOR RELATIONS

Telephone: +65 6908 4477
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Email: ir@globalinvestmentslimited.com
Website: www.globalinvestmentslimited.com

DISCLAIMER

Investments in Global Investments Limited ("GIL" or the "Company") are not deposits with or other liabilities of Singapore Consortium Investment Management Limited ("SICIM" or the "Manager"), or any of SICIM's Related Corporations and are subject to investment risk, including the possible loss of income and capital invested. Neither SICIM, nor SICIM's Related Corporations guarantee the performance of GIL or the payment of a particular rate of return on the Shares of GIL.

This financial report is not an offer or invitation for subscription or purchase or recommendation of GIL Shares. It does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in GIL, an investor or prospective investor should consider whether such an investment is appropriate to their particular investments needs, objectives and financial circumstances and consult an investment adviser, if necessary.

SICIM, as manager of GIL, is entitled to fees for so acting. SICIM and its Related Corporations, together with their respective officers and directors, may hold Shares in GIL from time to time.

This financial report has been prepared to enable the directors to comply with their obligations under the listing manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and where relevant, to satisfy the requirements of the International Financial Reporting Standards. The responsibility for the preparation of the financial report and any financial information contained in this financial report rests solely with the directors of GIL.

report contents

OVERVIEW

- 002 CORPORATE PROFILE
- 003 CHAIRMAN'S STATEMENT
- 006 FINANCIAL HIGHLIGHTS
- 009 2016 AT A GLANCE
- 011 BOARD OF DIRECTORS
- 015 INVESTMENT POLICY & STRATEGIES

PERFORMANCE

- 016 PORTFOLIO COMPOSITION
- 021 BUSINESS OUTLOOK

GOVERNANCE AND SUSTAINABILITY

- 023 BOARD MATTERS
- 032 REMUNERATION
- 035 ACCOUNTABILITY, AUDIT AND RISK MANAGEMENT
- 039 SHAREHOLDER RIGHTS AND RESPONSIBILITIES
- 042 SUSTAINABILITY PHILOSOPHY

FINANCIALS

- 045 OPERATING AND FINANCIAL REVIEW
- 049 2016 FINANCIAL REPORT
 - STATEMENT BY DIRECTORS**
 - INDEPENDENT AUDITOR'S REPORT**
 - STATEMENT OF FINANCIAL POSITION**
 - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**
 - CONSOLIDATED STATEMENT OF CASH FLOWS**
 - NOTES TO THE FINANCIAL STATEMENTS**

ADDITIONAL INFORMATION

- 104 ADDITIONAL SGX-ST LISTING MANUAL DISCLOSURES
- 113 SHAREHOLDER INFORMATION
- 115 MANAGEMENT AGREEMENT
- 116 COMPUTATION OF INCENTIVE FEE/DEFICIT

OTHERS

- 117 GLOSSARY
- 121 NOTICE OF 2017 ANNUAL GENERAL MEETING
- 124 NOTICE OF SPECIAL GENERAL MEETING

GIL IS A MUTUAL FUND COMPANY INCORPORATED IN BERMUDA ON 24 APRIL 2006 AND LISTED ON THE MAIN BOARD OF SGX-ST.

GIL's strategy is to actively manage and grow its assets. It aims to seek investments in assets that will generate steady income and potential appreciation in capital to deliver regular dividends and achieve capital growth. Its investment policy is to make investments in a portfolio of assets in different sectors through various means including direct asset ownership, swaps, debts, warrants, options, convertibles, preference shares, equities, guarantees of assets and performance, securities lending and participating loan agreements provided that it will not make any direct investments in real estate and commodity instruments.

The board of directors ("Board") is responsible for GIL's strategic objectives, corporate governance and financial policies. The Board defines the key investment parameters including the discretionary limits of the Manager and approves substantial investment and divestment decisions of GIL based on the Manager's recommendation. The majority of the Board comprises independent directors.

GIL is not subject to the regulatory regime applicable to collective investment schemes under Division 2 of Part XIII of the Securities and Futures Act (Cap. 289) of Singapore as closed-end funds constituted before 1 July 2013 were grandfathered.

GIL is managed by SICIM, a Singapore incorporated company which holds a capital markets services licence for fund management issued by the Monetary Authority of Singapore ("MAS"). SICIM was incorporated in 1996 by a consortium of the asset management arms of six of the largest banks in Singapore, namely, OCBC Asset Management Limited, DBS Asset Management Ltd, Keppel Bank of Singapore Limited, OUB Asset Management Ltd, Tat Lee Bank Limited and UOB Asset Management Ltd.

SICIM is currently wholly-owned by Allgrace Investment Management Pte Ltd and has a staff-strength of sixteen officers, including six licensed representatives. The directors of SICIM are Mr Boon Swan Foo, Mr Richard Rokmat Magnus, Ms Tan Hui Keng Martha, Mr See Yong Kiat and Mr Frederick Lai Yao Long. SICIM offers integrated investment management and advisory services to investors over a broad range of diversified asset classes that include public and private equities, fixed income instruments, loans, derivatives, structured finance and alternative investments.

chairman's statement



2016 WAS A YEAR OF SURPRISES.

Two major political events with results that turned out to be very different from what mainstream pollsters were predicting left investors reeling from the unexpected outcomes and scrambling to revise their investment outlooks. Given the poor performance in January for risky assets, who would have thought that 2016 could and did indeed turn out to be a profitable one for investors who were willing to take that calculated risk?

Fresh from a 2015 that was best consigned to distant memory, there were hopes of a traditional stock market rally in January to start 2016. These were quickly dampened as regulatory action in China in the form of further yuan devaluation and two stock market halts left equity markets dropping by double digits from the surprise moves. Even bearish investors did not foresee the magnitude of broader market volatility and price declines on low liquidity across equity markets. However, by the end of the quarter, sentiment turned following a rebound in oil, reduced risk of recession, and a broader market rally. Fund outflows reversed course and money poured back into funds which resulted in risky assets like high yield and equity moving higher on continued global central bank accommodation.

Towards the end of 1H 2016, the first major political event took place with UK voters going to the polls to decide on the fate of their country within the European Union ("the EU"). The unexpected result of a Brexit caused much consternation among investors, with the corresponding knee-jerk reaction to sell assets initially leading to turmoil in the markets. Nevertheless, investors who were brave enough to take advantage of the sell-down ended up winners when the markets recovered as post-Brexit economic data showed a UK economy that did not quite implode according to the dire predictions of a Brexit outcome. But the weakness in the British Pound, which was sold down to multi-year lows against major currencies, persisted even as asset prices

chairman's statement (cont'd)

recovered. The market recovery ran into a bit of a snag in late October/early November as the other major political event, the US presidential election, turned Mr Trump from candidate to 45th President of the US. Following President Trump's victory, market futures initially showed a drop of 4-5% across risk assets when markets opened the next day. The markets eventually closed up, with the reversal in S&P 500 being the largest since the 2008 financial crisis. Investors had to reassess investment projections as a Trump administration could be potentially reflationary if campaign pledges to cut taxes, reduce regulations and increase spending on infrastructure and the military were followed through.

By the end of the year, a glance at the scorecard showed most asset classes turning in a positive performance for the period. Of particular note is the sterling run that commodities enjoyed over 2016, notching a double digit gain for the year, with oil putting in an outstanding performance of over 50% jump in prices. The recovery in these markets along with still accommodative central bank monetary policies (with the notable exception of the US Federal Reserve ("the Fed")), and political reform efforts helped asset markets in emerging economies post their best performance since 2012. Investment-grade bonds advanced despite a modest rise in interest rates when the Fed finally hiked rates another 0.25% in December.

INVESTMENT OUTLOOK FOR 2017

Political uncertainty is set to continue in 2017. Investors will be anxiously waiting to see how US economic, trade and foreign policy changes under the new Trump administration. Across the Atlantic, national elections are due to take place in France, Germany and the Netherlands and potentially Italy should early elections be triggered, whilst the UK will begin the arduous process of Brexit negotiations with the EU. Despite the risks, the global business cycle is in decent shape, with the global economy expected to carry on expanding in 2017. However, the expansion faces a maturing profile and with different regions at varying stages of the cycle, the coordination, or the lack thereof, of potential policy responses among governments and regulators is a source of uncertainty and may result in increased market volatility.

The US economy remains in modest expansionary mode with a low probability of recession. Labour markets continue to show strength with tentative signs of wage inflation, a trend that is consistent with historical late-cycle dynamics and a positive outlook for consumer spending. US small business owner optimism rose meaningfully following the November elections, on hopes that the new administration will enact business-friendly changes, among which are pro-growth

chairman's statement (cont'd)

policies such as deregulation and corporate tax cuts. Nevertheless, there is potential uncertainty surrounding the final form policy changes will take as the Trump administration and Congress have differing views on fiscal and trade policies. Despite this, whatever the policy mix, the upshot of these policy shifts if successfully implemented, is that they may be a precursor to the end of the multi-decade decline in interest and inflation rates. In this respect, while current investor attention may be drawn towards the emerging fiscal and trade picture in the US, Fed moves on interest rates bear watching as any hint of a steeper interest rate path to combat faster than expected inflation could reintroduce volatility into the markets.

Europe's industrial activity appears to be on the mend as recent economic data prints have shown and economic expectations have risen across several large developed economies. The sharp recovery in the prices of oil and commodities has also caused inflation to rise towards the European Central Bank's ("the ECB") target rate. Although the quantitative easing programme was extended by the ECB to December 2017 given the less than desired economic growth rates so far realised in 2016, a shift into higher gear for growth along with strengthening inflation may force the ECB to scale back. Investors should also be mindful of the political risks in the EU as several core-countries go to general elections. Finally, as the UK open Brexit negotiations with the EU, markets could react to every development in the negotiation process.

In 2016, China's economic stabilization, fueled by accommodative fiscal and monetary policy, was a key factor in ending the steep global trade recession, and could continue to support global growth in 2017. With the improving tone in the economy, the People's Bank of China ("PBOC") has begun to tighten liquidity in open market operations as well as using non-traditional tools such as the medium-term lending facility ("MLF"), reflecting their intention to contain rising financial risks and capital outflow. Going forward, the PBOC is expected to maintain its current tone of monetary policy with a tightening bias. The Chinese government is likely to continue their supportive policy for infrastructure investment, which could be one pillar of economic growth in 2017. The government is also expected to push on with the supply side structural reforms with the desire to improve efficiency and to reduce excess capacity in selective industries.

The global economic outlook for 2017 is for modest strengthening of growth, abating global deflationary pressures, and a low probability of global recession. Investing in risk assets in such an environment could be an attractive proposition, but alternatives which can provide some downside protection during periods of market turbulence, are likely to play an increasingly important role in portfolios as the cycle matures.



BOON SWAN FOO

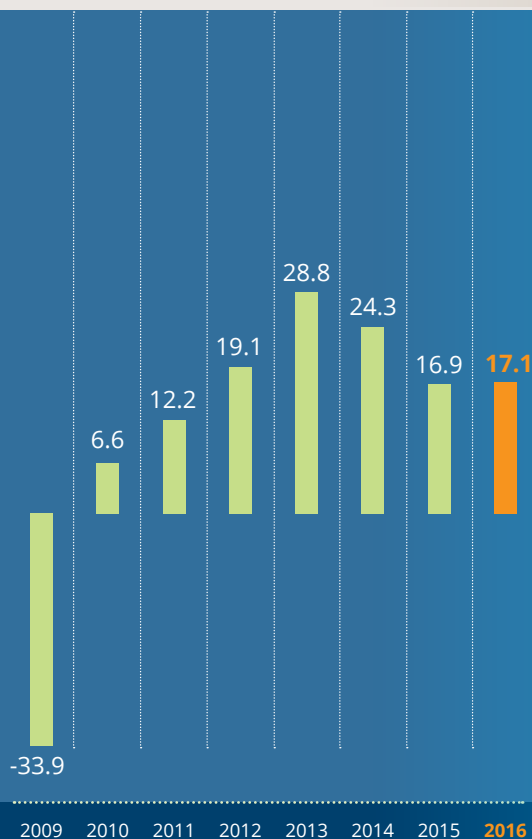
Chairman

Global Investments Limited

1 March 2017

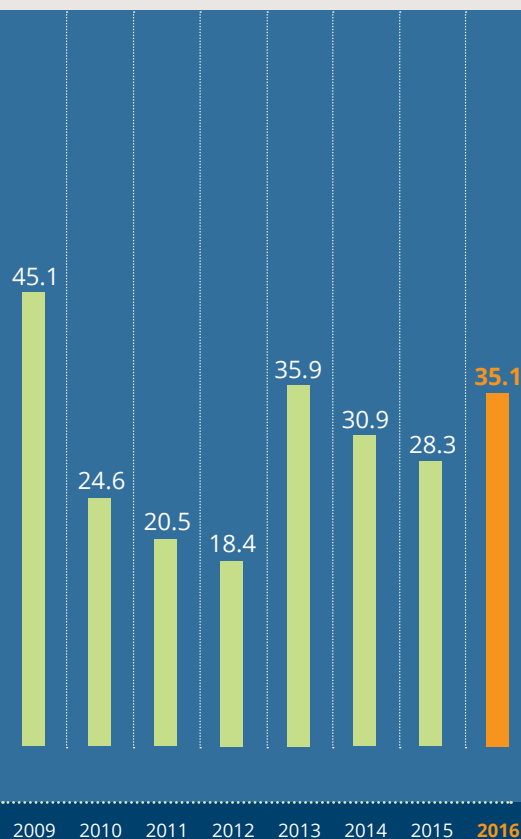
OVERVIEW
financial
highlights

NET PROFIT AFTER TAX
(S\$ million)



Net profit after tax for FY2016 improved to S\$17.1 million as compared to S\$16.9 million last year.

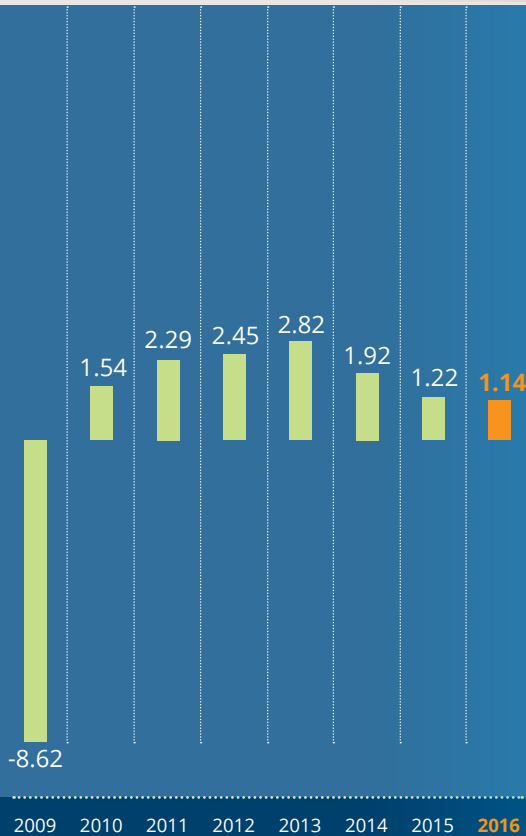
TOTAL REVENUE
(S\$ million)



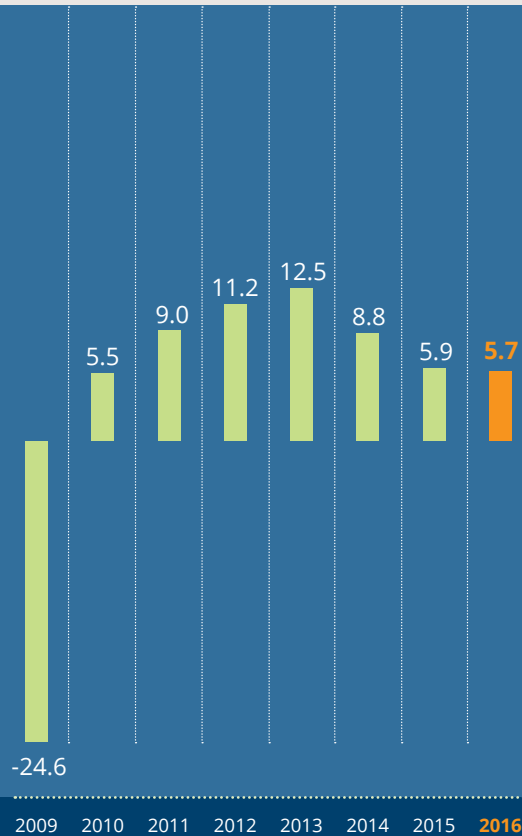
Revenue for the current year was S\$35.1 million, 24.0% higher compared to S\$28.3 million last year. Interest income increased by 21.0% to S\$16.7 million from S\$13.8 million last year. Net fair value gain on financial assets designated as fair value through profit or loss of S\$1.8 million was recorded in the current year as compared to a loss of S\$2.7 million last year. Net gain on sale of investments recorded for the current year was higher at S\$14.9 million compared to S\$14.4 million recorded in the previous year. The increase in revenue was partially offset by lower dividend income in the current year.

financial
highlights
 (cont'd)

EARNINGS PER SHARE
 (Singapore cents)



RETURN ON EQUITY
 (%)



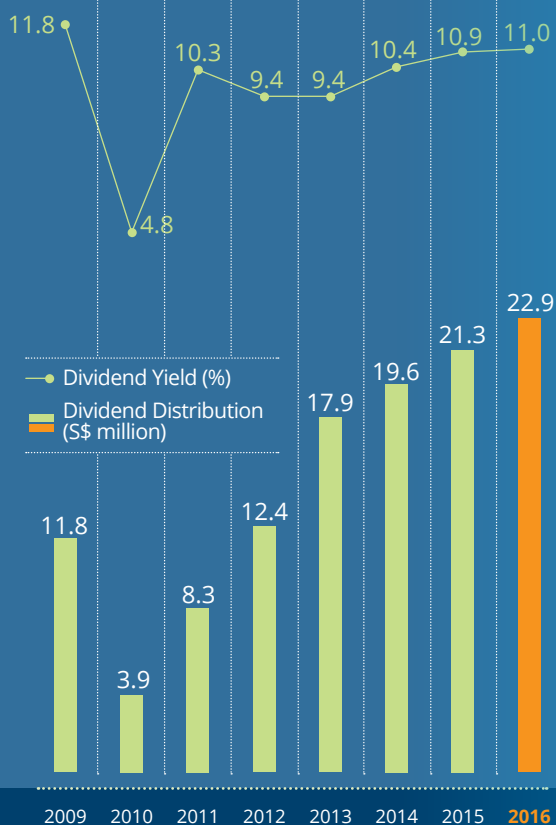
Earnings per share decreased by 6.6% to 1.14 Singapore cents in FY2016 (based on the weighted average number of Shares of 1,492.34 million after taking into account the additional Shares issued pursuant to the scrip dividend scheme) in 2016 as compared to 1.22 Singapore cents (based on weighted average number of Shares of 1,385.89 million) in 2015.

Return on equity decreased slightly to 5.7% in FY2016 (computed based on net profit after tax over the average total equity) as compared to 5.9% in FY2015 mainly due to the increase in average total equity arising from the scrip dividend scheme.

OVERVIEW **financial highlights**
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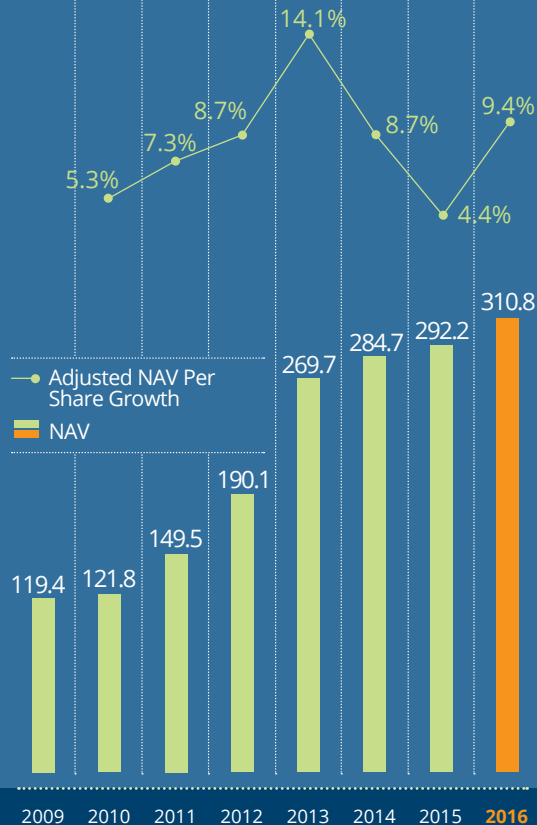
DIVIDEND DISTRIBUTION & YIELD

(S\$ million & %)



NET ASSET VALUE & ADJUSTED NAV PER SHARE GROWTH²

(S\$ million & %)



Dividend distribution per share totalled 1.5 Singapore cents (based on larger 1,551,775,404 Shares) in FY2016. The total amount of dividend to be paid increased by 7.5% to S\$22.9 million in FY2016 from S\$21.3 million in FY2015.

The dividend of 1.5 Singapore cents per share for the financial year ended 31 December 2016 represented an annual dividend yield¹ of 11.0%, based on the closing share price of 13.6 Singapore cents as of 30 December 2016 on the expanded issued capital of 1,551,775,404 Shares.

Net asset value increased by 6.4% to S\$310.8 million in FY2016. If the 2015 dividend was paid and the Shares relating to the scrip dividend scheme had been issued before 31 December 2015, the net asset value per share as at 31 December 2015 would have been 19.2 Singapore cents instead of 20.2 Singapore cents per share. After adjusting for the 1H 2016 interim dividend and Shares relating to the scrip dividend scheme, the net asset value per share as at 31 December 2016 would have been 21.0 Singapore cents and the increase in net asset value per share would be 9.4% for the year ended 31 December 2016.

¹ The dividend yield is calculated by dividing the dividend per share declared for the relevant financial year over the closing share price on the last day of the same financial year.

² Adjusted NAV per share growth is the year-on-year change in the NAV per share (after adjusting for dividend and new shares issued pursuant to the scrip dividend scheme) over the adjusted NAV per share of the preceding period.

2016 at a glance

DECLARATION AND PAYMENT OF DIVIDENDS

- Interim dividend of 0.75 Singapore cents per Share for 1H 2016 was paid on 12 October 2016.
- The scrip dividend scheme was applied to the interim dividend payment and approximately 64.3% of the total interim dividend amount was issued as new Shares under the scheme. New Shares were listed on 13 October 2016.
- Final dividend of 0.75 Singapore cents per Share for 2H 2016 was declared on 23 February 2017, and will be paid out on 25 April 2017.
- The scrip dividend scheme will be applied to the final dividend payment and the new Shares will be listed on 26 April 2017.
- In total, dividend of 1.5 Singapore cents per Share will be paid for FY 2016 on the enlarged Share capital after taking into account the Shares issued during the year pursuant to the scrip dividend scheme.
- Overall annual dividend yield based on closing share price of 13.6 Singapore cents on 30 December 2016 was 11.0%.

AWARDS AND ACCOLADES

- In 2016, GIL's Singapore Governance and Transparency Index 2016 ("SGTI 2016") score was 75 points and its ranking was 51 out of 631 listed companies which participated in the SGTI 2016.
- GIL was the winner of the "Best Managed Board (Bronze)" award at the 2016 Singapore Corporate Awards for companies with less than \$300 million in market capitalisation.

2016 ANNUAL GENERAL MEETING AND SPECIAL GENERAL MEETING

- All resolutions set out in both the Notice of Annual General Meeting and the Notice of Special General Meeting dated 1 April 2016, were duly approved and passed by the Company's Shareholders on 29 April 2016.

CHANGE OF MANAGER, MANAGER'S CONSULTANCY AGREEMENT WITH ST ASSET MANAGEMENT LTD ("STAM") AND CONFERMENT OF HONORARY COUNSEL

- SICIM was appointed as the manager of the Company in place of STAM during the 2016 AGM.
- SICIM appointed STAM as its consultant for a period of 6 months commencing from 29 April 2016, to facilitate the transition in the change of managers. The Consultancy arrangement lapsed upon the expiry of the 6-month period without renewal.
- Mr See Yong Kiat was nominated by SICIM and appointed by the Company as its Manager Nominated Director ("MND").
- Mrs Goh Mui Hong, President and Chief Executive Officer of STAM, was conferred the title of "Honorary Counsel" for a period of two years commencing from 29 October 2016, in recognition of her contribution to the Company through her leadership of STAM, the manager of the Company from November 2009 to April 2016. As Honorary Counsel, Mrs Goh will be invited by the Board to participate in the Company's Board and Shareholder meetings and to share her views and expertise on global macro-economic trends affecting the global investing environment.

2016

at a glance

(cont'd)

DISPOSAL OF INVESTMENT IN ASCENDOS INVESTMENTS LIMITED ("ASCENDOS")

- The Company's wholly-owned subsidiary, BBSFF EU Rail Lessor Limited and other shareholders of Ascendos successfully completed the sale of their entire shareholding in Ascendos to BRL HoldCo S.A.R.L. on 16 June 2016. The final consideration amount received from the divestment by BBSFF EU Rail Lessor Limited was €17.5million and the contribution to earnings per share was approximately 0.77 Singapore cents.

CHANGE OF COMPANY'S ASSISTANT SECRETARIES AND REGISTERED OFFICE

- Ms Lim Xinhua and Ms Alicia Chan were appointed as the Company's Assistant Secretaries in place of Ms Rohana Bte Saharom and Ms Kamaliah Bte Mohamed Kamari with effect from 12 May 2016.
- Horseshoe Corporate Services Ltd was appointed as the Company's Assistant Secretary and Registrar in place of IKONIC Fund Services Ltd with effect from 1 October 2016, subject to the approval of the Bermuda Monetary Authority.
- With effect from 12 December 2016, the registered office of the Company was changed from Penboss Building, 50 Parliament Building, Hamilton HM12 Bermuda to Wessex House, 3rd Floor, 45 Reid Street, Hamilton HM12 Bermuda, and the Company's Administrator, IKONIC Fund Services Ltd, became known as Horseshoe Fund Services Ltd.

TAX RESIDENT OF SINGAPORE FOR 2016

- Dividend payments by the Company for FY 2016 are exempt from Singapore tax when received by Shareholders.

board of directors

The Board consists of five directors, comprising Mr Boon Swan Foo, the non-executive and non-independent Chairman, Mr Jason See Yong Kiat, the Manager Nominated Director, and three independent¹ directors, namely Mr Adrian Chan Pengee, Mr Ronald Seah Lim Siang and Mr Tan Kok Wee. GIL has no employees or executive officers. In FY2016, the Board met 8 times.



1 RONALD SEAH LIM SIANG
Independent Director

2 TAN KOK WEE
Independent Director

3 BOON SWAN FOO
Chairman, Non-Executive Director

4 ADRIAN CHAN PENGEE
Lead Independent Director

5 JASON SEE YONG KIAT
Manager Nominated Director

¹ An "independent" director is one who has no relationship with GIL, its Related Corporations, its 5% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of GIL. GIL applies a stricter 5% Shareholder test for director independence as compared to the 10% Shareholder test under the Singapore Code.

board of directors

(cont'd)

BOON SWAN FOO

Chairman, Non-Executive Director

Mr Boon Swan Foo was appointed as Manager Nominated Director and Chairman on 25 November 2009 and subsequently became Non-Executive Director and Chairman of the Company on 20 December 2011.

Mr Boon is the Chairman and Chief Executive Officer ("CEO") of SICIM. He is a Senior Advisor to Temasek International Advisors Pte Ltd. He also serves on the boards of three Chinese state-owned-enterprises, namely Dongfeng Motor Corporation (China), an automobile manufacturer; China National Offshore Oil Corporation, a national oil company; and China Huadian Corporation, a power generation company.

Mr Boon served as Chief Executive Officer and Deputy Chairman of ST Engineering Ltd from October 1997 to May 2001, and was the Managing Director of Agency for Science, Technology and Research ("A*STAR") from January 2002 to January 2006. He also served concurrently as Executive Chairman of Exploit Technologies Pte Ltd, the commercial arm of A*STAR, from August 2001 to December 2009. Mr Boon was also Chairman of STAM from April 2010 to December 2011. For his stewardship of ST Engineering Ltd, Mr Boon was awarded one of Singapore's most prestigious business awards, the Singapore Business Award for Outstanding CEO in 2000.

Mr Boon Swan Foo was also Chairman and independent non-executive Director of Perennial China Retail Trust Management Pte. Ltd ("PCRTMPL") from November 2010 to March 2013. PCRTMPL was the Trustee-Manager of Perennial China Retail Trust, which was listed on the main board of the SGX-ST from June 2011 to February 2015.

Mr Boon is a member of the Institute of Singapore Chartered Accountants and a Fellow of the Chartered Association of Certified Accountant (UK)-ACCA. He holds an MBA from the National University of Singapore and has completed Harvard's Advanced Management Program. Presently, he holds an Adjunct Professorship at the Nanyang Technological University.

Mr Boon's list of present chairmanships and directorships, past chairmanships and directorships over a period of approximately the last three years and principal commitments¹ as at 10 March 2017 is set out in the Chairmanships, Directorships and Principal Commitments section under "Additional SGX-ST Listing Manual Disclosure Requirements".

¹ The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active Related Corporations, those appointments should not normally be considered principal commitments.

board of directors

(cont'd)

ADRIAN CHAN PENGEE

Lead Independent Director

Mr Adrian Chan Pengee was appointed to the Board on 5 May 2009, and was appointed as the Lead Independent Director on 25 February 2016.

Mr Chan is Head of the Corporate Department and a Senior Partner at Lee & Lee. He is also the Prime Minister's nominee to the Legal Service Commission. He serves on the board of the Accounting and Corporate Regulatory Authority (ACRA), the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary and the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce.

Mr Chan is a director of Hogan Lovells Lee & Lee, the joint law venture between Lee & Lee and the international law firm, Hogan Lovells, and is an independent director on the boards of Nobel Design Holdings Ltd; Yoma Strategic Holdings Ltd; Ascendas Funds Management (S) Limited and Hong Fok Corporation Limited, all of which are listed on the SGX-ST. He also serves on the board of Shared Services for Charities Limited, a registered charity, as well as Azalea Asset Management Pte Ltd, Astrea III Pte Ltd and Want Want Holdings Ltd.

Mr Chan is the Chairman of the Panel of the Institute of Corporate Law and chairs the Corporate Practice Committee of the Law Society of Singapore. He was appointed to the Audit Committee Guidance Committee, established by the MAS, ACRA and the SGX-ST.

Mr Chan graduated with a Bachelor of Laws (Honours) from the National University of Singapore in 1989.

Mr Chan's list of present chairmanships and directorships, past chairmanships and directorships over a period of approximately the last three years and principal commitments as at 10 March 2017 is set out in the Chairmanships, Directorships and Principal Commitments section under "Additional SGX-ST Listing Manual Disclosure Requirements".

RONALD SEAH LIM SIANG

Independent Director

Mr Ronald Seah Lim Siang was appointed to the Board on 30 April 2010.

Mr Seah serves on the boards of Yanlord Land Group Ltd; Telechoice International Ltd and PGG Wrightson Limited, a company listed on the New Zealand Stock Exchange. He is a director of M&C REIT Management Limited and M&C Business Trust Management Limited, and is also Chairman of Nucleus Connect Pte Ltd.

Over a 25 year period between 1980 and 2005, he had held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer, where he was responsible for managing the investment portfolio of AIA Singapore, and later as AIG Global Investment Corporation (Singapore) Ltd's Vice President of Direct Investments. Between 2001 and 2005, Mr Seah was also the Chairman of the board of AIG Global Investment Corporation (Singapore) Ltd.

From 1978 to 1980, Mr Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager where he was responsible for the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr Seah served on the panel of experts of the Commercial Affairs Department of Singapore.

Mr Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Honours (Upper)) in Economics from the then University of Singapore in 1975.

Mr Seah's list of present chairmanships and directorships, past chairmanships and directorships over a period of approximately the last three years and principal commitments as at 10 March 2017 is set out in the Chairmanships, Directorships and Principal Commitments section under "Additional SGX-ST Listing Manual Disclosure Requirements".

board of directors (cont'd)

TAN KOK WEE

Independent Director

Mr Tan Kok Wee was appointed to the Board on 30 April 2010.

Mr Tan has served in senior executive positions for more than 30 years in fixed income, foreign exchange and derivative markets and last held the position of Managing Director and Head of Fixed Income and Currency (FIC) sales for Asia at Commerzbank AG. Prior to that, between 1994 and 2008, Mr Tan was Senior Managing Director and a member of the board of directors of Bear Stearns Singapore Pte Ltd, a global investment bank and securities trading and brokerage, where he was responsible for its Singapore's operation. He was also a member of Bear Stearns Asia Management Committee which dealt with major business initiatives and administrative matters in Asia. From 1994 to 1998, Mr Tan headed the Securities Business Development Sub-Committee of the Singapore Foreign Exchange Market Committee. Prior to that, Mr Tan was with CS First Boston from 1982 to 1994 working in both the Singapore and Hong Kong offices.

Mr Tan graduated with a Bachelor of Business Administration from the University of Singapore in 1979.

Mr Tan's list of present chairmanships and directorships, past chairmanships and directorships over a period of approximately the last three years and principal commitments as at 10 March 2017 is set out in the Chairmanships, Directorships and Principal Commitments section under "Additional SGX-ST Listing Manual Disclosure Requirements".

JASON SEE YONG KIAT

Manager Nominated Director

Mr Jason See Yong Kiat was appointed as Manager Nominated Director of the Company on 5 November 2013. He is the Managing Director (Fund Management) and a member of the Investment Committee of STAM and also director of several other STAM-affiliated companies. He is concurrently a non-executive director of SICIM, and his appointment as Manager Nominated Director continues uninterrupted following the appointment of SICIM as the Manager of the Company on 29 April 2016.

At STAM, Mr See heads a team of fund managers and research analysts responsible for identifying, evaluating and overseeing investments in public and private equities, convertible bonds and credits in Asia and other emerging markets.

From November 2010 to May 2013, Mr See held the position of Chief Operating Officer ("COO") of STAM and was responsible for the middle and back office operations, supervising and monitoring the day-to-day operations and ensuring that activities comply with the organisational requirements of the firm. Prior to his appointment as COO, he held the position of Chief Investment Officer, overseeing the investment portfolios managed by STAM and supervising a team of fund managers and research analysts.

Prior to joining STAM in 2002, Mr See spent 13 years in asset management with Overseas Union Bank Limited group. He began his career with Kankaku Merchant Bank where he was responsible for equity sales of Japanese securities to local and regional clients.

Mr See holds a Bachelor of Business Administration (2nd Class Upper Honours) degree from the National University of Singapore.

Mr See's list of present chairmanships and directorships, past chairmanships and directorships over a period of approximately the last three years and principal commitments as at 10 March 2017 is set out in the Chairmanships, Directorships and Principal Commitments section under "Additional SGX-ST Listing Manual Disclosure Requirements".

investment policy and strategy

INVESTMENT POLICY

The investment policy of the Company is to make investments in a portfolio of assets in different sectors through different means which include but are not limited to direct asset ownership, swaps, debts, warrants, options, convertibles, preference shares, equities, guarantees of assets and performance, securities lending and participating loan agreements provided that the Company will not make any direct investments in real estate and commodity instruments.

STRATEGY

The Company seeks to achieve its investments objectives through adopting the following strategies:

- Active Portfolio Management Strategy;
- Financing and Risk Management Strategy; and
- Acquisition Growth Strategy.

ACTIVE PORTFOLIO MANAGEMENT STRATEGY

Active portfolio management strategy includes but is not limited to acquiring new assets, selling assets – whether by trade sale or to a newly formed fund – and considering the financial resources available to the Company, the capital structure of the Company's assets and looking into alternative methods of financing those assets to deliver Shareholder value. The Company expects to dispose of assets where it assesses that Shareholder value has been optimised or where the economic cycle or market conditions may no longer justify a continued investment in the asset, asset class or industry.

FINANCING AND RISK MANAGEMENT STRATEGY

The Company aims to create value for Shareholders by establishing the optimal capital structures for assets and economic exposures on an individual asset basis and in terms of the financial resources available to and the overall capital structure of the Company. The Company seeks to create a portfolio with diversity across asset class, geography, industry, currency and investment maturity, both to manage risk in economic cycles and to manage reinvestment risk.

ACQUISITION GROWTH STRATEGY

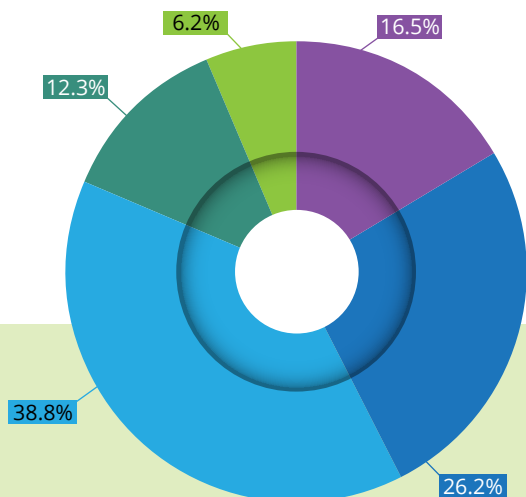
Depending on market outlook and the financial resources available to the Company, if opportunities arise, the Company may prudently acquire new assets across the target asset sectors. In evaluating investment opportunities, it seeks assets that provide attractive returns adjusted for the risk associated with the investment and which enhance the overall portfolio owned by the Company.

MANAGEMENT

GIL is managed by SICIM which was incorporated in October 1996, and which holds a capital markets services licence for fund management issued by the Monetary Authority of Singapore.

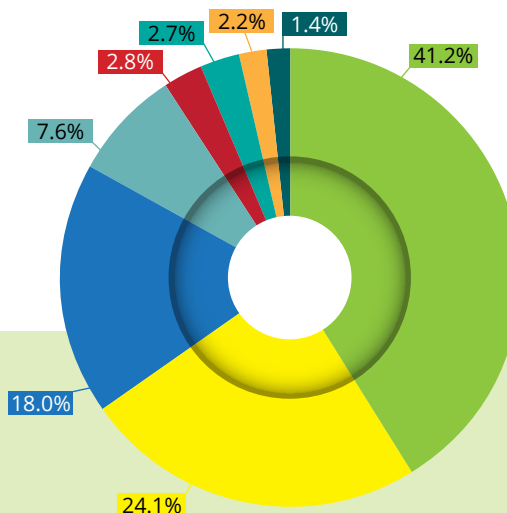
PERFORMANCE portfolio composition

BREAKDOWN BY ASSET CLASS AND INVESTMENT
as at 31 December 2016



- LOAN PORTFOLIO AND SECURITISATION ASSETS – 16.5%
- BONDS – 26.2%
- BANK CONTINGENT CONVERTIBLES – 38.8%
- LISTED EQUITIES – 12.3%
- CASH AND OTHER NET ASSETS – 6.2%

BREAKDOWN BY CURRENCY
as at 31 December 2016



- SINGAPORE DOLLAR (S\$) – 41.2%
- UNITED STATES DOLLAR (US\$) – 24.1%
- EURO (€) – 18.0%
- AUSTRALIAN DOLLAR (A\$) – 7.6%
- BRITISH POUND (£) – 2.8%
- HONG KONG DOLLAR (HK\$) – 2.7%
- CHINESE RENMINBI (CNY/CNH) – 2.2%
- SOUTH KOREA WON (₩) – 1.4%

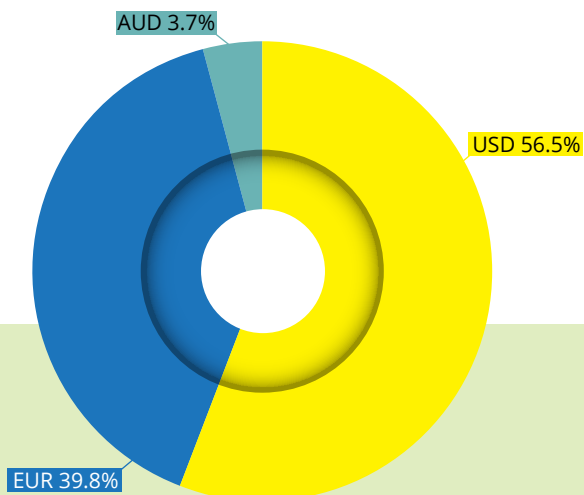
PORTFOLIO OVERVIEW

- The bank contingent convertible portfolio increased to 38.8% in 2016 compared to 16.7% in 2015. This was due to purchases made during the year and an upward valuation in prices.
- The bond portfolio decreased to 26.2% in 2016 compared to 29.0% in 2015. Over the year, there was a net decrease in EUR and USD bond exposure, while SGD bond exposure increased.
- Loan portfolio and securitisation assets decreased slightly to 16.5% in 2016 from 18.4% in 2015, due to the sale of Keuka Park CLO 2013-1X and redemption of Resimac 2012-1NC, offset by the purchase of Laurelin 2016-1X.
- The listed equities portfolio decreased to 12.3% in 2016 compared to 17.3% in 2015. During the year, the Company reduced its exposure in the Hong Kong, China 'A' shares as well as the Korean market.
- Divestment of the operating lease asset portfolio with the sale of Ascendos Rail Leasing S.à.r.l. to Beacon Rail in June 2016.

loan portfolio & securitisation assets

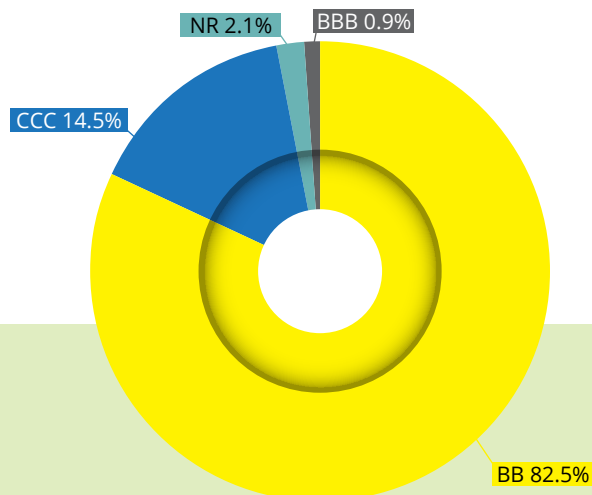
PORTFOLIO DISTRIBUTION BY CURRENCY

as at 31 December 2016



PORTFOLIO DISTRIBUTION BY RATING

as at 31 December 2016



INVESTMENT DESCRIPTION

GIL has invested US\$19.76 million and €26.72 million in a portfolio of USD and Euro denominated Collateralised Loan Obligation ("CLO") notes. The CLO notes are issued by securitisation vehicles that hold collateral consisting of mainly senior secured corporate debt. GIL is also invested in a portfolio of Australian Residential Mortgage-Backed Securities ("RMBS"), which are securitisation vehicles that hold Australian residential mortgage loans.

ASSET OVERVIEW

During the year, GIL sold its position in the Keuka Park CLO Ltd 2013-1X Class E notes, and added a new EUR-denominated position in the Laurelin 2016-1X Class E notes, with a face value of €3.00 million. The Resimac Bastille Trust Series 2012-1NC was called in 2Q 2016.

As at 31 December 2016, the Company's carrying value was US\$20.03 million for the USD-denominated CLO portfolio and €13.35 million for the Euro-denominated CLO portfolio. Carrying value for the RMBS portfolio was A\$1.82 million.

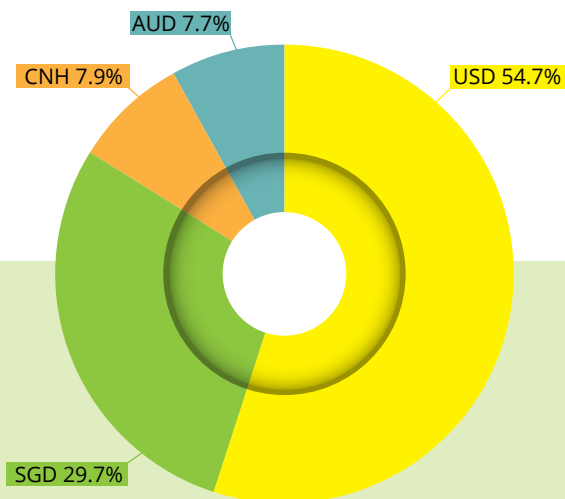
OUTLOOK

Spreads on senior CLO tranches in US and Europe tightened in 2016, driven by abundant liquidity and strong demand, while spreads on junior mezzanine CLO tranches remained wide relative to historical averages. CLO issuance was muted at the start of the year due to market volatility, but accelerated after the UK Brexit referendum in June. US CLO new issuance totalled US\$72.4 billion in 2016, down from US\$98.5 billion in 2015. EUR CLO new issuance increased to a post-2007 high of €16.8 billion in 2016, up from €13.8 billion in 2015. The price of the Palmer Square CLO Debt Index, which tracks the value of US mezzanine CLO debt tranches, gained 10.4% in USD terms in 2016.

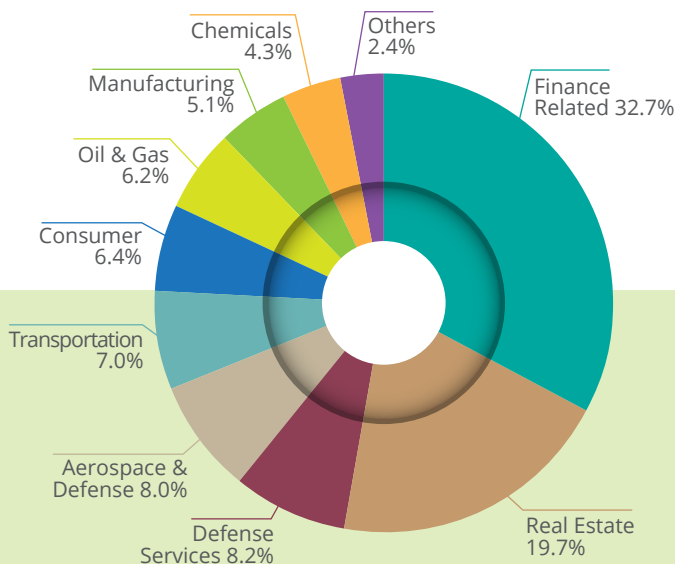
Improving macroeconomic conditions, the continued hunt for yield and the increase in investors coming into the CLO space, along with lower CLO issuance due to Risk Retention rules will likely continue to compress spreads for this asset class in 2017. Moody's Global Speculative-Grade Corporate Default Rate ended 2016 at 4.4%, up from 3.4% at the end of 2015. Moody's expects the default rate to peak at 4.5% in the first quarter of 2017 and then decline to 3.0% by year's end, due to manageable maturity and healthy corporate liquidity profiles.

PERFORMANCE bonds portfolio

PORTFOLIO DISTRIBUTION BY CURRENCY
as at 31 December 2016



PORTFOLIO DISTRIBUTION BY SECTOR
as at 31 December 2016



INVESTMENT DESCRIPTION

GIL has invested in a portfolio of bonds denominated in USD, SGD, AUD and CNH with a carrying value¹ of \$81.42 million as at 31 December 2016.

ASSET OVERVIEW

As at 31 December 2016, the approximate weighted average coupon was 6.26%. The approximate weighted average maturity of the bond portfolio was 4.90 years².

OUTLOOK

In 2016, positive economic data releases in developed markets, along with recovering commodity prices and ongoing policy support from global central banks have supported the bond market, despite the Fed continuing on its path towards interest rate normalisation. Monetary policy amongst the world’s major central banks continues to diverge; the ECB announced its intention to trim its bond buying programme from March 2017, but avoided suggestions that the move constituted tapering, while the Bank of Japan (“BOJ”) held its rates steady on the back of an improving economic outlook. Over in Asia, thinning liquidity was a significant contributor to the underperformance of Asian credits towards the end of the year. Going forward, despite concerns over a hawkish Fed, an overall accommodative monetary stance by the BOJ and the ECB is expected to remain in place. Expectations are for a deceleration in the pace of new issues after many years of supply increases, while the move towards a looser fiscal and regulatory landscape in the US should be supportive for credit markets.

The JP Morgan Asia Credit Index, which tracks the Asian bond markets, gained 5.8% in USD terms in 2016. The JP Morgan US Liquid Index, which tracks the investment grade dollar denominated corporate bond market, gained 6.0% in USD terms in the same period.

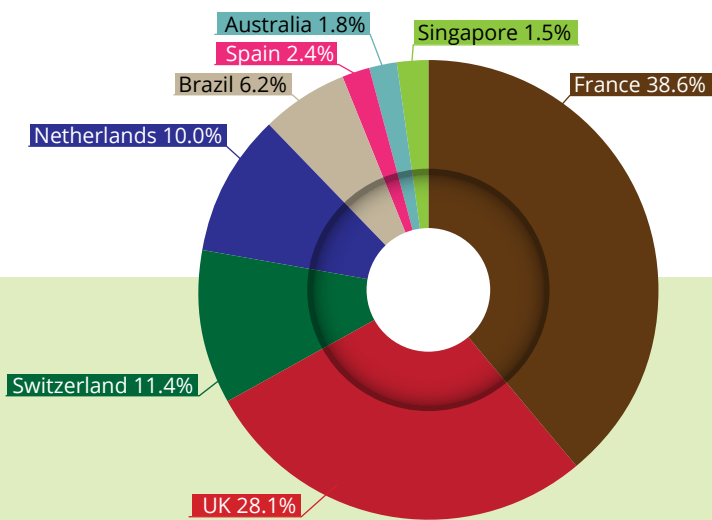
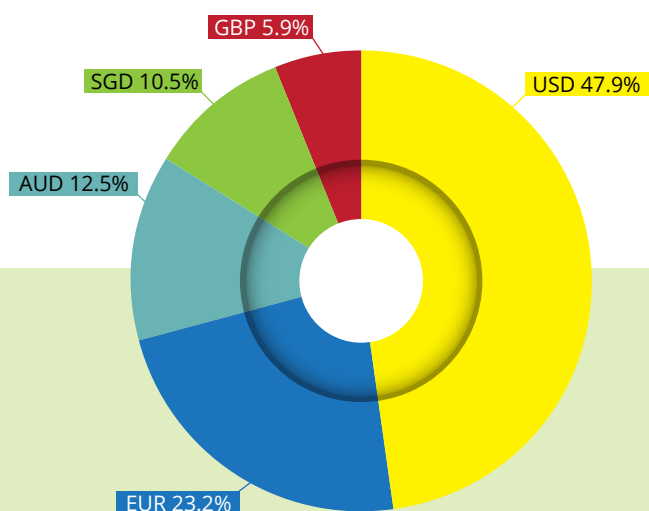
¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² Calculation of weighted average maturity assumes maturity at the first call date, if available.

bank contingent convertibles

PORTFOLIO DISTRIBUTION BY CURRENCY
as at 31 December 2016

PORTFOLIO DISTRIBUTION BY COUNTRY
as at 31 December 2016



INVESTMENT DESCRIPTION

GIL has invested in a portfolio of bank contingent convertibles (“CoCos”) denominated in USD, EUR, SGD, AUD and GBP with a carrying value¹ of S\$120.51 million as at 31 December 2016.

ASSET OVERVIEW

As at 31 December 2016, the approximate weighted average coupon was 6.67%. The approximate weighted average maturity of the bond portfolio was 6.59 years².

OUTLOOK

Bank credit fundamentals are expected to improve in 2017 via continued derisking and recapitalization of their balance sheets. The European Banking Authority easing of regulatory language in Q4 2016 for AT1 CoCos has materially lowered the mandatory coupon cancellation risk and points to a more constructive stable regulatory environment for 2017. A continued accommodative monetary policy from the ECB and upward shifts of US rates expectations further point to a positive earnings environment for banks. In the near term, uncertainties surrounding political event risk within the Eurozone alongside regulatory developments are important considerations weighing on investors.

The Bank of America Merrill Lynch Contingent Capital Index, which tracks the global CoCo debt markets, gained 7.3% in USD terms in for the year 2016.

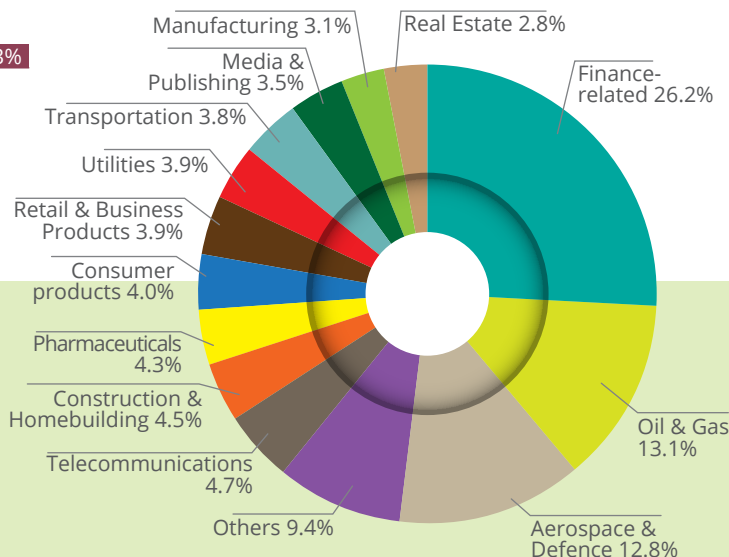
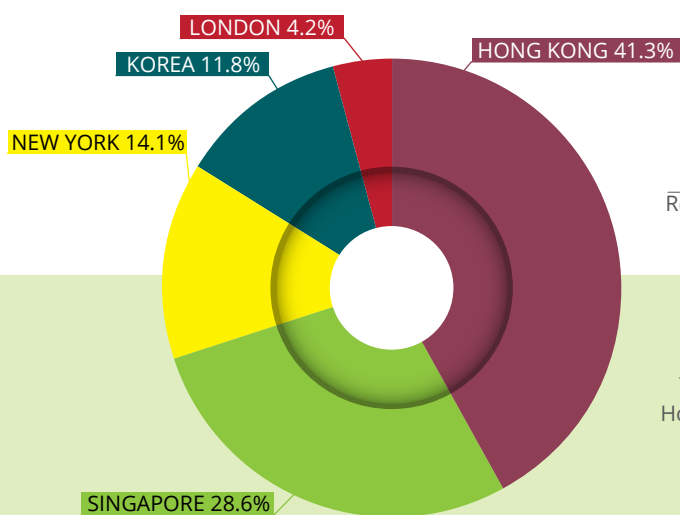
¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² Calculation of weighted average maturity assumes maturity at the first call date for perpetual securities, if available.

PERFORMANCE listed equity

PORTFOLIO DISTRIBUTION BY STOCK EXCHANGE
as at 31 December 2016

PORTFOLIO DISTRIBUTION BY SECTOR
as at 31 December 2016



INVESTMENT DESCRIPTION

GIL has invested in a portfolio of listed equities with a carrying value of S\$38.27 million as at 31 December 2016. The cumulative fair value gain was S\$6.24 million.

ASSET OVERVIEW

As at 31 December 2016, the equity portfolio was 41.3% weighted in Hong Kong listed equities, followed by 28.6% in Singapore, 14.1% in the US, 11.8% in South Korea and 4.2% in Europe. In terms of sector distribution, the highest weighting was in finance-related equities (26.2%), followed by oil & gas (13.1%) and aerospace & defense (12.8%) equities.

OUTLOOK

Despite improvement in the financial markets in the second half of 2016, the global macro environment remains challenging going into 2017. Following a surprise victory at the November US presidential election, investors assumed a risk-on approach backed by the notion of a directional shift towards a looser fiscal and regulatory landscape, which in turn boosted growth and inflation expectations. In line with market expectations, the Fed raised its key interest rate by 0.25 percentage points to a range of 0.50% and 0.75% in December, on the back of an improved economic outlook. Notwithstanding, uncertainties surrounding the timeline over Britain's exit process from the EU as well as rising geopolitical risks within the Eurozone could prevent meaningful structural reforms and fiscal stimulus programmes. In the near term, volatility within equity markets is likely to remain elevated, driven by continuing monetary policy divergence amongst major global central banks, while effects from protectionist US trade policies proposed by the Trump administration could potentially see adverse implications on growth for emerging Asian economies.

The MSCI World Index, which tracks the global equity markets, climbed 5.3% in USD terms in 2016.

business outlook¹

MACROECONOMIC OUTLOOK

The International Monetary Fund maintained its projection for global economic growth for 2017 at 3.4% in the updated forecast released in January 2017, despite a cautious outlook for advanced economies following the Brexit vote and the surprise outcome of the US presidential election.

There are uncertainties surrounding the negotiations between the United Kingdom (“UK”) and the European Union (“EU”) once the UK initiates the proceedings to leave the EU. In addition, the policy stance of the new US administration and its spillover effects on global trade and economy remain uncertain. Global oil prices have troughed in 2016 after OPEC and non-OPEC members came to an agreement to cut production.

In the US, the economy expanded 1.6% in 2016, a slower pace compared to 2.6% in 2015. The ISM Manufacturing Purchasing Manager Index (“PMI”) rebounded strongly to 54.5 in December 2016 from 47.9 in December 2015, mainly as a result of increase in export demand, recovery in commodity sectors and inventory contraction. The ISM Non-Manufacturing Index rose to 56.6 in December 2016 from 55.2 in December 2015, suggesting continuous growth in the services sectors. Unemployment rate improved to post-recession low, declining to 4.7% as of December 2016 from 5.0% as of December 2015. Meanwhile, headline inflation accelerated with the Consumer Price Index (“CPI”) gaining 2.1% year-on-year (“y-o-y”) in December 2016 compared to a 0.7% y-o-y climb in the previous year. Citing near full employment and inflation nearing the 2.0% target, the Federal Reserve (“the Fed”) raised the Fed Funds Rate by 25 basis points in December 2016. Fed officials are projecting three rate hikes in 2017 given improvement in both business and consumer sentiment.

The economic recovery in the Euro area was relatively lacklustre in 2016. Overall, the Eurozone grew by 1.7% in 2016 compared to 2.0% in 2015. The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers at manufacturing and service sectors, rose to 54.4 in December 2016 from 54.3 in December 2015. Unemployment rate improved to 9.6% in 2016 from 10.5% in 2015. The Consumer Confidence Indicator improved marginally to -5.1 in December 2016 from -5.7 in December 2015. Eurozone inflation, measured by the Harmonised Index of Consumer Price accelerated to 1.1% y-o-y in 2016, from 0.2% y-o-y in 2015.

¹ Sources include research publications by brokerage house, banks, information service providers, associations and media.

**business
outlook**
(cont'd)

The European Central Bank ("ECB") maintained the main refinancing rate at 0.0% since the last cut in March 2016 due to a weaker outlook as well as increasing geopolitical risks. The ECB has also extended the bond purchase programme from March to December 2017 but will be reducing the monthly asset purchases from €80 billion to €60 billion from April 2017 onwards. Going forward, an accommodative monetary policy is expected to continue to support GDP momentum. The Euro area is set to face potential major political shocks, with numerous general elections in core countries scheduled in 2017. These political uncertainties could derail structural reforms and fiscal stimulus programmes. In the UK, the impact from Brexit remains a major uncertainty to its economy. The Bank of England maintained its accommodative monetary policy stance in order to support growth.

In China, economic growth was generally mixed in 2016. GDP growth was 6.7% in 2016, lower than the 6.9% recorded in 2015. The Caixin Manufacturing PMI reading rebounded to 51.9 in December 2016 from 48.2 in December 2015. The Caixin Services PMI reading was 53.4 in December 2016 from 50.1 in December 2015. Industrial output, the main monthly measure of growth, came in at 6.0% y-o-y in December 2016, marginally higher than of 5.9% y-o-y growth in 2015. Private consumption remained relatively constant, with retail sales growth at 10.9% y-o-y in December 2016 compared to 11.1% y-o-y in December 2015. Exports dropped 6.2% y-o-y in December 2016 compared to a 1.6% y-o-y decline in December 2015, while import growth improved to 3.1% y-o-y in December 2016 from -7.4% y-o-y in December 2015. Inflation rose with the CPI at 2.1% y-o-y in December 2016, higher than the 1.6% y-o-y increase in December 2015. Despite slower economic growth, the People's Bank of China has not moved the lending rates since the last cut in October 2015.

Looking forward, China's real GDP growth is expected to grind lower in 2017 on the back of ongoing economic transitioning. Economic and financial stability will be the priority for Chinese policymakers in 2017 ahead of the 19th National Congress of the Communist Party of China at the final quarter of this year. The Chinese government will likely continue its fiscal stimulus, alongside modest monetary support and infrastructure investments. The country aims to yield substantial progress on five major tasks according to the social and economic policies for 2016–2020, namely cutting excessive industrial capacity, destocking, deleveraging, lowering corporate costs and improving weak links.

board matters

This Corporate Governance Statement refers to the corporate governance principles and practices of GIL.

The Board is responsible for GIL's strategic objectives and corporate governance and is required to perform its duties diligently and in the best interests of GIL. The Board defines the key investment parameters, including the discretionary limits of the Manager, and approves substantial investment and divestment decisions of GIL based on recommendations of the Manager. The Board determines the financial policies of GIL and is responsible for ensuring that the Manager is performing its duties under the Management Agreement, including ensuring that the Manager has the necessary financial and human resources in place.

GIL has adhered to the guidelines and principles as outlined in the Singapore Code of Corporate Governance 2012 (the "Singapore Code") and explained deviations from the Code, where appropriate. GIL is also committed to ensuring that it acts in accordance with all relevant laws and regulations of Bermuda, including the Bermuda Companies Act.

BOARD MATTERS

As part of the Corporate Governance Framework, the following principles apply on Board Matters.

Principle 1: Board of Directors' Conduct of Affairs

Responsibility for corporate governance and oversight of the business and internal affairs of GIL rests with the Board. The Board has adopted formal charters of directors' functions, and pursuant to the Management Agreement has appointed the Manager to manage GIL's day-to-day business and internal affairs. The Board meets at least four times per year, or more frequently if required. GIL's Bye-laws also provide for directors to participate in Board meetings by means of teleconference and videoconference.

Board and Board Committees

In discharging its oversight functions, the Board delegates the authority to make certain decisions to three Board committees without abdicating its responsibilities. Each Board committee makes decisions on matters within its terms of reference and reports back to the Board. The terms of reference and the structure of each Board committee are reviewed as and when required.

The Board comprises the following committees:

- (i) the Audit and Risk Management Committee ("ARMC");
- (ii) the Nomination and Governance Committee ("NGC"); and
- (iii) the Remuneration Committee ("RC").

board matters

(cont'd)

The members of the Board and its committees as well as the date of their appointment and date of last re-election to the Board are tabulated below.

Directors	Date of Appointment	Date of last re-election	ARMC	NGC	RC
Mr Boon Swan Foo (Chairman, Non-executive Director)	20 December 2011 ¹	29 April 2014	n/a	Member	n/a
Mr Adrian Chan Pengee (Lead Independent Director)	5 May 2009 ²	30 April 2015	Member	Chairman	Member
Mr Ronald Seah Lim Siang (Independent Director)	30 April 2010	29 April 2016	Member	Member	Chairman
Mr Tan Kok Wee (Independent Director)	30 April 2010	29 April 2014	Chairman	n/a	Member
Mr Jason See Yong Kiat (Manager Nominated Director)	29 April 2016	n/a ³	n/a	n/a	n/a

¹ Mr Boon Swan Foo was appointed as Manager Nominated Director and Chairman of the Board on 25 November 2009. On 20 December 2011, Mr Boon ceased to act as Manager Nominated Director and Chairman of the Board and became a non-executive Director and Chairman of the Board.

² Mr Adrian Chan Pengee was appointed as Lead Independent Director on 25 February 2016.

³ Mr Jason See Yong Kiat, as Manager Nominated Director, will remain in office for a fixed term of three years from the date of his appointment. Such term of appointment is renewable for a further term of three years at the option of the Board.

For FY2016, a total of eight Board meetings, six ARMC meetings, four NGC meetings and two RC meetings were held. The attendance of the directors of the Board and Board committee meetings held during FY2016 is tabulated below:

	Board Meetings		ARMC Meetings		NGC Meetings		RC Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Total Number of Meetings	8		6		4		2	
	Number of meetings		Number of meetings		Number of meetings		Number of meetings	
Directors	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr Boon Swan Foo	8	8	n/a ¹	n/a ¹	4	3	n/a ¹	n/a ¹
Mr Adrian Chan Pengee	8	8	6	6	4	4	2	2
Mr Ronald Seah Lim Siang	8	8	6	6	4	4	2	2
Mr Tan Kok Wee	8	8	6	6	n/a ¹	n/a ¹	2	2
Mr Jason See Yong Kiat	8	8	n/a ¹	n/a ¹	n/a ¹	n/a ¹	n/a ¹	n/a ¹

¹ "n/a" denotes where a director is not a committee member and is not required to attend.

board matters (cont'd)

Principle 1, Guideline 1.5: Matters for Board Approval

The Board's approval is required for certain decisions including alterations of any provisions of the Bye-laws or the Management Agreement, changes in the nature of the business of GIL and changes to the accounting policies of GIL and its subsidiaries (collectively, the "Group") or any change of the auditors of GIL.

The following is a list of reserved matters for the Board¹:

1. Alterations of the Bye-laws or any amendment to the Management Agreement.
2. Changes in Share capital, including:
 - allotment or issue of any Shares; and
 - grant of any option or rights to subscribe for Shares.
3. Changes in the nature of business of GIL.
4. Any change in GIL's name.
5. Investments and divestments above the discretionary limit of the Manager.
6. Any proposal to wind-up, liquidate or strike off GIL or its subsidiaries or to place GIL or its subsidiaries under administration, reorganisation or other similar scheme under any bankruptcy, insolvency or similar law.
7. Any change to the accounting policies of the Group or any change of the auditors of GIL.
8. Entry by GIL into any joint venture, partnership, consortium or other similar arrangements.
9. Cessation of any business operation by GIL or any subsidiary.
10. Sale of any member of the Group or any consolidation or amalgamation with any other company.
11. Any merger, amalgamation, re-organisation, re-capitalisation or sale of any member of the Group.
12. Borrowing by GIL or its subsidiaries or creation by GIL or its subsidiaries of any charge or other security over any assets or property of any member of the Group.
13. Incorporation of a new subsidiary.
14. Payment or declaration by GIL of any dividend or other distribution on account of Shares in its capital.
15. Commencement or settlement by GIL or any of its subsidiaries of any litigation or arbitration or other proceedings.
16. Capital raising
17. Delegation or outsourcing of Manager's services.
18. Transactions with Related Corporations or interested persons.
19. Holding of cash or assets of GIL under the Manager's or any custodian's name.

¹ Some of these matters may also require shareholder approval.

Induction, Orientation and Training

Dedicated training sessions (approximately 15 hours in total) were conducted for Directors in FY2016 internally as well as by external advisors covering the following:-

- (i) Compliance and financial reporting under the Financial Reporting Surveillance Programme and International Financial Reporting Standards;
- (ii) Processes and tools for managing cyber security risks;
- (iii) Product presentations on GIL's portfolio of assets, including bank capital securities, collateralised loan obligations and corporate bonds.
- (iv) Industry-related matters, including the macroeconomic outlook and market forecast.

board matters (cont'd)

In FY2016, directors were also provided with quarterly regulatory updates covering, among others, the changes to be introduced by the SGX-ST as well as quarterly updates on global events and risks, such as Brexit and the US presidential election. A comprehensive strategy review and planning session was held together with the training session on the macroeconomic outlook and market forecast referred to above for a full-day in FY2016.

Directors also individually attended external seminars and talks in FY2016 to update and enhance their skills and knowledge.

In line with best practices in corporate governance and the Singapore Code, in-coming directors receive a letter of appointment, which provides details on the key terms of their appointment, including their duties and obligations, as appropriate. For example, as part of the induction process, in-coming directors are briefed on their duties in relation to conflicts of interests and disclosure of interests.

Principle 2: Composition and Guidance of the Board of Directors

GIL has an NGC that, in summary, oversees the size and composition of the Board and its committees and advises the Board on good governance standards and appropriate corporate governance policies. The NGC annually reviews the independent status of directors in accordance with the definitions and guidelines set out in the Singapore Code to ensure an effective and independent Board. The NGC ensures that the Board has a strong and independent element which is able to exercise objective judgment on corporate affairs independently, in particular, from the Manager and its 5% Shareholders¹. The NGC has applied a stricter 5% Shareholder test as compared to the Singapore Code's 10% Shareholder test for director independence.

The Board has re-examined its size and considered that the appropriate size for the Board to facilitate effective decision making is five. The NGC conducts evaluations to maintain an appropriate balance of expertise and skills sets amongst the Board and the Board committees and is satisfied that they currently provide the core competencies such as legal, accounting or finance, investment, risk management, business or management, strategy planning and customer-based experience or knowledge.

Currently, the Board comprises five members, three of whom (the majority) are independent directors. All independent directors have some business or other experience in the industry, in which GIL operates.

The non-executive directors are encouraged to meet regularly without the presence of the Manager, to review the Manager's and GIL's performance.

¹ The term "5% Shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.

Appointment of Lead Independent Director

Under Guideline 3.3 of the Singapore Code, companies are required to appoint an independent non-executive director to be the lead independent director (the "Lead Independent Director") in the following circumstances:

1. where the chairman and the CEO is the same person;
2. where the chairman and the CEO are immediate family members;
3. where the chairman is part of the management team; or
4. where the chairman is not an independent director.

board
matters
(cont'd)

Mr Boon Swan Foo is considered non-independent because he holds 12.85% of the Shares in GIL as at 10 March 2017. Furthermore, SICIM is the manager of GIL, and Mr Boon Swan Foo is the ultimate beneficial owner and Chairman and Chief Executive Officer of SICIM.

As such, a Lead Independent Director has been appointed to assist the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company. The Singapore Code further states that the Lead Independent Director should be a member of the NGC.

Mr Adrian Chan Pengee, who is the Chairman of the NGC, was appointed as the Lead Independent Director of the Company on 25 February 2016.

The Lead Independent Director performs the following responsibilities and duties:

1. assisting the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company;
2. leading and conducting periodic meetings of the independent directors without the presence of the other directors and providing feedback to the Chairman after such meetings;
3. coordinating activities of the non-executive directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity; and
4. acting as the contact point for Shareholders where they have concerns and for which contact through the Chairman or the Manager have failed to resolve, or is inappropriate.

board matters

(cont'd)

Assessment of Independence of Individual Directors

Directors	Date of last re-election	Independence status under the Singapore Code	Shareholding in GIL (either direct or deemed interest)	Whether Shareholding is less than 5%	Independent relationship ¹ - including independence from 5% Shareholders	Served on the Board for less than 9 years	Immediate family relationship ²
Mr Boon Swan Foo	29 April 2014	No	Yes	No	No	Yes	No
Mr Adrian Chan Pengee	30 April 2015	Yes	Yes	Yes	Yes	Yes	No
Mr Ronald Seah Lim Siang	29 April 2016	Yes	Yes	Yes	Yes	Yes	No
Mr Tan Kok Wee	29 April 2014	Yes	No	Yes	Yes	Yes	No
Mr Jason See Yong Kiat	n/a ³	No	Yes	Yes	No	Yes	No

¹ An independent director should have no relationship with GIL, its Related Corporations, its 5% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of GIL (See Guideline 2.3 of the Singapore Code).

² An independent director should not have an immediate family relationship with any director or GIL or its 5% Shareholders (See Guideline 4.7 of the Singapore Code). The term "immediate family" refers to a person's spouse, child, adopted child, step-child, brother, sister and parent.

³ Mr Jason See Yong Kiat, as Manager Nominated Director, will remain in office for a fixed term of three years from the date of his appointment. Such term of appointment is renewable for a further term of three years at the option of the Board.

Principle 3: Chairman and Chief Executive Officer

GIL has a non-executive, non-independent Chairman of the Board. Mr Boon Swan Foo is considered non-independent because he holds 12.85% of the Shares in GIL as at 10 March 2017. Furthermore, SICIM is the Manager of GIL, and Mr Boon Swan Foo is the ultimate beneficial owner, Chairman and Chief Executive Officer of SICIM.

However, three out of the five directors on the Board are independent. There are no immediate family member relationships among the Board members, and specifically between the Chairman and Manager Nominated Director. The Chairman and Manager Nominated Director would abstain from voting in respect of any transaction where the Manager is a party. In addition, there are no special or additional voting powers conveyed to the Chairman of the Board. The role of the Chairman is to, among others, promote high standards of corporate governance and to lead the Board to ensure its effectiveness on all aspects of its role.

There is no Chief Executive Officer given that GIL has appointed the Manager.

Principle 4: Board Membership

The NGC's responsibilities include overseeing a continual renewal and membership assessment process of the Board for good corporate governance purposes. The key terms of reference of the NGC are:

1. to review and advise the Board on the composition of the Board and its committees;
2. to review the performance of the Board, the Chairman, the Deputy Chairman (if any) and other directors of the Board;
3. to review training and professional development programmes for the Board;
4. to ensure that proper succession plans are in place for consideration by the Board;
5. to advise the Board on appropriate governance standards and appropriate corporate governance policies for GIL; and
6. to critically review GIL's performance against its corporate governance policies on an annual basis or as otherwise deemed appropriate.

For FY2016, the NGC conducted a self-review against the responsibilities set out in the Nomination and Governance Committee Charter and concluded that the NGC had adequately fulfilled its duties.

board matters

(cont'd)

The NGC comprises the three directors below, of which two are independent directors. The Chairman of the NGC is independent.

Directors	Appointment
Mr Adrian Chan Pengee	Chairman
Mr Boon Swan Foo	Member
Mr Ronald Seah Lim Siang	Member

The NGC coordinates the assessment of the performance of the Board as a whole, the Board committees, the Chairman of the Board and the Board's individual directors and determines annually if a director should be considered independent. The independence of any director who has served on the Board beyond nine years from the date of his first appointment will be rigorously reviewed. The NGC shall provide its views to the Board when the NGC considers that a director:

1. can still be deemed as independent despite the existence of relationships and circumstances enumerated in guidelines 2.3 and 2.4 of the Singapore Code; or
2. is not independent even in the absence of relationships and circumstances enumerated in guidelines 2.3 and 2.4 of the Singapore Code.

For FY2016, the NGC has ascertained that the majority of the Board are independent according to the criteria set out in the Singapore Code in addition to the stricter 5% Shareholder test for director independence.

Process for Selection, Appointment and Re-Election of Directors

The NGC reviews and recommends the size and composition of the Board and, with the assistance of the Manager, identifies and recommends to the Board the relevant directors who are due for retirement, election or re-election at each AGM, and for any appointment that is expected or has arisen between AGMs.

Under the Company's Bye-laws, the directors (other than a Manager Nominated Director) to retire by rotation in each subsequent AGM shall be those who have been longest in office since their last re-election or appointment, and a retiring director (other than a Manager Nominated Director) is eligible for re-election. The Manager Nominated Director will remain in office for a fixed term of three years after appointment, and his or her term of office is renewable for a further term of three years at the option of the Board. Subject to the provisions of the Bye-laws, GIL ensures that each director (excluding the Manager Nominated Director) submits themselves for re-election at least once every three years.

Board Diversity Policy

The Company has adopted a Board Diversity Policy under which it recognises and embraces the benefits of having a diverse Board, and endeavours to include a broad range of factors in its selection and retention of directors. The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

1. drive business results;
2. raise corporate governance standards within the Company;
3. enhance quality and responsible decision-making capability;
4. ensure the sustainable development of the Company; and
5. enhance the reputation of the Company.

While all appointments to the Board will continue to be made on merit, the Board will consider the balance of skills, experience, independence and knowledge of the Company on the Board, and the diversity representation of the Board. Criteria such as skill sets, regional and industry experience, cultural and geographical background, age, religion, ethnicity, race and gender will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

board matters (cont'd)

The Board will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other physical attributes which are in no way related to such person's ability to perform as a Board member.

GIL's Board Diversity Policy can be found on GIL's website at: www.globalinvestmentslimited.com

Succession Planning

During the process for the selection, appointment and re-appointment of directors, the NGC reviews the range of expertise, skills, attributes, composition and the need for progressive renewal of the Board as well as each director's competencies, commitment, contribution and performance. The NGC specifically looks out for directors who possess the core competencies such as legal, accounting or finance, investment, risk management, business or management, strategy planning and customer-based experience or knowledge. When the need for a new director arises (excluding the Manager Nominated Director), the NGC carries out the following process: it identifies GIL's needs, conducts an external search and then prepares a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the NGC may seek advice from external consultants.

In FY2016, no new directors were appointed. The Manager has its own succession planning for its senior management and its performance in managing GIL is reviewed annually by the Board.

Multiple Directorships

When a director has multiple board representations, he or she must ensure that sufficient time and attention is given to the affairs of GIL. Policies, guidelines and procedures have been implemented to review and ensure performance/commitment for directors holding multiple appointments, taking into consideration the director's listed company board representations and other principal commitments. While the Board acknowledges that the effectiveness of each director is best addressed by a qualitative assessment of the directors' contributions, the Board has determined the maximum number of listed company board representations to which any director may hold concurrently to be six. Having taken into consideration, among others, the sterling attendance of all directors for Board and Board committee meetings in FY2016, the NGC is satisfied that all directors have devoted sufficient time and attention to the matters under their remit for FY2016.

Information on GIL Directors

The key information regarding the directors, such as academic and professional background, shareholdings, chairmanships, directorships and other principal commitments can be found under the "Board of Directors" section and the "Additional SGX-ST Listing Manual Disclosures" section.

The information on the independence of the directors is stated under Principle 2: Composition and Guidance of the Board of Directors.

Principle 5: Board Performance

The Board has implemented a process through which the NGC coordinates a formal assessment of the effectiveness and performance of individual directors, including the Chairman of the Board, the Board and the Board committees on an annual basis. The performance of the individual directors, the Board and the Board committees are evaluated by each individual director through an assessment survey (questionnaire) covering performance criteria and competencies agreed by the NGC.

Board and Board Committee Performance Evaluation

Each Board member is invited to complete a Board and Board Committee Performance Questionnaire and to submit it directly to the NGC for evaluation. The questionnaire assesses in particular how effective the Board and the Board committees have been in carrying out their specific roles and functions (e.g. for the NGC, whether it effectively determines the independence of independent directors) as well as areas such as the Board's size and composition, corporate integrity, strategic review, the appropriateness of knowledge and skills sets within the Board and Board committees to maximise performance, the working relationship between the Board and its committees as well as the working relationship between the Board members.

board matters (cont'd)

Individual Director and Chairman Evaluation

Each director is invited to complete an Individual Director Questionnaire to appraise the performance and contribution of each individual director, including the Chairman of the Board. The questionnaire allows each director to assess his fellow directors in the areas of their respective performance, contribution, knowledge on key drivers, risks and opportunities and special expertise beneficial to the Board and to also give suggestions on what the respective directors should improve on or do differently. The Chairman is also assessed via such questionnaire and specific questions that are only applicable to the Chairman are included in the questionnaire (e.g. whether the Chairman ensures that adequate time is available for discussion of all agenda items, in particular strategic issues).

Compilation of Questionnaires and Evaluation of Performance

The completed questionnaires are submitted to the Manager for compilation. The names of directors are omitted from the summary report to encourage more open and frank discussion. Upon completion of the abovementioned process by the Manager, the NGC will assess the results of the questionnaire and report on key findings and recommendations to the Board. The NGC will supplement the evaluation of the Board committees' performance with self-reviews conducted by each of the Board committees against the responsibilities set out in their respective charters, and report any key findings and recommendations to the Board. For individual director evaluations, the NGC will identify areas for improvement and suggest them to the Board and the directors for consideration. The open discussion between the NGC and the Board members will allow each individual director to discharge his duties more effectively.

For FY2016, the Board, taking into consideration the key findings of the NGC, is satisfied that the Board and its committees, the Chairman and each individual director have adequately fulfilled their responsibilities.

Principle 6: Access to Information

The Manager provides Board members with complete, adequate and timely information in advance of Board meetings and on an on-going basis, so as to enable the Board to make informed decisions to discharge their duties and responsibilities. For example, the Board has access to monthly management accounts and is provided with such explanation and information as the Board may require from time to time (see Principle 10: Accountability of the Board of Directors and Management below). Directors are also provided with quarterly regulatory updates as well as quarterly updates on global events and risks (see Principle 1: Induction, Orientation and Training above).

For further enquiries, the directors have independent access to the Manager and Company Secretary at all times. The Company Secretary has defined responsibilities, including advising on good corporate governance practices and compliance with general statutory requirements, as set out in the administration agreement entered into between Horseshoe Fund Services Ltd. and GIL. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In the absence of the Company Secretary, an Assistant Company Secretary attends the board meetings.

Each director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at GIL's expense on any matter concerned with the proper discharge of his or her responsibilities as a director.

Having considered the adequacy and timeliness of the information made available by the Manager, the directors are satisfied with the access to the information provided by the Manager during FY2016.

remuneration

REMUNERATION

As part of the Corporate Governance Framework, the following principles apply on remuneration matters:

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

GIL has a RC comprising entirely of three independent directors. The responsibilities of the RC include overseeing a framework for remuneration, recommending policies and guidelines for directors' remuneration, and reviewing the fees payable to the Manager.

The key terms of reference of the RC are:

1. to recommend specific remuneration packages for each director as well as for the key management personnel (if any);
2. to cover all aspects of the remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
3. to review the fees payable to the Manager, as and when necessary;
4. to recommend any long-term incentive schemes;(if applicable)
5. to recommend the incentive scheme framework and policies together with the amounts awarded; (if applicable) and
6. to review GIL's obligations arising in the event of termination of the executive directors' and key management personnel's (if any) contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

For FY2016, the RC conducted a self-review against the responsibilities set out in the Remuneration Committee Charter and concluded that the RC had been adequately fulfilling its duties.

The RC comprises the following three directors, all of whom are independent directors:

Directors	Appointment
Mr Ronald Seah Lim Siang	Chairman
Mr Adrian Chan Pengee	Member
Mr Tan Kok Wee	Member

Principle 8: Level and Mix of Remuneration

The Board comprises five directors, with a non-executive, non-independent Chairman, one Manager Nominated Director and three independent directors. There are no executive directors. The remuneration of these directors is disclosed under Principle 9 below. The remuneration of non-executive directors will be reviewed and recommended by the RC, taking into account factors such as effort and time spent and responsibilities of the directors, as well as industry benchmarks and other selected listed and formerly listed investment companies in Singapore. Currently, GIL does not engage any remuneration consultants as the fees payable to its non-Manager Nominated Directors are stipulated in its Bye-laws. The Manager Nominated Director does not receive any director fees.

GIL has no employees or executive officers and has appointed the Manager to manage GIL. GIL compensates the Manager for its services in accordance with the terms of the Management Agreement. Any changes in the fee structure will be subject to the approval of Shareholders by ordinary resolution in general meeting, and for the purposes of such approval, the Manager and its Associates, if they hold any Shares at the time of such meeting, will abstain from voting the relevant resolution.

The Manager is entitled to a Base fee calculated upon 1.0% of Net Investment Value up to S\$1.5 billion and 1.5% of Net Investment Value in excess of S\$1.5 billion. The Manager is also entitled to the incentive fee, fixed fee, acquisition fee, divestment fee and debt raising fee and is reimbursed by GIL for third party expenses. The incentive fee is a performance-related fee designed to be aligned with the interests of the Shareholders and to promote the long-term success of GIL.

remuneration

(cont'd)

The RC has evaluated the remuneration structure of the Board and Manager, and is confident that the overall level and structure of remuneration align with the long-term interests and risk management policies of GIL. The remuneration structure of the Manager has been subject to detailed review by an independent financial adviser and approved by the Shareholders at the Annual General Meeting in 2016. The Company believes in making full and frank disclosure of the entire formula on the Manager's fee structure, as fully set out at page 115.

The Board has the sole discretion to pay up to 100% of the Manager's fees in the form of Shares in GIL rather than cash.

Principle 9: Disclosure on Remuneration

The Manager Nominated Director does not receive any director's fees or other compensation from GIL for serving as a director or a member of a Board committee of GIL or any of its subsidiaries.

Directors (including the Manager Nominated Director) are reimbursed for reasonable out-of-pocket expenses incurred in the course of attending meetings of the Board or Board committees, and for any expenses reasonably incurred in their capacity as directors of GIL or any of its subsidiaries. There are no termination, retirement or post-employment benefits which may be granted to the directors and the Manager Nominated Director. There are no variable or performance-related bonuses, benefit-in-kind, stock options grants, share-based incentives and awards, and other long-term incentives received by the directors.

GIL has adopted the following fee structure for non-Manager Nominated Directors for FY2016:

		Remuneration Per Annum
1.	Base remuneration fee	US\$50,000 per director
2.	Fees for chairmanship of the Board and various Board committees as well as membership in various Board committees	
	a) Chairman of the Board	US\$18,000
	b) Deputy Chairman of the Board (if applicable)	US\$5,000
	c) Lead Independent Director	US\$4,000
	d) Base fee for membership of ARMC	US\$10,000 per member
	e) Chairman of ARMC	US\$5,000
	f) Base fee for membership of NGC	US\$2,000 per member
	g) Chairman of NGC	US\$1,000
	h) Base fee for membership of RC	US\$2,000 per member
	i) Chairman of RC	US\$1,000
3.	Fees for directorship of all subsidiary companies	US\$5,000 per director ¹

¹ For the avoidance of doubt, this fee applies to non-Manager Nominated Directors of the Company. A separate fee is paid to other nominee directors who sit on the boards of the Company's subsidiaries.

Subject to the right of the Board to review the amount of fees payable to the directors should circumstances justify an increase, these fees can be altered without Shareholders' approval provided that the aggregate paid to all directors does not exceed the maximum set by GIL's Bye-laws. Pursuant to the Bye-laws, the maximum aggregate amount of fees payable to the directors in respect of one year is the number of directors appointed at the relevant time multiplied by US\$70,000. All fees are paid quarterly in arrears, and pro-rated if an appointment was made during the financial year.

For FY2016, Mr Jason See Yong Kiat, being the Manager Nominated Director, did not receive any director's fees. Mr Boon Swan Foo, Mr Adrian Chan Pengee, Mr Ronald Seah Lim Siang and Mr Tan Kok Wee were paid the full amount of annual fees. Mr Adrian Chan Pengee was paid fees for his appointment as Lead Independent Director pro-rated from the day of his appointment on 25 February 2016. The remuneration of non-Manager Nominated Directors for FY2016 is as follows:

remuneration

(cont'd)

Remuneration of non-Manager Nominated Directors

Directors	Base Remuneration Fees (US\$)	Fees for Chairmanship of the Board and Various Board Committees and Membership of Various Board Committees (US\$)	Total Directors' Fees¹ (US\$)
Mr Boon Swan Foo	50,000	20,000	70,000
Mr Adrian Chan Pengee	50,000	18,399	68,399
Mr Tan Kok Wee	50,000	17,000	67,000
Mr Ronald Seah Lim Siang	50,000	15,000	65,000

¹ Directors' fees are paid quarterly in arrears and pro-rated if appointment is during the financial year.

Remuneration of top 5 Key Management Personnel / top 5 Key Employees / Employees Immediately Related to a Director or CEO

GIL has no employees of its own and relies on the appointed fund manager to manage GIL and its investments and to provide certain functions such as finance, fund administration, risk management and compliance.

GIL will compensate the Manager for providing the above services set out in the terms of the Management Agreement through the Manager's fee structure as disclosed under Principle 8.

No immediate family members of the directors of the Board are employed by GIL.

accountability, audit and risk management

ACCOUNTABILITY, AUDIT & RISK MANAGEMENT

As part of the Corporate Governance Framework, the following principles apply on accountability and audit:

Principle 10: Accountability of the Board of Directors and Management

The Board seeks to provide the Shareholders with a balanced and understandable assessment of GIL's performance, position and prospects on a quarterly basis or as required. The Manager provides the Board with balanced and comprehensible information for this purpose.

The Board has formal policies and procedures on reporting and review of financial information. There are also policies and procedures established to ensure compliance with legislative and regulatory requirements such as GIL's Risk Management Policy, Whistleblowing Policy and Code of Conduct. The Board has access to monthly management accounts and is provided with such explanation and information as the Board may require from time to time.

Principles 11 and 12: Audit and Risk Management Committee and Internal Controls

While GIL does not have a CEO/CFO, for FY2016, the Manager has provided written assurance to the Board confirming that GIL's financial records have been properly maintained and the financial statements give a true and fair view of GIL's operations. This certification also confirms the adequacy of GIL's risk management, compliance and internal control systems.

GIL has established an ARMC and has adopted a formal charter setting out its key responsibilities. All three member of the ARMC, including the Chairman of the ARMC, possess relevant accounting or related financial management expertise or experience.

The ARMC comprises the following three independent directors:

Directors	Appointment
Mr Tan Kok Wee	Chairman
Mr Adrian Chan Pengee	Member
Mr Ronald Seah Lim Siang	Member

The ARMC has explicit authority to investigate matters within its terms of reference. It has full access to and cooperation of the Manager, full discretion to invite any director of GIL or any executive officer of the Manager to its meetings and reasonable resources to discharge its functions properly. It is empowered to:

1. retain external counsel, accountants, or others to advise the ARMC or to assist in the conduct of an investigation;
2. seek any information it requires from external parties; and
3. meet with the officers of the Group, external auditors, or external counsel, as necessary.

The ARMC assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, the compliance monitoring process and risk management.

accountability, audit and risk management (cont'd)

Specific Responsibilities

The following is a non-exhaustive list of the specific responsibilities of the ARMC:

1. **Financial Statements:** The ARMC reviews the significant financial reporting issues and judgments to ensure the integrity of the financial statements of GIL and any announcements relating to GIL's financial performance. The Manager makes representations to the Board in connection with GIL's financial statements on the proper accounting record and transaction.
2. **Internal Controls:** The ARMC reviews and reports to the Board at least annually on the adequacy and effectiveness of GIL's internal control systems, including financial, operational, compliance and information technology controls and risk management systems. It reviews the scope of the external auditors' review of internal controls and reviews reports on significant findings and recommendations.
3. **Internal Audit:** The ARMC reviews the effectiveness of the Manager's internal auditor's work on GIL.
4. **External Audit:** The ARMC reviews and advises the Board on the external auditors' annual plan for GIL, the external auditors' proposed fees and their independence as well as the scope and results of the external audit. It establishes policies as appropriate with regard to, and reviews the independence and objectivity of the external auditors.
5. **Compliance:** The ARMC considers the work plan for compliance activities and reviews the updates and effectiveness of the system for monitoring compliance with laws and regulations.
6. **Risk Management:** The ARMC considers the overall risk management framework and reviews its effectiveness in meeting sound corporate governance principles. It keeps the Board informed of all significant business risks and reviews status reports from the Manager.

The ARMC meets as required and normally at least four times a year. It reviews its effectiveness and performance against its charter, and reports its findings to the Board at least annually. The ARMC meets with the external auditors at least semi-annually or more frequently if required. The ARMC has the opportunity to discuss any matters in a private session with GIL's external auditors at least annually.

During the year under review, the ARMC, among others:

- reviewed and recommended to the Board the release of the quarterly and full year financial statements;
- reviewed and recommended to the Board the Compliance Plan 2016; and
- reviewed and opined that GIL's risk management and internal control system was adequate and effective for FY2016.

The ARMC conducted a self-review against the responsibilities set out in the Audit and Risk Management Committee Charter and concluded that the ARMC had been adequately fulfilling its duties.

To ensure ARMC members keep abreast of changes to accounting standards and important accounting issues, continuing education is provided to update and enhance their skills and knowledge. Information on training and updates can be found in the Induction, Orientation and Training section under Principle 1.

accountability, audit and risk management (cont'd)

External Audit

The ARMC recommends to the Board the proposals to the Shareholders on the appointment, re-appointment and removal of external auditors and recommends to the Board the remuneration and terms of engagement of the external auditors. The re-appointment of external auditors is subject to approval of the Shareholders at GIL's AGM.

During the financial year, the ARMC held a meeting with the external auditors without the presence of the Manager.

Independence of the External Auditors

For the purposes of the FY2016 audit, the ARMC reviewed the independence of the external auditors and determined that there were no circumstances that would impair the independence of the external auditors. The ARMC noted the declaration of independence in the external auditor's report and noted that for FY2016, the fees paid to the external auditor for audit services and non-audit services were as follows:

	Fees (\$\$)
Audit Services	105,000
Total	105,000

None of the members nor the Chairman of the ARMC are former partners or directors of the external auditors.

Risk Management

GIL has a formal risk management framework for the identification of key risks within the business. This Framework defines five major classifications of risks - Strategic, Investment/Economic, Regulatory, Financial and Operational. Operational risks include possible lapses in internal controls and risks from external events such as legal risks as well as environmental risks. Investment/Economic risks are influenced by a variety of general economic and business conditions in the places where GIL has investments or where GIL's underlying assets and economic exposures are located. Such factors may affect the share price of GIL and its ability to meet dividend expectations. While appropriate risk mitigation measures within GIL's risk assessment framework as mentioned below are taken to address such inherent risk, the Board notes that, as elaborated upon below, no system of internal controls and risk management can eliminate all risks.

GIL adopts the Committee of Sponsoring Organisations of the Treadway Commission Model and the International Organization for Standardization on Risk Management (ISO 31000:2009(E)) guidelines for assessing the soundness of its financial reporting, and the efficiency and effectiveness of its risk management, internal control and compliance systems.

The ARMC assists the Board in the oversight of risk management in GIL. It reviews the effectiveness of the overall risk management system in meeting sound corporate governance principles. GIL's risk management process is an ongoing process and requires the continuous identification, assessment, monitoring and management of significant risks. The ARMC will report any material matters, including findings and recommendations pertaining to risk management to the Board.

The Manager is responsible for reporting the status of any key risk exposures or incidents to the ARMC. Key risks at the process level will be identified via risk self-assessment exercises. Risk awareness and ownership of risk treatments are also continuously fostered across the Manager's organisation.

accountability, audit and risk management (cont'd)

Internal Controls

GIL does not have any employees and in this externally managed model, it relies on the Manager to establish, implement and maintain a sound system of internal controls to safeguard Shareholders' investments and GIL's assets and to report to the ARMC on the adequacy and effectiveness of these systems of internal controls and risk management on a regular basis. The ARMC reviews the effectiveness of the system of internal controls at least annually. In its letter of representation to GIL, the Manager has confirmed that it has established an adequate system of internal controls, addressing financial, operational, compliance and information technology controls of GIL.

Based on the above and on the work done and the reviews undertaken by the external auditors and the Manager's internal auditor, the Board (with the concurrence of the ARMC) is of the opinion that there are adequate and effective risk management systems as well as internal controls in place to help to mitigate critical and significant risks relating to financial, operational, compliance and information technology matters. The system of internal controls and risk management framework established by the Manager provide reasonable, but not absolute, assurance that GIL's assets and investments are safeguarded. The likelihood of achieving the objectives of the Committee of Sponsoring Organisations of the Treadway Commission Model is affected by limitations inherent in all internal control and risk management systems. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Whistleblowing Policy

A Whistleblowing Policy has been instituted by GIL, and it sets out the arrangements through which parties ("whistleblowers") can raise their concerns of any suspected improper conduct in confidence. A whistleblower should raise his concern or complaint by email to the Chairman of the ARMC at chairmanARMC@globalinvestmentslimited.com

Alternatively, he could also raise his concern independently to any director of GIL. The Whistleblowing Policy does not disregard anonymous complaints and every effort will be made to protect the whistleblower's identity.

All concerns raised will be objectively investigated and appropriate follow-up actions will be taken. The Manager also keeps a register of queries to handle investors' queries and complaints. In any case, if any of the concerns raised is related to any improprieties or misconduct of GIL, an independent investigation will be conducted. The ARMC is responsible for the review of any concerns raised through the whistleblowing arrangements at its quarterly meetings. The ARMC has the jurisdiction to appoint investigating officers and effect disciplinary follow-up action.

Reprisal or retaliation against any person for making a report, or intending to raise a complaint, or against anyone participating in the investigation of reported violations of the policy is strictly prohibited. Any acts of obstruction of reporting or investigation of a violation will not be condoned.

GIL's Whistleblowing Policy can be found on GIL's website at: www.globalinvestmentslimited.com

Principle 13: Internal Audit

The Manager has its own outsourced internal auditor, KPMG Services Pte Ltd ("KPMG"), which conducts audit on certain areas of the Manager's scope of work under the Management Agreement with GIL. KPMG adopts and meets the International Standards for the Professional Practice of Internal Auditing. The Manager's internal auditor has access to GIL's documents, records and properties. The Manager's officers also meet with KPMG and the Board to ensure that GIL's internal procedures and policies are compliant with all applicable laws and regulations.

shareholder rights and responsibilities

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principles 14, 15 and 16: Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

GIL is committed to maintaining high standards of disclosure and corporate transparency with members of the investment community and investing public. The Board has adopted policies and procedures that comply with the disclosure requirements under the SGX-ST Listing Rules, having regard to the recommendations of the Singapore Code. GIL has developed an Investor Relations Policy which is designed to ensure the delivery of timely, relevant and pertinent information to Shareholders. The Manager facilitates regular and effective communication in an open and non-discriminatory approach on changes to GIL as well as its performance or business developments which would be likely to materially affect the price or value of the Shares.

GIL discloses information on a timely basis through SGXNET and GIL's website, including quarterly financial results within 45 days after the end of each quarter and the financial statements for the full financial year within 60 days after the end of each financial year. The corporate website provides Shareholders and the investment community with key information, including annual reports, quarterly results, presentations and announcements to SGX, information on Shares and dividends and Shareholder meetings. The Investors Relations Team of the Manager endeavours to respond to Shareholder queries promptly and effectively, and usually does so within a week of receiving such queries. It also maintains a register of all queries and responses given by GIL. GIL's contact details can be found at www.globalinvestmentslimited.com

GIL regularly holds a briefing session for both media and analysts together when announcing the full-year results. Key management personnel of the Manager will be present at the briefing. The presentation material and/or a webcast of the briefing is available on the website of GIL at www.globalinvestmentslimited.com. In FY2016, the briefing session that was held for both media and analysts was attended by the Chairman, the Manager Nominated Director and key management personnel of the Manager.

Conduct of Shareholders Meetings

GIL supports active Shareholder participation at AGMs. At least 21 days before the AGM, notice of the meeting (including key rules that govern such meetings such as the rules regarding voting by proxy), meeting agenda and related information will be sent to Shareholders to provide Shareholders with sufficient time to review the aforementioned documents and indicate their attendance. GIL holds its AGM at a central location which is easily accessible by public transportation. GIL allows Shareholders who hold Shares through nominees to attend the AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats.

There will be distinct resolutions at general meetings on each substantially separate issue. Resolutions are not bundled unless they are interdependent and linked so as to form one significant proposal. All resolutions will be conducted by poll voting. Shareholders attending the general meeting would have the opportunity to ask questions on proposed resolutions and the voting procedure would be communicated to the Shareholders at the meeting. An announcement of the detailed results of voting from the AGM showing the number of votes cast for and against each resolution and the respective percentage will be published.

The Chairman, the Chairman of each of the Board committees and where possible, all the directors, will be present in person or by phone to address relevant queries from Shareholders. The external auditors are also invited to address relevant queries from Shareholders. GIL encourages Shareholders to pose questions, and gives them ample opportunity to do so at the AGM. The minutes of general meetings, which include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and the Manager, are available on request.

GIL's Investor Relations Policy can be found on GIL's website at: www.globalinvestmentslimited.com

shareholder rights and responsibilities (cont'd)

Dividend Policy

GIL's dividend policy is to pay out the majority of the economic income received from its investments, after payment or provision for operating and financing expenses.

GIL's Dividend Policy can be found on GIL's website at: www.globalinvestmentslimited.com

Dealing in Securities

GIL's Share Trading Policy states that directors, employees and officers of the Group and directors, officers and employees of the Manager are prohibited from dealings in Shares on considerations of a short-term nature; when in possession of unpublished price-sensitive information and during the period commencing two weeks before the announcement of GIL's financial results for each of the first three quarters of the financial year and one month before the announcement of GIL's full year financial results and ending on the date of the announcement of the relevant results.

Pursuant to GIL's Share Trading Policy, directors are required to seek the Board's approval before trading in Shares of GIL and non-executive directors are encouraged to purchase Shares in GIL and hold them till they leave the Board. There is no limit imposed on the number of Shares purchased.

GIL's Share Trading Policy can be found on GIL's website at: www.globalinvestmentslimited.com

Code of Conduct

GIL has a Code of Conduct that applies to all executive and non-executive directors, officers, employees and contractors (collectively "Employees") of the Group.

The Code of Conduct sets out principles to guide Employees in carrying out their duties and responsibilities to the highest standards when dealing with shareholders, suppliers, clients, competitors and other Employees. The Code of Conduct covers areas such as conflict of interest, corporate opportunities, trading in securities, protection and proper use of GIL's assets, confidentiality of information, responsibility to key stakeholders and compliance with laws and regulations. Staff are required to act honestly and in good faith at all times as well as comply with applicable laws and regulations. GIL currently does not employ any staff internally and has appointed the Manager to manage GIL. The Manager will adhere to GIL's Code of Conduct in addition to its own.

GIL's Code of Conduct can be found on GIL's website at: www.globalinvestmentslimited.com

Conflict of Interests Policy

The Company has adopted a Conflict of Interests Policy. The directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole free of any actual or possible conflicts of interest.

If a director considers that he or she might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board requires that the director:

- Fully and frankly informs the Board about the circumstances giving rise to the conflict.
- Abstains from voting on any motion relating to the matter and absents himself or herself from all board deliberations relating to the matter, including receipt of board papers bearing on the matter.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the Chairman.

GIL's Conflict of Interests Policy can be found on GIL's website at: www.globalinvestmentslimited.com

shareholder rights and responsibilities

(cont'd)

Interested Person Transactions Policy

The Company's Interested Person Transactions Policy sets out the detailed procedures for the review and approval of material or significant interested person transactions ("IPT").

To protect the interests of the Company and its Shareholders, the Board adopts the following principles in its handling of IPTs:

1. the Directors will not vote on matters which involve an IPT where a conflict of interest may arise;
2. any IPTs must be conducted on a fairly and on a third party arm's length basis; and
3. any fee payments made must be market-based and approved by a majority of the Independent Directors.

Any interested person of the Company is required to promptly notify the Board of any material interest that such person had, has or may have in an IPT. The notice shall include a description of the transaction and the aggregate dollar amount. Following the receipt of such notification of material interest, the Board will carry out a thorough review of the IPT and shall be responsible for the approval or ratification of the IPT.

In determining whether to approve, ratify, disapprove or reject an IPT, the Board will take into account, among other factors it deems appropriate, whether the IPT is entered into on terms no less favourable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances; the results of an appraisal, if any; whether there was a bidding process and the results thereof; review of the valuation methodology used and alternative approaches to valuation of the transaction; and the extent of the interested person's interest in the transaction.

In the event the Company becomes aware of an IPT with an interested person that has not been approved prior to its consummation, the matter will be reviewed by the Board, which will consider all of the relevant facts and circumstances regarding the IPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the IPT. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such IPT to the Board and take any such action as may be appropriate.

GIL's Interested Person Transactions Policy can be found on GIL's website at: www.globalinvestmentslimited.com

sustainability philosophy

SUSTAINABILITY PHILOSOPHY

GIL believes in building and growing a sustainable business to produce long-term benefits for all its stakeholders, and in the process contributing to the community and the economy as a whole. GIL's aim is to seek investment in assets that will generate steady income and potential appreciation in capital to deliver regular dividends and achieve capital growth for its investors, while partaking in investments that contribute to the well-being of the global community.

The Company has identified the following key areas of active stewardship which it strives to work towards:

1. Promoting a sustainable environment
2. Socially responsible investing
3. Ensuring privacy of personal data
4. Compliance, anti-corruption and engagement with local and foreign regulators
5. Good corporate governance
6. Protection of creditors' rights
7. Ensuring the health, safety and welfare of the Manager's employees

Promoting a Sustainable Environment

Given that GIL currently does not employ any staff, it encourages staff of its Manager to be an integral part of its efforts to employ a eco-friendly and sustainable value chain process. The Manager strives as far as possible to use products from eco-friendly suppliers, or suppliers who have obtained the Singapore Green Label Certification or relevant ISO Certification for demonstrated environmental management strategies. While GIL's business does not rely heavily on natural resources, it continues to undertake initiatives to reduce its environmental footprint such as through conservation of energy and proper management of paper and IT waste.

Socially Responsible Investing

The Board of GIL recognises that corporate sustainability begins with a company's value system and a principled approach to doing business, and that means operating in ways that meet fundamental responsibilities in areas such as human rights, labour, environment and anti-corruption.

Sustainability is one of the critical characteristics which GIL seeks in potential investments. Sustainable investing involves systematic consideration of all facets of corporate activity including the materiality of environmental factors and climate change on a company's operations, as well as the company's performance from a social and governance standpoint. GIL will not support companies involved in known breaches of human rights, labour, environment or anti-corruption laws. The Company believes sustainability factors have an important bearing on risk and return and ultimately lead to the prospect of success or failure of investments.

Ensuring Privacy of Personal Data

GIL is committed to ensuring privacy of all shareholder data, and has instituted a Personal Data Protection Policy setting out the Company's policy on the collection, use and disclosure of personal data of Shareholders, Directors and Officers of the Company, as well as any relevant third parties.

The Board is keenly aware of the risks which cyber security threats pose, and the expectation of governments and regulators that the Board and its Manager are responsible for protection of the Company's critical assets and sensitive information. As a licensed capital markets holder, GIL's Manager has proper technology risk management and data protection systems in place to ensure the effective protection of all sensitive information belonging to GIL.

GIL's Personal Data Protection Policy can be found on GIL's website at: www.globalinvestmentslimited.com

sustainability philosophy (cont'd)

Compliance, Anti-corruption and Engagement with Local and Foreign Regulators

GIL recognises that the elimination of corruption is a priority within the business community in light of the potential erosion of confidence and trust in business among investors, customers, employees and the public. In particular, it is cognisant of the considerable damage resulting from corruption, which can include adverse legal repercussions, negative reputational impact, significant direct financial costs as well as loss of internal trust and confidence among personnel or staff.

The Company has formalised an Anti-Corruption Policy within the organisation, which requires, among other things, that directors or staff report and whistle-blow any instances or suspicion of corruption, and to ensure that there are no instances of inappropriate receipt or giving of benefits by GIL representatives in their interactions with external parties including regulators and third party service providers.

GIL is committed to conducting business honestly and ethically, and has zero tolerance for financial crime. The Company actively engages the regulatory authorities in both Bermuda and Singapore to ensure that records are kept updated and that all necessary filings are made annually.

The Company also recognises that the regulatory landscape continues to develop, posing risks and challenges in the financial markets industry. GIL makes it a point to keep itself apprised of relevant regulatory updates and to participate in providing useful and timely feedback for consultation papers or surveys issued by regulators. The Manager has in place robust processes to identify, escalate and report on suspicious matters and to cooperate with all relevant authorities to ensure the proper and timely resolution of any reported incidents. GIL has not incurred any penalty for breach or non-compliance with the laws and regulations of any country in which it operates.

GIL's Anti-Corruption Policy can be found on GIL's website at: www.globalinvestmentslimited.com

Good Corporate Governance

GIL is committed to uphold best practices in corporate transparency and disclosures, and has in place a comprehensive set of policies and procedures governing its compliance with applicable legislation and adherence to its investment mandate under the Management Agreement. Details of GIL's corporate governance are set out above under the sections titled "Board Matters", "Remuneration", "Accountability, Audit and Risk Management" and "Shareholder Rights and Responsibilities".

Protection of Creditors' Rights

GIL recognises the rights of creditors established by law through mutual agreements and endeavours to uphold creditors' rights by honouring contracted obligations in a timely manner. Both the Board and Manager are responsible for ensuring that the Company is able to comply with all its financial obligations through prudent management of liquidity risk by:

1. monitoring and maintaining an adequate level of cash, cash equivalent and bank credit facilities to finance the Company's operating requirements;
2. ensuring that personnel involved in the active investment of the Company's funds are made aware of any excess cash for investment placement in temporary, medium or long-term investments as permitted under the Management Agreement;
3. managing relationships with creditors and ensuring compliance with all contracted agreements; and
4. monitoring of receivables and payables to ensure that funds are used in optimal levels.

sustainability
philosophy
(cont'd)

Ensuring the Health, Safety and Welfare of Manager's Employees

The Board of GIL firmly believes that human capital is critical in ensuring the long-term sustainability of the Company. Amidst the rapidly-evolving economic landscape and stakeholder expectations, GIL recognises that it can only remain relevant through the efforts and talents of a skilled and adaptable workforce and prudent selection of its manager.

Regular staff training and development remain key priorities for the Manager, in order to ensure that it stands in a good position to tap into a wealth of experience through a diversity of retained talent. The fundamental focus of the Manager is to ensure that each employee remains healthy and engaged in a safe work environment. To this end, GIL supports the Manager's initiatives to actively promote work-life balance among its employees through the provision of health and wellness training workshops.

operating and financial review

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group For the year ended 31 December 2016 S\$'000	Group For the year ended 31 December 2015 S\$'000
REVENUE		
Dividend income	1,306	2,695
Interest income	16,725	13,838
Net gain on sale of investments	14,933	14,417
Net gain/(loss) on financial assets designated as fair value through profit or loss	1,812	(2,700)
Other income	307	-
Total revenue	35,083	28,250
EXPENSES		
Management fees	(1,982)	(1,948)
Incentive fees	(615)	(2,840)
Net foreign exchange losses (net of hedges)	(2,455)	(2,560)
Finance costs	(1)	(3)
Other operating expenses	(2,157)	(2,129)
Total expenses	(7,210)	(9,480)
Net impairment expense	(10,752)	(1,606)
Profit before tax	17,121	17,164
Income tax expense	(61)	(263)
Profit after tax	17,060	16,901
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Fair value gain/(loss)	7,758	(8,979)
– Reclassification to profit or loss	1,647	(2,159)
Currency translation differences arising from consolidation		
– Gain	567	7,726
Other comprehensive income for the year after tax	9,972	(3,412)
Total comprehensive income for the year attributable to shareholders	27,032	13,489
Basic earnings per share (cents per share)	1.14	1.22
Diluted earnings per share (cents per share)	1.14	1.22

operating and financial review

(cont'd)

For the year ended 31 December 2016, the Group's total comprehensive income doubled to S\$27.0 million from S\$13.5 million recorded in the prior year. Profit after tax improved to S\$17.1 million as compared to S\$16.9 million last year.

REVENUE

Revenue for the current year was S\$35.1 million, 24.0% higher compared to S\$28.3 million last year. Interest income increased by 21.0% to S\$16.7 million from S\$13.8 million last year. Net fair value gain on financial assets designated as fair value through profit or loss of S\$1.8 million was recorded in the current year as compared to a loss of S\$2.7 million last year. Net gain on sale of investments recorded for the current year was higher at S\$14.9 million compared to S\$14.4 million recorded in the previous year. The increase in revenue was partially offset by lower dividend income in the current year.

EXPENSES

Expenses for the current year was lower at S\$7.2 million compared to S\$9.5 million last year. This was mainly due to lower incentive fee of S\$0.6 million in the current year compared to S\$2.8 million in the prior year.

NET IMPAIRMENT EXPENSE

For the year ended 31 December 2016, the Group recognised a net impairment expense of S\$10.8 million arising from Avoca VII Class G note, listed equities and bond portfolio. For the year ended 31 December 2015, the Group recognised a net impairment expense of S\$1.6 million after recognising a reversal of impairment from the sale of Seiza Series 2006-1 Class G note of S\$10.1 million.

OTHER COMPREHENSIVE INCOME

Other comprehensive income for the year ended 31 December 2016 amounted to S\$10.0 million versus a loss of S\$3.4 million in the prior year. The S\$10.0 million income was mainly due to a net fair value gain of S\$7.8 million for AFS financial assets and reclassification of net fair value loss of S\$1.6 million to profit and loss following the impairment and sale of AFS financial assets. In addition, a translation gain of S\$0.6 million was recorded for the year following the strengthening of USD against SGD.

In the prior year, the loss of S\$3.4 million was due to a net fair value loss of S\$9.0 million from AFS financial assets and the reclassification of net fair value gain of S\$2.2 million to profit and loss, offset partially by a translation gain of S\$7.7 million.

operating and
financial review
 (cont'd)

STATEMENT OF FINANCIAL POSITION

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
ASSETS				
Non-current assets				
Investments in subsidiaries	-	92,435	-	121,631
Loans and receivables	53,957	53,957	57,727	-
Available-for-sale financial assets	128,122	128,122	96,425	74,355
Financial assets at fair value through profit or loss	63,002	63,002	53,946	53,946
	245,081	337,516	208,098	249,932
Current assets				
Cash and cash equivalents	21,889	20,687	29,110	13,228
Available-for-sale financial assets	45,799	41,884	52,083	46,674
Financial assets at fair value through profit or loss	490	490	-	-
Other assets	3,230	3,195	4,437	4,339
	71,408	66,256	85,630	64,241
Total Assets	316,489	403,772	293,728	314,173
LIABILITIES				
Intercompany payables	-	87,285	-	20,465
Other liabilities	5,718	5,716	1,514	1,494
Total Liabilities	5,718	93,001	1,514	21,959
Net assets attributable to shareholders	310,771	310,771	292,214	292,214
EQUITY				
Share capital	549,432	549,432	535,837	535,837
Capital reserve	(65,846)	(65,846)	(65,846)	(65,846)
Available-for-sale financial assets revaluation reserve	12,996	10,357	3,591	(2,948)
Translation reserve	14,593	-	14,026	-
Accumulated losses	(200,404)	(183,172)	(195,394)	(174,829)
Total Equity	310,771	310,771	292,214	292,214

operating and financial review

(cont'd)

LOANS AND RECEIVABLES

The loans and receivables balance as at 31 December 2016 was S\$54.0 million, a decrease of S\$3.7 million from S\$57.7 million as at 31 December 2015. The lower balance was mainly due to the full redemption of a residential mortgage-backed security ("RMBS"), slightly offset by a net purchase of collateralized loan obligation ("CLO") securities during the year.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The AFS financial assets of S\$173.9 million as at 31 December 2016 comprised investments in listed equities, bonds, bank contingent convertibles and CLOs. The increase of S\$25.4 million from S\$148.5 million as at 31 December 2015 was mainly due to net purchase of bonds and bank contingent convertibles offset by the sale of Ascendos Investments Limited.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss was S\$63.5 million as at 31 December 2016 compared to S\$53.9 million as of 31 December 2015 which comprised investments in a portfolio of bonds and bank contingent convertibles. The increase was mainly due to the net purchase of bonds and bank contingent convertibles during the year.

CASH AND CASH EQUIVALENTS

The lower cash and cash equivalents of S\$21.9 million as at 31 December 2016 compared to S\$29.1 million as at 31 December 2015 was mainly due to a net purchase of bonds and bank contingent convertibles during the year.

NET ASSET VALUE PER SHARE

The net asset value per share of the Group as at 31 December 2016 was 20.0 Singapore cents after the payment of 2015 final dividend of 0.75 Singapore cents per share, 2016 interim dividend of 0.75 Singapore cents per share and taking into account the new shares issued pursuant to the scrip dividend scheme. If the 2015 final dividend was paid and the shares relating to the scrip dividend scheme had been issued before 31 December 2015, the net asset value per share as at 31 December 2015 would have been 19.2 Singapore cents instead of 20.2 Singapore cents per share. After adjusting for the 2016 interim dividend and shares relating to the scrip dividend scheme, the net asset value per share as at 31 December 2016 would have been 21.0 Singapore cents and the increase in net asset value per share would be 9.4%.

RETURN ON EQUITY

The Group achieved a slightly lower return on equity (computed based on net profit after tax over the average total equity) of 5.7% in 2016 as compared to 5.9% in 2015 mainly due to the increase in average total equity arising from the scrip dividend scheme.

global investments limited
and its subsidiaries
2016 financial report

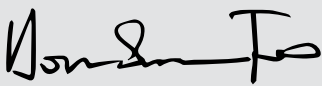
050	Statement by Directors
051	Independent Auditor's Report
054	Statement of Financial Position
055	Consolidated Statement of Comprehensive Income
056	Consolidated Statement of Changes in Shareholders' Equity
057	Consolidated Statement of Cash Flows
058	Notes to the Financial Statements

statement by
directors

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 54 to 103 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and of the financial performance, changes in shareholders' equity and cash flows of the Group for the financial year ended 31 December 2016; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:



BOON SWAN FOO
Chairman
Global Investments Limited



TAN KOK WEE
Director
Global Investments Limited

16 March 2017

independent auditor's report

To the Shareholders of Global Investments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Global Investments Limited (the "Company") and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company presents fairly, in all material respects the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and the consolidated financial performance and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Carrying Value of Financial Instruments

As at 31 December 2016, the Group has investments in loans and receivables which are carried at amortised cost amounting to S\$53.96 million, available-for-sale financial assets which are carried at fair value amounting to S\$173.92 million and financial assets held at fair value through profit and loss amounting to S\$63.49 million. These investments have a total carrying value of S\$291.37 million, which represents 92.06% of the Group's total assets.

(1) Financial instruments not quoted in an active market

The valuation for financial assets carried at fair value uses inputs which have been classified using the fair value hierarchy are disclosed in Note 4(G) to the financial statements. As at 31 December 2016, S\$1.09 million of available-for-sale financial assets were fair valued based on inputs that are not observable, i.e. Level 3 in the fair value hierarchy, which involve a higher degree of management's subjectivity and judgement.

independent auditor's report (cont'd)

Our audit of the fair valuation of Level 3 investments included assessment of the key internal controls over the investment valuation process, verification of prices using external sources and evaluation third party valuation reports. In addition, we involved our own internal valuation specialists to evaluate the appropriateness of the valuation models, the inputs to the model and the reasonableness of assumptions used. We further considered the adequacy of the related disclosures in the financial statements. The Group's disclosures related to fair value of Level 3 investments are included in Note 4(G).

(2) Impairment of financial instruments at amortised cost

Impairment assessment of financial instruments carried at amortised cost is inherently subjective due to judgement involved in determining whether there's indication of impairment and estimation uncertainty when determining the recoverable amount if there are indicators of impairment. As such, we considered fair valuation of Level 3 financial instruments and impairment of financial instruments carried at amortised cost to be a key audit matter.

As disclosed in Note 12 to the financial statements, there is currently no active market for financial instruments carried at amortised cost. Accordingly, management relies on information such as collateral performance and cash flows of underlying portfolio when determining recoverable amount. We assessed the impairment testing performed by the Group, including evaluating the appropriateness of valuation models, inputs and key assumptions used in determining the recoverable amount and corroborating these inputs against external sources of evidence. We also evaluated the adequacy of the related disclosures in the financial statements. The Group's disclosures related to impairment of investments carried at amortised cost are included in Note 7 and Note 12.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRSs, and for such internal control as management 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, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated 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 ISAs 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.

independent auditor's report (cont'd)

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

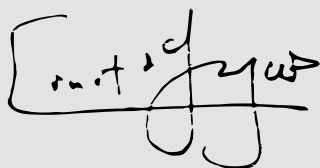
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors 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, related safeguards.

From the matters communicated with the directors, 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 Adrian Koh.



ERNST & YOUNG LLP
Public Accountants and Chartered Accountants

Singapore

16 March 2017

statement of financial position

	Note	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
ASSETS					
Non-current assets					
Investments in subsidiaries	11	-	92,435	-	121,631
Loans and receivables	12	53,957	53,957	57,727	-
Available-for-sale financial assets	13	128,122	128,122	96,425	74,355
Financial assets at fair value through profit or loss	14	63,002	63,002	53,946	53,946
		245,081	337,516	208,098	249,932
Current assets					
Cash and cash equivalents	15	21,889	20,687	29,110	13,228
Available-for-sale financial assets	13	45,799	41,884	52,083	46,674
Financial assets at fair value through profit or loss	14	490	490	-	-
Other assets	17	3,230	3,195	4,437	4,339
		71,408	66,256	85,630	64,241
Total Assets		316,489	403,772	293,728	314,173
LIABILITIES					
Intercompany payables		-	87,285	-	20,465
Other liabilities	18	5,718	5,716	1,514	1,494
Total Liabilities		5,718	93,001	1,514	21,959
Net assets attributable to shareholders		310,771	310,771	292,214	292,214
EQUITY					
Share capital	19	549,432	549,432	535,837	535,837
Capital reserve	20	(65,846)	(65,846)	(65,846)	(65,846)
Available-for-sale financial assets revaluation reserve	21	12,996	10,357	3,591	(2,948)
Translation reserve	22	14,593	-	14,026	-
Accumulated losses	23	(200,404)	(183,172)	(195,394)	(174,829)
Total Equity		310,771	310,771	292,214	292,214

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

consolidated statement of comprehensive income

	Note	For the year ended 31 December 2016 S\$'000	For the year ended 31 December 2015 S\$'000
REVENUE			
Dividend income		1,306	2,695
Interest income		16,725	13,838
Net gain on sale of investments	5	14,933	14,417
Net gain/(loss) on financial assets designated as fair value through profit or loss	14	1,812	(2,700)
Other income	6	307	-
Total revenue		35,083	28,250
EXPENSES			
Management fees	25	(1,982)	(1,948)
Incentive fees	25	(615)	(2,840)
Net foreign exchange losses (net of hedges)	16	(2,455)	(2,560)
Finance costs		(1)	(3)
Other operating expenses	8	(2,157)	(2,129)
Total expenses		(7,210)	(9,480)
Net impairment expense	7	(10,752)	(1,606)
Profit before tax		17,121	17,164
Income tax expense	9	(61)	(263)
Profit after tax		17,060	16,901
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gain/(loss)	21	7,758	(8,979)
- Reclassification to profit or loss	21	1,647	(2,159)
Currency translation differences arising from consolidation			
- Gain	22	567	7,726
Other comprehensive income for the year after tax		9,972	(3,412)
Total comprehensive income for the year attributable to shareholders		27,032	13,489
Basic earnings per share (cents per share)	29	1.14	1.22
Diluted earnings per share (cents per share)	29	1.14	1.22

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

consolidated statement of changes in shareholders' equity

Changes in Equity for the year ended 31 December 2016	Note	Share capital S\$'000	Capital reserve S\$'000	Available- for-sale financial assets revaluation reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
As at 1 January 2016		535,837	(65,846)	3,591	14,026	(195,394)	292,214
Total comprehensive income for the year							
Profit for the year		-	-	-	-	17,060	17,060
Other comprehensive income		-	-	9,405	567	-	9,972
		-	-	9,405	567	17,060	27,032
Transactions with equity holders in their capacity as equity holders:							
Issuance of new shares pursuant to scrip dividend scheme	19	13,595	-	-	-	-	13,595
Dividends	10	-	-	-	-	(22,070)	(22,070)
Total transactions with equity holders		13,595	-	-	-	(22,070)	(8,475)
As at 31 December 2016		549,432	(65,846)	12,996	14,593	(200,404)	310,771

Changes in Equity for the year ended 31 December 2015	Note	Share capital S\$'000	Capital reserve S\$'000	Available- for-sale financial assets revaluation reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
As at 1 January 2015		521,393	(65,846)	14,729	6,300	(191,854)	284,722
Total comprehensive income for the year							
Profit for the year		-	-	-	-	16,901	16,901
Other comprehensive income		-	-	(11,138)	7,726	-	(3,412)
		-	-	(11,138)	7,726	16,901	13,489
Transactions with equity holders in their capacity as equity holders:							
Issuance of new shares pursuant to scrip dividend scheme	19	14,444	-	-	-	-	14,444
Dividends	10	-	-	-	-	(20,441)	(20,441)
Total transactions with equity holders		14,444	-	-	-	(20,441)	(5,997)
As at 31 December 2015		535,837	(65,846)	3,591	14,026	(195,394)	292,214

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

consolidated statement of cash flows

	Note	For the year ended 31 December 2016 S\$'000	For the year ended 31 December 2015 S\$'000
CASH FLOWS USED IN/FROM OPERATING ACTIVITIES			
Operating costs paid		(4,891)	(7,913)
Interest income received		15,967	12,939
Dividend income received		1,255	2,646
Settlement of forward contracts		2,465	(2,660)
Other income received		307	-
Income tax paid		(61)	(263)
Net cash flows from operating activities		15,042	4,749
CASH FLOWS USED IN/FROM INVESTING ACTIVITIES			
Purchase of financial assets		(81,418)	(158,952)
Loan repayments received		3,665	6,439
Net proceeds from disposal of financial assets		65,020	150,887
Net cash flows used in activities		(12,733)	(1,626)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid		(8,475)	(5,997)
Net cash flows used in financing activities		(8,475)	(5,997)
Net decrease in cash and cash equivalents		(6,166)	(2,874)
Cash and cash equivalents at beginning of year		29,110	31,252
Effects of exchange rate changes on cash and cash equivalents		(1,055)	732
Cash and cash equivalents at end of year	15	21,889	29,110

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

notes to the financial statements

1. GENERAL

Global Investments Limited (“GIL” or the “Company”) was incorporated on 24 April 2006 as a mutual fund company limited by shares.

The Company is incorporated and domiciled in Bermuda and is publicly traded on the main board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The address of its registered office is Wessex House, 3rd Floor, 45 Reid Street, Hamilton HM12, Bermuda.

The principal activities of the Company and its subsidiaries (together, the “Group”) consist of investing in a portfolio of assets in different sectors.

On 29 April 2016, Singapore Consortium Investment Management Limited was appointed as the manager of the Company in place of ST Asset Management Ltd.

These financial statements were authorised for issue in accordance with a Directors’ Resolution dated 16 March 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of GIL have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretation Committee (“IFRIC”) interpretations applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss. The consolidated financial statements are expressed in Singapore Dollar (“SGD”) and rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group’s accounting periods beginning on or after 1 January 2017.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) CONSOLIDATION

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) CONSOLIDATION (CONTINUED)

(ii) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) CONSOLIDATION (CONTINUED)

(iii) 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).

The Group considers all of its investment in securitisation vehicles through the purchase of residential mortgage-backed securities ("RMBS") and collateralised loan obligation ("CLO") notes to be an interest in unconsolidated structured entities as it does not have any power over these entities such that its involvement will vary its returns from these entities.

(C) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in SGD, which is the Company's functional currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences 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 balance sheet date are recognised in profit or loss.

Non-monetary items denominated in foreign currencies that are measured at fair values are translated to the functional currency using the exchange rates at the date when the fair values are determined. The gain or loss arising on translation of such items is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FOREIGN CURRENCY TRANSLATION (CONTINUED)

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the reporting date;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using exchange rates at the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(D) INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the differences between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Dividends received from subsidiaries are recognised in profit or loss in the separate financial statements of the Company.

(E) FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on current bid price at the reporting date.

The fair value of available-for-sale financial assets that are not quoted in active markets is determined by using valuation techniques. Valuation techniques include the use of discounted cash flow analysis, valuation of similar investments and reference to recent sales transactions of the same or similar assets. Where appropriate, quoted market prices, broker or dealer quotes for similar instruments are used. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the nature of the asset and purpose for which the financial assets were acquired. The Manager determines the classification of its financial assets at initial recognition.

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group or Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sales proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories of financial assets. They are presented as non-current assets unless the investment matures or the Manager intends to dispose of the assets within 12 months after the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. They are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) FINANCIAL ASSETS (CONTINUED)

(iii) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments as defined by IAS39. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date, otherwise they are classified as non-current.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss within 'Net gain/(loss) on financial assets designated at fair value through profit or loss' in the period in which they arise. Interest on debt securities at fair value through profit or loss is recognised in profit or loss separately.

G) FINANCIAL LIABILITIES

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) IMPAIRMENT OF FINANCIAL ASSETS

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the issuer or obligor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or national or local economic conditions that correlate with defaults on the assets.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income and presented in the available-for-sale financial assets revaluation reserve in equity. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(K) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group may use derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating, financing and investing activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- ii. hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- iii. hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Gains and losses accumulated in equity are included in profit or loss when the foreign operation is partially disposed of or sold.

As at 31 December 2016 and 31 December 2015, the Group does not apply hedge accounting.

(M) REVENUE RECOGNITION

(i) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

(ii) Dividend income

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

notes to the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) EXPENSES

(i) Finance costs

Interest expenses and similar charges are recognised in profit or loss in the period in which they are incurred, using the effective interest method.

(ii) Management fees

Management fees paid/payable to the Manager, in its capacity as the manager of GIL, are recognised over the period that services are rendered.

(iii) Incentive fees

Incentive fees paid/ payable to the Manager, in its capacity as the manager of GIL, are recognised in the period upon entitlement.

(O) TAXATION

GIL is domiciled in Bermuda. Under the current laws of Bermuda, there are no income, estate, corporation, capital gains or other taxes payable by GIL.

The Group currently incurs withholding taxes imposed by certain countries on its dividend and interest income. Such income or gains are recorded gross of withholding taxes in profit or loss.

(P) LEASES

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(Q) SEGMENT REPORTING

Operating segments are to be reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors of the Company (the “Board”) who makes strategic decisions.

(R) DIVIDEND PAYMENTS

Interim and final dividends are recorded during the financial year in which they are approved by the Board and declared payable.

(S) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

notes to the financial statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Group makes judgements estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

- (i) Impairment of loan portfolio and securitisation assets classified as available-for-sale or loans and receivable financial assets

The carrying values of loan portfolio and securitisation assets are reviewed on a quarterly basis for indications of impairment or reversal of prior impairment losses. Indicators such as changes in interest rates, creditworthiness of borrowers in the case of loans, performance of the underlying collateral against which the notes have been issued, available broker quotes and, where applicable, other asset specific and industry and economic factors are considered as part of the assessment. Further, as certain notes are managed by third party managers, the Manager relies on information such as collateral performance and cashflows of the underlying portfolio which may be provided by third party managers on a laggard basis. Whilst the Manager will consider all information obtained as part of the assessment of the valuation of the investments, there may also be instances where the Manager will make best estimates as required, particularly in situations where there are developments that may impact the underlying portfolio but which may not have been included in the third party managers' reports.

Therefore, in view of the above factors, judgement has been applied in concluding whether there is an indication of impairment. To the extent that an indication of impairment is identified, a detailed assessment of the recoverable amount is performed.

- (ii) Estimate of cashflows and effective interest rates of investments

The Group has invested in instruments which are at a discount to the issuance price. Such investments include certain positions in the CLO notes. In determining the effective interest rate of such investments, the projected cashflows are initially estimated. As the projected cashflows are inherently estimates, so is the effective interest rates computed for these investments. Over the life of the investments, the actual cashflows may differ from the projected cashflows that were initially estimated. Judgement is exercised by the Group to form a conclusion as to whether the projected cashflows initially estimated would need to be re-estimated in light of actual cashflows. This would have a corresponding impact on either the effective interest rate or the impairment allowance. Judgement has been applied in concluding that the estimate of effective interest rates remains appropriate.

- (iii) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market is usually determined by the Group using broker or dealer quotes, which may be indicative and not executable or binding. The Group exercises judgement in its assessment of the appropriateness of the quotes obtained, which may consider factors such as the performance of the underlying loan portfolio based on reports obtained from third party managers, assessment of expected future cash flows, recent transactions in the same or similar instrument and the volatility of and spread between broker quotes obtained.

notes to the financial statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(iv) Investment in Ascendos Investments Limited ("Ascendos")

The Group disposed its entire holdings in Ascendos during the financial year.

The Group previously had a 40.56% equity interest in Ascendos. With effect from 1 January 2014, the interest in Ascendos was reclassified from investment in associate to available-for-sale financial asset as the Group ceased to have board representation.

The Group assessed the level of influence that it had on Ascendos and determined that it did not have significant influence even though its shareholding was above 20%. This is due to the absence of any board representation and hence limiting its ability to participate in and influence the financial and operating decisions of Ascendos.

The fair value of the Group's investment in Ascendos in 2015 was determined by taking into account unaudited financial information, due to Ascendos having a non-coterminous financial year end with the Group, and further adjustments to reflect the valuation of the assets and liabilities of Ascendos based on third party input, as appropriate.

Judgement was applied in determining the fair value of the Group's equity investment in Ascendos in 2015.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, currency risk, credit risk, market price risk, liquidity risk and capital risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit and Risk Management Committee ("ARMC") then establishes the policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board.

Importantly, to the extent an investment matures or a divestment is made, the Group will make a decision at that time about usage or redeployment of underlying capital.

The Group's overall risk management strategy seeks to minimise adverse effects on the Group's ability to pay dividends and the value of the underlying investments. The Group's approach to management of financial risks is both top down and bottom up in the sense of analysing risks at a Group level as well as at an investment-specific level.

Financial risk management is carried out by the Manager in accordance with the policies set by the ARMC. The Manager identifies, evaluates and manages financial risks. This involves regular sensitivity testing and various levels of reporting through the Group, including regular formal reporting to the ARMC and the Board.

At an investment level, the Group aims to reduce financial risks through structuring the manner in which the investment is acquired or funded. At a Group level, financial instruments such as interest rate swaps may be used to reduce interest rate risks together with other additional measures such as investing in a portfolio comprising various targeted asset classes, sectors, countries, maturities, and return profile.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) INTEREST RATE RISK

Interest rate risk can be cash flow related or fair value related. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group holds a portfolio of fixed and variable rate bond securities that expose the Group to fair value interest rate risk. The Group also holds a portfolio of variable rate RMBS and CLO notes that expose the Group to cash flow interest rate risk.

The Group seeks to minimise interest rate risk by structuring the portfolio in a manner so as to reduce the likelihood that an adverse movement of interest rate in one jurisdiction would have a material impact on overall cash flow or fair value. This includes maintaining diversity in the nature of the returns from the underlying investments, ranging from variable interest returns and fixed interest returns. The Company may hedge the interest rate exposure inherent in the underlying investments if possible and appropriate.

Exposure to interest rate risks

The table below sets out the Group and the Company's exposure to interest rate risks as at 31 December 2016 and 31 December 2015. Included in the table are the key interest-bearing financial assets of the Group and the Company at their carrying amount.

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
ASSETS				
Financial assets at fair value through profit or loss				
- Fixed rate instruments ¹	63,492	51,946	63,492	51,946
Available-for-sale financial assets				
- Fixed rate instruments ¹	126,170	68,302	126,170	68,302
- Variable rate instruments ²	9,481	7,533	9,481	6,053
Loans and receivables				
- Fixed rate instruments ¹	3,875	5,465	3,875	-
- Variable rate instruments ²	50,082	52,262	50,082	-
	253,100	185,508	253,100	126,301

¹ Fixed rate instruments include S\$100.37 million (2015: S\$53.81 million) of bonds and bank contingent convertibles with perpetual maturity. The maturity dates of the remaining fixed rate instruments range from 1 month to 12 years (2015: 1 to 9 years). Interest on fixed rate financial instruments is fixed until the maturity of the instrument or till its next call date.

² Interest on variable rate financial instruments is re-priced at intervals of less than or equal to six months. The other financial instruments of the Group and the Company that are not included in the above table are non-interest bearing and are therefore not subject to interest rate risk.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) INTEREST RATE RISK (CONTINUED)

Interest rate sensitivity analysis – interest rate risk

A 100 basis points increase in interest rate at the reporting date would increase/(decrease) equity and profit before tax, due to the impact on cashflows or fair value, by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	Other comprehensive income S\$'000	Profit before tax S\$'000	Other comprehensive income S\$'000	Profit before tax S\$'000
ASSETS				
31 December 2016				
Financial assets at fair value through profit or loss	-	(2,184)	-	(2,184)
Available-for-sale financial assets	(4,245)	84	(4,245)	84
Loans and receivables	-	501	-	501
31 December 2015				
Financial assets at fair value through profit or loss	-	(1,782)	-	(1,782)
Available-for-sale financial assets	(2,268)	61	(2,343)	61
Loans and receivables	-	523	-	-

(B) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of change in foreign currency rates.

The Group receives dividend income, interest income and disposal proceeds substantially denominated in currencies other than SGD. Movements in currency exchange rates between the relevant foreign currencies and SGD may therefore have a material effect on the Group's financial results to the extent that they are not hedged, and the amount available for distribution as dividends to the Shareholders.

The Group manages this risk by taking advantage of any natural offsets of receipts and payments in each individual currency. Surplus of foreign currencies are sold, as soon as practicable, for SGD. Forward foreign exchange contracts are used purely as a hedging tool, where an active market for the relevant currency exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions. The Group will also monitor currency exposure and may enter into hedging arrangements where appropriate.

Sensitivity analysis around currency fluctuations is periodically performed by the Manager and reported to the Board.

The tables below set out the Group's and the Company's key currency exposure arising from monetary items as at 31 December 2016 and 31 December 2015.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) FOREIGN CURRENCY RISK (CONTINUED)

GROUP	United States Dollar S\$'000	Euro S\$'000	Australian Dollar S\$'000	Hong Kong Dollar S\$'000	British Pound S\$'000	Total S\$'000
31 December 2016						
ASSETS						
Cash and cash equivalents	1,604	7,306	-	1	1	8,912
Financial assets at fair value through profit or loss	22,524	9,600	-	-	-	32,124
Available-for-sale financial assets	77,428	19,456	21,351	15,818	8,714	142,767
Loans and receivables	32,800	19,256	1,901	-	-	53,957
Other assets	1,733	273	423	-	12	2,441
Total Assets	136,089	55,891	23,675	15,819	8,727	240,201
LIABILITIES						
Other liabilities	(101)	-	-	-	-	(101)
Total Liabilities	(101)	-	-	-	-	(101)
Less: Currency forwards	(61,341)	-	-	(7,000)	-	(68,341)
Net Exposure	74,647	55,891	23,675	8,819	8,727	171,759

COMPANY	United States Dollar S\$'000	Euro S\$'000	Australian Dollar S\$'000	Hong Kong Dollar S\$'000	British Pound S\$'000	Total S\$'000
31 December 2016						
ASSETS						
Cash and cash equivalents	1,604	6,138	-	1	1	7,744
Financial assets at fair value through profit or loss	22,524	9,600	-	-	-	32,124
Available-for-sale financial assets	77,428	19,456	21,351	15,818	8,714	142,767
Loans and receivables	32,800	19,256	1,901	-	-	53,957
Other assets	1,733	273	423	-	12	2,441
Total Assets	136,089	54,723	23,675	15,819	8,727	239,033
LIABILITIES						
Other liabilities	(101)	-	-	-	-	(101)
Total Liabilities	(101)	-	-	-	-	(101)
Less: Currency forwards	(61,341)	-	-	(7,000)	-	(68,341)
Net Exposure	74,647	54,723	23,675	8,819	8,727	170,591

notes to the
financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) FOREIGN CURRENCY RISK (CONTINUED)

GROUP	United States Dollar	Euro	Australian Dollar	Hong Kong Dollar	British Pound	Total
31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS						
Cash and cash equivalents	1,524	1,211	14,500	2,407	12	19,654
Financial assets at fair value through profit or loss	23,001	10,013	-	-	-	33,014
Available-for-sale financial assets	58,546	23,550	6,053	23,491	1,981	113,621
Loans and receivables	-	15,236	5,496	-	-	20,732
Other assets	1,771	33	56	993	-	2,853
Total Assets	84,842	50,043	26,105	26,891	1,993	189,874
LIABILITIES						
Other liabilities	(104)	-	-	-	-	(104)
Total Liabilities	(104)	-	-	-	-	(104)
Less: Currency forwards	(42,165)	(1,914)	-	(12,000)	-	(56,079)
Net Exposure	42,573	48,129	26,105	14,891	1,993	133,691

COMPANY	United States Dollar	Euro	Australian Dollar	Hong Kong Dollar	British Pound	Total
31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS						
Cash and cash equivalents	1,524	316	2	2,407	12	4,261
Financial assets at fair value through profit or loss	23,001	10,013	-	-	-	33,014
Available-for-sale financial assets	58,546	-	6,053	23,491	1,981	90,071
Loans and receivables	-	-	-	-	-	-
Other assets	1,771	33	49	993	-	2,846
Total Assets	84,842	10,362	6,104	26,891	1,993	130,192
LIABILITIES						
Other liabilities	(104)	-	-	-	-	(104)
Total Liabilities	(104)	-	-	-	-	(104)
Less: Currency forwards	(42,165)	-	-	(12,000)	-	(54,165)
Net Exposure	42,573	10,362	6,104	14,891	1,993	75,923

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) FOREIGN CURRENCY RISK (CONTINUED)

Sensitivity analysis – currency risk

A 5% strengthening of the functional currencies of the Company and its subsidiaries against the following currencies at the balance sheet date would have increased/(decreased) profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Other comprehensive income S\$'000	Profit before tax S\$'000	Other comprehensive income S\$'000	Profit before tax S\$'000
31 December 2016				
United States Dollar	(312)	(3,420)	(312)	(3,420)
Euro	(56)	(2,739)	(56)	(2,739)
Australian Dollar	(5)	(1,179)	(5)	(1,179)
Hong Kong Dollar	(791)	350	(791)	350
British Pound	(93)	(343)	(93)	(343)
31 December 2015				
United States Dollar	21	(2,150)	21	(2,150)
Euro	(196)	(2,210)	-	(518)
Australian Dollar	1	(1,306)	1	(306)
Hong Kong Dollar	(1,175)	430	(1,175)	430
British Pound	(99)	(1)	(99)	(1)

A 5% weakening of the functional currencies of the Company and its subsidiaries against the above currencies at the balance sheet date would have an equal but opposite effect to the amount shown above, on the basis that all other variables, in particular interest rates, remain constant.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) CREDIT RISK

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration which the Group is exposed to is its investment in debt securities (comprising bonds and bank contingent convertibles) and loan portfolio and securitisation assets (comprising RMBS and CLO notes). The Group is also exposed to counterparty credit risk on cash and cash equivalents and other assets.

The Manager seeks to mitigate this risk through asset selection process, the structuring of investments to minimise credit risk where possible, active ongoing monitoring of the Group's investments and overall investment policy which is designed for targeted asset classes, sectors, maturities, obligors, countries, currencies and return profile. Credit limits have been established to ensure that the Group deals with creditworthy counterparties for investments and hedging transactions and that counterparty concentration risk is addressed and the risk of loss is mitigated.

A significant element of the monitoring involves conducting due diligence in respect of servicers, originators and managers of the Group's investments including regular meetings with senior management.

The Manager also conducts ongoing monitoring of the Group's investments through the following procedures:

- reviews of investment reports in respect of each investment (for example trustee reports);
- monitoring and analysing performance metrics such as dividend income received, credit enhancement levels, arrears and default data, performance triggers and prepayment rates in relation to our investments;
- monitoring of servicer and manager performance as measured by rating agency reports and performance in similar transactions where possible;
- surveillance of rating changes and reports and relevant research reports;
- analysing macroeconomic factors to gauge possible effects on the performance of our investments; and
- regular contact with industry participants including rating agencies, trustees, originators, arrangers and servicers.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) CREDIT RISK (CONTINUED)

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as set out below:

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Cash and cash equivalents	21,889	20,687	29,110	13,228
Loans and receivables	53,957	53,957	57,727	-
Financial assets at fair value through profit or loss	63,492	63,492	51,946	51,946
Available-for-sale financial assets ¹	135,651	135,651	75,835	74,355
Other assets	3,101	3,101	4,360	4,265
Total	278,090	276,888	218,978	143,794

¹ Relates only to investment in bonds, bank contingent convertibles and CLO notes.

The credit risk exposure of the financial assets based on geographical location and presented to the Board is as follows:

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Europe	147,441	147,441	79,433	62,658
Australia	10,387	10,387	11,605	6,102
North America	51,270	51,270	49,581	12,558
Asia	55,735	54,533	67,544	51,661
Others	13,257	13,257	10,815	10,815
Total	278,090	276,888	218,978	143,794

Impairment of financial assets as at 31 December 2016 include certain of the Group's investment in Euro denominated CLO notes, bonds and bank contingent convertibles with a carrying value of S\$28.37 million (2015: S\$21.05 million).

At 31 December 2016 and 31 December 2015, substantially all cash and cash equivalents and investments were placed in custody with well-established financial institutions. It is expected that all assets deposited with these financial institutions will be clearly identified as being the assets of the Group; the Group should not therefore be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve segregation, so the portfolio of the Group may experience increased exposure to credit risk associated with the applicable financial institutions.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET PRICE RISK

Market price risk in the context of the Group and its underlying investments is the risk that the market determined price of an investment (both listed and unlisted) declines, resulting in an unrealised loss in the value of an investment.

The Group does not actively hedge its exposure to the risk of a general decline in equity market values. To manage market price risk, the Group would maintain a portfolio across various targeted markets, industries, originators and segments so as to reduce the risk that a fall in the market price of one investment, and consequently the value of the investment, would be extended across a large proportion of the portfolio.

The investment management policy whereby each individual investment is closely monitored on an ongoing basis ensures that the Manager is in the best possible position to identify any potential concerns early and act quickly.

Any temporary market price fall would only be realised in an economic sense when an investment was disposed of. The Group is intending to hold the majority of the investments in the portfolio for long term therefore reducing the risk of any temporary declines in value of such investments being realised.

The table below sets out the Group and the Company's exposure to market price risks as at 31 December 2016 and 31 December 2015. Included in the table are the financial assets of the Group and the Company at their carrying amount.

	Group 2016 S\$'000	Group 2015 S\$'000	Company 2016 S\$'000	Company 2015 S\$'000
Available-for-sale financial assets				
- Listed equities	38,270	50,603	34,355	46,674
- Ascendos	-	22,070	-	-
Financial assets at fair value through profit or loss				
- Preference shares (Quoted)	-	2,000	-	2,000
	38,270	74,673	34,355	48,674

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET PRICE RISK (CONTINUED)

Sensitivity analysis – market price risk

Sensitivity analysis around market price fluctuations has been performed by the Manager. A 10% increase or decrease in the market price at the reporting date would result in a corresponding increase or decrease in equity and profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	Other comprehensive income S\$'000	Profit before tax S\$'000	Other comprehensive income S\$'000	Profit before tax S\$'000
31 December 2016				
Available-for-sale financial assets				
- Listed equities	3,827	-	3,436	-
- Ascendos	-	-	-	-
Financial assets at fair value through profit or loss				
- Preference shares (Quoted)	-	-	-	-
31 December 2015				
Available-for-sale financial assets				
- Listed equities	5,060	-	4,667	-
- Ascendos	2,207	-	-	-
Financial assets at fair value through profit or loss				
- Preference shares (Quoted)	-	200	-	200

(E) LIQUIDITY RISK

The Group seeks to manage liquidity risk by maintaining sufficient cash flows and having an adequate amount of committed credit facilities, whenever necessary. The tables below set out the Group's and Company's financial liabilities as at 31 December 2016 and 31 December 2015 into relevant maturity groupings based on the contractual non-discounted cash flows.

2016 Group	Within 1 month S\$'000	Within 2 to 12 months S\$'000	Total S\$'000
LIABILITIES			
Other liabilities	5,718	-	5,718
Total Liabilities	5,718	-	5,718

2016 Company	Within 1 month S\$'000	Within 2 to 12 months S\$'000	Total S\$'000
LIABILITIES			
Other liabilities	5,716	-	5,716
Intercompany payables	87,285	-	87,285
Total Liabilities	93,001	-	93,001

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(E) LIQUIDITY RISK (CONTINUED)

2015 Group	Within 1 month S\$'000	Within 2 to 12 months S\$'000	Total S\$'000
LIABILITIES			
Other liabilities	1,514	-	1,514
Total Liabilities	1,514	-	1,514

2015 Company	Within 1 month S\$'000	Within 2 to 12 months S\$'000	Total S\$'000
LIABILITIES			
Other liabilities	1,494	-	1,494
Intercompany payables	20,465	-	20,465
Total Liabilities	21,959	-	21,959

(F) CAPITAL RISK

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected cash flows and potential investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is required to observe the total borrowing limits set out in the Bye-laws but these limits do not include limited recourse debt incurred at the investment or asset level.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) FAIR VALUE MEASUREMENTS

The table analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- 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 (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group	Level 1	Level 2	Level 3	Total
As at 31 December 2016	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Financial assets at fair value through profit or loss	63,492	-	-	63,492
Available-for-sale financial assets	172,834	-	1,087	173,921

Company	Level 1	Level 2	Level 3	Total
As at 31 December 2016	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Financial assets at fair value through profit or loss	63,492	-	-	63,492
Available-for-sale financial assets	168,919	-	1,087	170,006

Group	Level 1	Level 2	Level 3	Total
As at 31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Financial assets at fair value through profit or loss	53,946	-	-	53,946
Available-for-sale financial assets	123,862	315	24,331	148,508

Company	Level 1	Level 2	Level 3	Total
As at 31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Financial assets at fair value through profit or loss	53,946	-	-	53,946
Available-for-sale financial assets	119,933	315	781	121,029

During the financial year ended 31 December 2016, the Group transferred a listed equity from Level 3 to Level 1 of the fair value hierarchy with a carrying amount of S\$0.48 million. The listed equity was transferred from Level 3 into Level 1 as it was previously suspended from the stock exchange as at 31 December 2015 and subsequently resumed trading during the financial year. Prior to the transfer, the Group estimated the fair value of the security by adjusting the last traded price by the relative movement of a relevant stock index. Since the transfer, the fair value of the security is determined based on market price quoted in the stock exchange.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) FAIR VALUE MEASUREMENTS (CONTINUED)

Another listed equity was transferred from Level 2 to Level 3 of the fair value hierarchy during the financial year with a carrying amount of zero. Due to the prolonged suspension of the listed equity in the stock exchange and the absence of alternative pricing sources, the Group does not expect to recover any material amount for this investment and accordingly the listed equity was valued to zero.

The fair value of financial instruments quoted in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise listed equity securities, quoted bonds and bank contingent convertibles.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on estimates. If all significant inputs required to fair value the financial assets are observable, the financial assets are included in Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include the following investments.

(i) Listed Equity

As an observable price is not available for a listed equity that was suspended as at 31 December 2016, the listed equity was fully impaired due to the prolonged suspension.

(ii) CLO Investments

As observable prices are not available for the CLO investments, the Group has used broker or dealer quotes, which may be indicative and not executable or binding, to estimate their fair value.

Level 3 valuations are reported on a quarterly basis to the Board. The Board considers a number of factors when assessing the appropriateness of the valuation basis and the valuation result, which may include: performance of the underlying loan portfolio or underlying assets if available, assessment of expected future cash flows, recent transactions in the same or similar instrument and the volatility of and spread between broker quotes obtained.

As a result of the assessment above, Avoca CLO PLC VI Class M and Avoca CLO PLC VII Class G were valued at the lower of the two broker quotes at S\$0.78 million and S\$0.31 million, respectively.

Assuming a 10% increase (decrease) in broker quotes for Avoca CLO PLC VI Class M and Avoca CLO PLC VII class G, the fair value will increase (decrease) by S\$0.08 million and S\$0.03 million respectively.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) FAIR VALUE MEASUREMENTS (CONTINUED)

(iii) Ascendos

The Group disposed its entire holdings in Ascendos during the financial year and recorded a gain on sale of S\$11.54 million.

As at 31 December 2015, the fair value of the Group's investment in Ascendos was determined taking into account unaudited financial information, due to Ascendos having a non-coterminous financial year end with the Group, and further adjustments to reflect the valuation of the assets and liabilities of Ascendos based on third party input, as appropriate.

Level 3 valuations are reported on a quarterly basis to the Board. The Board considers a number of factors to assess whether the adjusted net book value information obtained from the management of Ascendos represents the fair value of GIL's equity investment in Ascendos. This includes the review of quarterly management accounts, board minutes and any significant transactions in the quarters.

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2016 and 31 December 2015.

Group	Level 3
Available-for-sale financial assets	S\$'000
At 1 January 2016	24,331
Total gains or losses	
- Other comprehensive income	2,177
Reclassification into Level 3	315
Reclassification out of Level 3	(781)
Disposal	(22,525)
Impairment	(2,430)
At 31 December 2016	1,087
Total loss for the year included in profit or loss for assets held at the end of the year	(2,430)
Group	Level 3
Available-for-sale financial assets	S\$'000
At 1 January 2015	26,647
Total gains or losses	
- Other comprehensive income	(3,097)
Additions	1,076
Impairment	(295)
At 31 December 2015	24,331
Total loss for the year included in profit or loss for assets held at the end of the year	(295)

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(H) INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group is invested in a portfolio of Australian RMBS issued by securitisation vehicles that hold Australian residential mortgage loans. The Group also invested in a portfolio of USD and Euro denominated CLO notes issued by securitisation vehicles that hold collateral consisting of mainly senior secured corporate loans. These securitisation vehicles are structured entities which are managed by third party collateral managers and trustees. These structured entities finance their assets through the issuance of notes or tranches which will be paid coupons and principal from the interest and principal received from the underlying loan portfolio.

The Group's exposure to investments in unconsolidated structured entities as at 31 December 2016 and 31 December 2015 are disclosed in the following tables. These investments are presented in 'Loans and Receivables' and 'Available-for-sale financial assets' in the statement of financial position. The carrying amount below is inclusive of any interest receivable as at year end.

Group as at 31 December 2016

Investment	Number of Investments	Total Portfolio Size ¹ (\$'000)	Carrying Amount of Securities Rated B3 / B- / B- ² and above (\$'000)	Carrying Amount of Securities Rated below B3 / B- / B- ² or unrated (\$'000)	Carrying Amount as at 31 December 2016 (\$'000)
Australian RMBS	3	317,353	1,901	-	1,901
USD-denominated CLO notes	5	4,261,893	28,925	-	28,925
Euro-denominated CLO notes	5	2,050,602	11,801	8,542	20,343

¹ Portfolio size is based on the aggregate principal amount of collateral and cash, or the notional portfolio amount, in the respective investments extracted from the available unaudited trustee reports which are dated closest to 31 December 2016.

² Ratings are assigned by one or more rating agencies, namely Moody's, Standard & Poor's and Fitch, respectively.

notes to the financial statements

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(H) INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

Group as at 31 December 2015

Investment	Number of Investments	Total Portfolio Size ¹ (S\$'000)	Carrying Amount of Securities Rated B3 / B- / B- ² and above (S\$'000)	Carrying Amount of Securities Rated below B3 / B- / B- ² or unrated (S\$'000)	Carrying Amount as at 31 December 2015 (S\$'000)
Australian RMBS	5	518,161	5,496	-	5,496
USD-denominated CLO notes	6	4,736,138	31,530	-	31,530
Euro-denominated CLO notes	4	1,663,368	7,538	9,178	16,716

¹ Portfolio size is based on the aggregate principal amount of collateral and cash, or the notional portfolio amount, in the respective investments extracted from the available unaudited trustee reports which are dated closest to 31 December 2015.

² Ratings are assigned by one or more rating agencies, namely Moody's, Standard & Poor's and Fitch, respectively.

Except for two of the investments with carrying values of S\$1.09 million (2015: S\$1.48 million) which are debt instruments entitled to residual cashflows, the remaining investments are debt instruments entitled to floating rate coupons. None of the above is in the form of ordinary or preference shares.

The Group's maximum exposure to loss from its interest in unconsolidated structured entities is equal to the total carrying amount of the above investments. Once the Group has disposed of its holding in the notes issued by the structured entity, the Group ceases to be exposed to any risk from that structured entity.

The Group's investment strategy seeks to acquire investments that provide attractive returns adjusted for the risk associated with the investment and which enhance the overall portfolio owned by the Group. Total purchases in CLO notes and RMBS during the year ended 31 December 2016 was S\$4.24 million (2015: S\$20.59 million). The Group intends to continue acquiring new assets and selling assets in line with the Group's active portfolio management strategy.

notes to the financial statements

5. NET GAIN ON SALE OF INVESTMENTS

	Group For the year ended 31 December 2016 S\$'000	Group For the year ended 31 December 2015 S\$'000
LOANS AND RECEIVABLES		
Net gain/(loss) on sale of CLO notes	272	(2,216)
AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Gain on sale of Ascendos	11,538	-
Net gain on sale of listed equities	777	16,158
Net gain on sale of bonds	1,414	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Net gain on sale of bonds	932	475
Total Net Gain on Sale of Investments	14,933	14,417

6. OTHER INCOME

Other income for the year ended 31 December 2016 relates to a consent fee of S\$0.31 million received from a bond.

7. NET IMPAIRMENT EXPENSE

	Group For the year ended 31 December 2016 S\$'000	Group For the year ended 31 December 2015 S\$'000
IMPAIRMENT EXPENSE		
Avoca CLO PLC VII Class G	2,115	-
Bank contingent convertibles	-	2,877
Bonds	1,710	1,371
Listed equities	6,927	7,479
	10,752	11,727
REVERSAL OF IMPAIRMENT EXPENSE		
Seiza Series 2006-1 Trust Class G	-	(10,121)
Net Impairment Expense	10,752	1,606

For the year ended 31 December 2016, impairment of S\$10.75 million has been made for Avoca CLO PLC VII Class G, listed equities and a bond. For the year ended 31 December 2015, an impairment of S\$11.73 million was made for bank contingent convertibles, bonds and listed equities. The impairment was partially offset by a reversal of impairment of S\$10.12 million for Seiza Series 2006-1 Trust Class G note in 2015. Total interest income recorded from the above impaired financial assets amounted to S\$3.82 million (2015: S\$3.98 million).

notes to the financial statements

8. OTHER OPERATING EXPENSES

	Group For the year ended 31 December 2016 S\$'000	Group For the year ended 31 December 2015 S\$'000
OPERATING EXPENSES		
Professional fees	1,231	1,238
Investor relations expenses	332	306
Directors' fees	374	368
Other expenses	220	217
Total Other Operating Expenses	2,157	2,129

9. INCOME TAX EXPENSE

	Group For the year ended 31 December 2016 S\$'000	Group For the year ended 31 December 2015 S\$'000
INCOME TAX EXPENSE		
Current tax	61	263
Total Income Tax Expense	61	263
Tax expense on profit differs from the amount that would arise using the Bermuda standard rate of income tax due to the following:		
Profit from continuing operations before income tax expense	17,121	17,164
Tax at the Bermuda tax rate of 0%	-	-
Withholding tax	61	263
Income Tax Expense	61	263

For the financial year ended 31 December 2016, income tax expense arises from withholding tax relating to dividend income from listed equities. For the financial year ended 31 December 2015, income tax expense arises from withholding tax relating to interest and dividend income from the Australian RMBS portfolio and listed equities respectively.

The Company is a tax resident in Singapore. The Company has been approved by the Monetary Authority of Singapore for the Enhanced-Tier-Fund Tax Incentive Scheme under section 13X of the Singapore Income Tax Act. The tax exemption status will allow the Company to enjoy tax exemption on specified income in respect of any designated investment.

10. DIVIDENDS PAID AND DECLARED

On 23 February 2017, the Company declared a 2016 final dividend of 0.75 Singapore cents per share amounting to S\$11.64 million. This dividend will be paid on or about 25 April 2017.

The Company paid a 2016 interim dividend of 0.75 Singapore cents per share amounting to S\$11.22 million on 12 October 2016.

The 2015 final dividend of 0.75 Singapore cents per share amounting to S\$10.85 million was paid on 27 April 2016.

The 2015 interim dividend of 0.75 Singapore cents per share amounting to S\$10.43 million was paid on 12 October 2015.

notes to the financial statements

10. DIVIDENDS PAID AND DECLARED (CONTINUED)

For the financial year ended 31 December 2016, the Company has obtained the Inland Revenue Authority of Singapore's confirmation that it is a tax resident of Singapore.

The Company has also received confirmation from the Inland Revenue Authority of Singapore that it is a tax resident of Singapore for financial year 2017.

Dividends paid in 2016 and 2017 are exempt from tax (one-tier) when received in the hands of shareholders.

11. INVESTMENTS IN SUBSIDIARIES

	Company As at 31 December 2016 S\$'000	Company As at 31 December 2015 S\$'000
EQUITY INVESTMENTS AT COST		
Beginning of financial year	121,631	110,100
(Impairment)/Reversal of impairment	(29,196)	11,531
Closing Balance	92,435	121,631

Further details of the subsidiaries are included in Note 26.

The impairment and reversal of impairment of investments in subsidiaries were determined following reviews of the estimates of recoverable amount.

12. LOANS AND RECEIVABLES

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Australian RMBS	1,901	1,901	5,496	-
Bonds	3,875	3,875	5,465	-
Euro-denominated CLO notes	19,256	19,256	15,236	-
USD-denominated CLO notes	28,925	28,925	31,530	-
Total Loans and Receivables	53,957	53,957	57,727	-

There is currently no active market for these financial instruments and accordingly, there is no immediately realisable value for these financial assets. Based on the Manager's assessment which relies on information such as collateral performance and cash flows of the underlying portfolio against which the notes have been issued, or may include the use of valuation models and the Manager's intention to hold the assets for the longer term, the carrying value of the investments closely approximate their fair value.

For the year ended 31 December 2016, interest income of S\$3.56 million (2015: S\$ 4.38 million) and impairment expense of S\$1.71 million (2015: reversal of impairment of S\$10.12 million) in relation to the loans and receivables were recognised in profit or loss.

notes to the financial statements

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Beginning of financial year	148,508	121,029	134,195	99,370
Exchange differences	2,317	2,328	4,480	2,872
Transfers	-	1,078	-	-
Additions	62,069	62,069	129,387	129,387
Disposals	(46,731)	(24,205)	(110,575)	(105,935)
Fair value gain/(loss) (Note 21)	7,758	7,707	(8,979)	(4,665)
Closing Balance	173,921	170,006	148,508	121,029

Available-for-sale financial assets are analysed as follows:

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Non-current:				
Bank contingent convertibles	89,456	89,456	29,898	29,898
Bonds	38,666	38,666	44,457	44,457
Ascendos	-	-	22,070	-
	128,122	128,122	96,425	74,355
Current:				
Euro-denominated CLO notes	1,087	1,087	1,480	-
Listed equities	38,270	34,355	50,603	46,674
Bonds	6,442	6,442	-	-
	45,799	41,884	52,083	46,674
Total Available-for-Sale Financial Assets	173,921	170,006	148,508	121,029

notes to the
financial statements

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
DESIGNATED AT FAIR VALUE ON INITIAL RECOGNITION				
Non-Current:				
Bank contingent convertibles	31,059	31,059	18,971	18,971
Bonds	31,943	31,943	32,975	32,975
Preference shares	-	-	2,000	2,000
	63,002	63,002	53,946	53,946
Current:				
Bonds	490	490	-	-
	490	490	-	-
Total Financial Assets at Fair Value through Profit or Loss	63,492	63,492	53,946	53,946
	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Net gain/(loss) on financial assets designated at fair value through profit or loss				
- Unrealised	1,812	1,812	(2,700)	(2,700)
Total Gain/(Loss)	1,812	1,812	(2,700)	(2,700)

notes to the financial statements

15. CASH AND CASH EQUIVALENTS

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Cash at bank	10,895	9,693	10,308	6,725
Short-term deposits	10,994	10,994	18,802	6,503
Total Cash and Cash Equivalents	21,889	20,687	29,110	13,228

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying period of between three days and six months (2015: two days and three months) and earn interest on short-term deposit rates varying 0.06% to 2.1% (2015: 0.04% to 2.2%).

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Company		
	Contract notional amount S\$'000	Fair Value		Contract notional amount S\$'000	Fair Value	
		Asset S\$'000	Liability S\$'000		Asset S\$'000	Liability S\$'000
2016 Currency Forwards	68,341	-	(4,082)	68,341	-	(4,082)
2015 Currency Forwards	56,079	109	(432)	54,165	50	(432)

During the year ended 31 December 2016, the Group entered into forward contracts to manage its exposure to movements in exchange rates on firm commitments and specific transactions. As at 31 December 2016, the fair value mark to market liability position have been recorded in "Other liabilities" (Note 18).

During the year, the Group recognised a net loss of S\$1.29 million (2015: a net loss of S\$2.99 million) from its forward contracts. This net loss is included within net foreign exchange difference (net of hedges) in profit or loss.

17. OTHER ASSETS

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Interest Receivables	3,040	3,040	2,295	2,288
Prepayment	86	51	51	48
Deposit	26	26	26	26
Other receivables	78	78	2,065	1,977
Total Other Assets	3,230	3,195	4,437	4,339

As at 31 December 2015, included in other receivables was an amount of S\$0.05 million representing the fair value of currency forward contracts. As at 31 December 2016, no fair value mark to market asset position was recognised.

The carrying value of other assets as at 31 December 2016 and 31 December 2015 approximate their fair value due to the short - term nature.

notes to the financial statements

18. OTHER LIABILITIES

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Base management fees payable to SICIM/STAM	531	531	500	500
Other payables	5,187	5,185	1,014	994
Total Other Liabilities	5,718	5,716	1,514	1,494

As at 31 December 2016, included in other payables was an amount of S\$4.08 million (2015: S\$0.43 million) representing the fair value of currency forward contracts.

The carrying values of other liabilities as at 31 December 2016 and 31 December 2015 approximate their fair value due to the short-term nature.

19. SHARE CAPITAL

Company	Number of Shares '000	Par Value S\$	Share Capital S\$'000
AUTHORISED SHARE CAPITAL			
Total available authorised share capital for issue as at 1 January 2015	68,665,527	0.01	686,655
Movements during the year	(111,961)	0.01	(1,120)
Total Available Authorised Share Capital for Issue as at 31 December 2015	68,553,566		685,535
Movements during the year	(105,341)	0.01	(1,053)
Total Available Authorised Share Capital for Issue as at 31 December 2016	68,448,225		684,482

Company	Number of Shares '000	Share Capital at Par Value S\$'000	Share Premium Reserve S\$'000	Share Capital S\$'000
ISSUED AND FULLY PAID SHARES				
Total Share Capital as at 1 January 2015	1,334,473	13,345	508,048	521,393
Movements during the year	111,961	1,119	13,325	14,444
Total Share Capital as at 31 December 2015	1,446,434	14,464	521,373	535,837
Movements during the year	105,341	1,054	12,541	13,595
Total Share Capital as at 31 December 2016	1,551,775	15,518	533,914	549,432

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of the shares held. Each shareholder is entitled to one vote for each share held on all matters submitted to a vote of shareholders.

All shares issued rank pari passu with previously issued shares. Details of the dividends can be found in Note 10.

notes to the financial statements

19. SHARE CAPITAL (CONTINUED)

On 13 October 2016, the Company issued and allotted 55,485,500 new ordinary shares at an issue price of S\$0.130 per share to eligible shareholders who have elected to participate in the scrip dividend scheme.

On 28 April 2016, the Company issued and allotted 49,856,073 new ordinary shares at an issue price of S\$0.128 per share to eligible shareholders who have elected to participate in the scrip dividend scheme.

On 13 October 2015, the Company issued and allotted 55,578,558 new ordinary shares at an issue price of S\$0.128 per share to eligible shareholders who have elected to participate in the scrip dividend scheme.

On 22 April 2015, the Company issued and allotted 56,382,672 new ordinary shares at an issue price of S\$0.130 per share to eligible shareholders who have elected to participate in the scrip dividend scheme.

20. CAPITAL RESERVE

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Beginning of financial year	(65,846)	(65,846)	(65,846)	(65,846)
Movement during the year	-	-	-	-
Closing Balance	(65,846)	(65,846)	(65,846)	(65,846)

On 1 January 2012, the Company changed its functional currency from USD to SGD. The capital reserve represents the cumulative foreign currency translation differences on share capital denominated in SGD up to the date of change in functional currency.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS REVALUATION RESERVE

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Beginning of financial year	3,591	(2,948)	14,729	581
Transfer to profit or loss for assets disposed	(7,395)	(1,329)	(13,886)	(10,591)
Impairment (Note 7)	9,042	6,927	11,727	11,727
Reclassification to profit or loss	1,647	5,598	(2,159)	1,136
Fair value gain/(loss) (Note 13)	7,758	7,707	(8,979)	(4,665)
Closing balance	12,996	10,357	3,591	(2,948)

notes to the financial statements

22. TRANSLATION RESERVE

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Beginning of financial year	14,026	-	6,300	-
Translation gain	567	-	7,726	-
Closing Balance	14,593	-	14,026	-

Exchange differences have arisen from translating the functional currency of all the subsidiaries from their functional currency of USD to the Group's presentation currency of SGD.

23. ACCUMULATED LOSSES

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Beginning of financial year	(195,394)	(174,829)	(191,854)	(171,406)
Net profit for the year	17,060	13,727	16,901	17,018
Dividends paid	(22,070)	(22,070)	(20,441)	(20,441)
Closing Balance	(200,404)	(183,172)¹	(195,394)	(174,829)¹

¹ The Company, a mutual fund company incorporated in Bermuda, is able to declare and pay dividends pursuant to section 54(1)(a) of the Bermuda Companies Act.

24. NET ASSET VALUE

	Group As at 31 December 2016	Company As at 31 December 2016	Group As at 31 December 2015	Company As at 31 December 2015
NET ASSET VALUE				
Total net asset value (S\$'000)	310,771	310,771	292,214	292,214
Total number of ordinary shares on issue used in calculation of net asset value per ordinary share ('000)	1,551,775	1,551,775	1,446,434	1,446,434
Net Asset Value per Ordinary Share (S\$ per Share)	0.200	0.200	0.202	0.202

Net asset value per ordinary share is derived by dividing the net assets as disclosed in the Statement of Financial Position of the Company and the Group by the number of ordinary shares on issue as at the end of the accounting period.

notes to the financial statements

25. RELATED PARTY TRANSACTIONS

Directors' Remuneration

Manager Nominated Directors do not receive any fees for serving as a director or a member of a committee of the Board.

Directors (including the Manager Nominated Directors) are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board or Board committees and for any expenses reasonably incurred in their capacity as directors of the Company or any of its subsidiaries.

The Company has adopted the following fee structure for non-Manager Nominated Directors:

		Remuneration Per Annum
1.	Base remuneration fee	US\$50,000 per director
2.	Fees for chairmanship of the Board and various Board committees as well as membership in various Board committees	
	a) Chairman of the Board	US\$18,000
	b) Deputy Chairman of the Board (if applicable)	US\$5,000
	c) Lead Independent Director	US\$4,000
	d) Base fee for membership of ARMC	US\$10,000 per member
	e) Chairman of ARMC	US\$5,000
	f) Base fee for membership of NGC	US\$2,000 per member
	g) Chairman of NGC	US\$1,000
	h) Base fee for membership of RC	US\$2,000 per member
	i) Chairman of RC	US\$1,000
3.	Fees for directorship of all subsidiary companies	US\$5,000 per director ¹

¹ For the avoidance of doubt, this fee only applies to non-Manager Nominated Directors of the Company. A separate fee is paid for other nominee directors who sit on the boards of the Company's subsidiaries.

The total directors' fees for year ended 31 December 2016 amounted to S\$0.37 million (US\$0.27 million) (2015: S\$0.37 million (US\$0.27 million)). The maximum aggregate amount of fees payable to the directors in respect of one year is the number of directors appointed at the relevant time multiplied by US\$0.07 million.

Intercompany Receivables/Payables

The intercompany receivables/payables from/to the subsidiaries are unsecured, non-interest-bearing, subject to a legally enforceable right of set-off and repayable in full on demand.

notes to the financial statements

25. RELATED PARTY TRANSACTIONS (CONTINUED)

The Manager

With effect from 29 April 2016, SICIM was appointed as the manager of GIL in place of STAM.

The following transactions were carried out with STAM and SICIM:

	Group 2016 S\$'000	Group 2015 S\$'000		
Transactions with STAM				
Base management fees	611	1,948		
Incentive fees	-	2,840		
Fixed management fees	211	650		
Other fees and reimbursement of expenses to STAM	170	298		
Divestment fees	31	861		
Reimbursement of expenses from STAM	154	36		
Transactions with SICIM				
Base management fees	1,371	-		
Incentive fees	615	-		
Fixed management fees	439	-		
Other fees and reimbursement of expenses to SICIM	163	-		
Divestment fees	340	-		
Acquisition fees	312	-		
	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Balances with STAM:				
Accrued base management fees	-	-	500	500
Accrued fixed management fees	-	-	164	164
Accrued other fees and reimbursement of expenses to STAM	-	-	53	53
Accrued divestment fees	-	-	32	32
Balances with SICIM:				
Accrued base management fees	531	531	-	-
Accrued incentive fees	615	615	-	-
Accrued fixed management fees	163	163	-	-
Accrued other fees and reimbursement of expenses to SICIM	10	10	-	-
Accrued divestment fees	37	37	-	-
Total Payable to the Manager	1,356	1,356	749	749

notes to the financial statements

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with other related parties

During the financial year, the Group obtained legal and professional services from an entity in which a director has an interest in. The legal and professional fees are paid in relation to consulting services for the amendments to Bye-laws.

	Group As at 31 December 2016 S\$'000	Company As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000	Company As at 31 December 2015 S\$'000
Legal and Professional fees	8	8	15	15

Allgrace Investment Management Private Limited ("AIM")

The previous manager of the Company, STAM, had delegated to AIM, a wholly-owned entity of one of the directors of the Group, most of the administrative services as well as other non-regulated services, including corporate secretarial services, to be performed under the management agreement entered into between itself and the Group.

For the financial year ended 31 December 2015, there was a reimbursement of expenses from the Group to AIM which amounted to S\$16,000.

26. CONTROLLED ENTITIES

The following table sets out the entities that were controlled by the Group as at 31 December 2016.

Name of Entity	Principal Activities	Country of Incorporation	% of equity held by the Group 2016	% of equity held by the Group 2015	Reporting Date
BBSFF Asset Holdings Ltd. ¹	Holding company	Cayman Islands	100%	100%	31 December
BBSFF Operating Lease Limited ¹	Holding company	Cayman Islands	100%	100%	31 December
BBSFF Loan Portfolio & Securitisation Limited ¹	Holding company	Cayman Islands	100%	100%	31 December
BBSFF Alternative Assets Limited ¹	Holding company	Cayman Islands	100%	100%	31 December
BBSFF EU Rail Lessor Limited ¹	Investments in operating lease assets	Cayman Islands	100%	100%	31 December
BBSFF Rail Fund No. 1 Limited ¹	Investments in operating lease assets	Cayman Islands	100%	100%	31 December
GIL Aircraft Lessor No. 1 Ltd. ¹	Holding company	Cayman Islands	100%	100%	31 December
GIL Aircraft Lessor No. 2 Limited ¹	Holding company	Cayman Islands	NIL ²	100%	31 December
BBSFF Securitisation Limited ¹	Investments in loan portfolio and securitisation assets	Cayman Islands	100%	100%	31 December
GIL (Labuan) Company Limited ¹	Investment in operating lease assets	Malaysia	100%	100%	31 December

¹ Not required to be audited under the laws of the country of incorporation.

² Struck-off by the Cayman Registry on 31 December 2016.

notes to the financial statements

27. SEGMENT REPORTING

The Board has determined the operating segments of the Group from an asset class perspective namely operating lease assets, loan portfolio and securitisation assets, listed equities, bonds and bank contingent convertibles. Geographical classification is assessed by reference to the country of exposure for the year ended 31 December 2016.

For the financial year ended 31 December 2016, a new operating segment called bank contingent convertibles was determined. This segment was previously grouped under bonds for the financial year ended 31 December 2015. The comparative figures for the year ended 31 December 2015 have been reclassified to conform with the current classification.

	Operating Lease Assets		Loan Portfolio and Securitisation Assets			Listed Equities			Bonds			Bank Contingent Convertibles		Others ¹	Total	
	Europe S\$'000	North America S\$'000	Europe S\$'000	North America S\$'000	Australia S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Others S\$'000	Europe S\$'000	Others S\$'000	Mainly Singapore S\$'000	Total S\$'000
Group																
For the year ended 31 December 2016																
Total segment revenue	11,538	1,801	2,486	1,801	682	91	1,992	-	1,350	4,384	3,926	791	5,112	789	141	35,083
Segment profit/(loss) before tax	11,512	(17)	(17)	2,166	695	(554)	(3,823)	(286)	960	3,831	1,336	806	7,074	923	(7,502)	17,121
Included segment items																
Dividend income	-	-	-	-	-	91	1,215	-	-	-	-	-	-	-	-	1,306
Interest income	-	2,486	2,486	1,966	244	-	-	-	1,095	2,170	1,756	713	5,356	797	142	16,725
Net gain/(loss) on sale of investments	11,538	-	-	(165)	437	-	777	-	604	1,301	364	77	-	-	-	14,933
Net gain/(loss) on financial assets designated as fair value through profit or loss	-	-	-	-	-	-	-	-	(349)	914	1,500	-	(244)	(9)	-	1,812
Net impairment expense	-	(2,115)	(2,115)	-	-	(641)	(6,000)	(286)	-	-	(1,710)	-	-	-	-	(10,752)
Net foreign exchange loss (net of hedges)	(5)	(389)	(389)	366	13	(4)	185	-	(387)	(552)	(879)	15	1,962	134	(2,914)	(2,455)
Other income	-	-	-	-	-	-	-	-	-	-	307	-	-	-	-	307
As at 31 December 2016																
Total segment assets	-	20,344	28,925	1,901	1,901	1,617	31,271	5,400	16,450	32,023	22,346	12,114	110,646	11,389	22,063	316,489
Total segment liabilities	-	-	-	-	-	-	(6)	-	-	(32)	-	-	-	-	(5,680)	(5,718)

¹ Relates to corporate function and the assets comprise mainly uninvested cash and cash equivalent.

notes to the
financial statements
27. SEGMENT REPORTING (CONTINUED)

	Operating Lease Assets		Loan Portfolio and Securitisation Assets			Listed Equities			Bonds			Bank Contingent Convertibles		Others ¹	Total	
	Europe S\$'000	Europe S\$'000	North America S\$'000	Australia S\$'000	North America S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Europe S\$'000	Asia S\$'000	North America S\$'000	Others S\$'000	Europe S\$'000	Others S\$'000	Mainly Singapore S\$'000	Total S\$'000
Group																
For the year ended 31 December 2015																
Total segment revenue/(loss)	500	623	1,744	1,519	4,286	(935)	14,922	820	1,036	(326)	341	2,907	673	140	28,250	
Segment profit/(loss) before tax	500	(227)	1,741	9,279	2,858	(1,216)	8,123	1,146	1,483	(1,956)	455	3,487	(1,591)	(6,918)	17,164	
Included segment items																
Dividend income	500	-	-	-	467	74	1,574	-	80	-	-	-	-	-	2,695	
Interest income	-	3,061	1,522	1,519	-	-	-	1,047	2,014	1,385	341	2,136	673	140	13,838	
Net gain/(loss) on sale of investments	-	(2,437)	221	-	3,819	(1,009)	13,348	-	202	273	-	-	-	-	14,417	
Net gain/(loss) on financial assets designated as fair value through profit or loss	-	-	-	-	-	-	-	(226)	(1,259)	(1,985)	-	770	-	-	(2,700)	
Net reversal of impairment expense/ (Net impairment expense)	-	-	-	10,121	(1,409)	(221)	(5,849)	-	(840)	(531)	-	-	(2,877)	-	(1,606)	
Net foreign exchange loss (net of hedges)	-	(851)	(2)	(2,361)	(19)	(60)	(947)	326	1,287	(1,098)	114	580	613	(142)	(2,560)	
As at 31 December 2015																
Total segment assets	22,070	16,775	31,530	5,496	5,244	1,981	45,297	19,229	38,482	17,996	10,805	43,454	6,113	29,256	293,728	
Total segment liabilities	-	-	-	-	-	-	-	-	-	(432)	-	-	-	(1,082)	(1,514)	

¹ Relates to corporate function and the assets comprise mainly uninvested cash and cash equivalents.

notes to the financial statements

28. COMMITMENTS

(a) *Operating lease commitments – Company as a lessee*

The Company entered into a non-cancellable operating lease agreement that has taken effect from February 2016. The future aggregate minimum lease payments under non-cancellable operating lease is as follows:

	Group As at 31 December 2016 S\$'000	Group As at 31 December 2015 S\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	102	101
Later than one year but not later than five years	114	216
Total	216	317

29. EARNINGS PER SHARE

(a) *Basic*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Earnings used in calculation of basic earnings per share (S\$'000)	17,060	16,901
Weighted average number of ordinary shares in issue used in calculation of basic earnings per share ('000)	1,492,344	1,385,890
Basic earnings per share (cents per share)	1.14	1.22

(b) *Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares for the year.

	2016	2015
Earnings used in calculation of diluted earnings per share (S\$'000)	17,060	16,901
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,492,344	1,385,890
Diluted earnings per share (cents per share)	1.14	1.22

notes to the financial statements

30. REMUNERATION OF AUDITORS

	Group For the year ended 31 December 2016 S\$'000	Group For the year ended 31 December 2015 S\$'000
Amounts payable/paid to auditors for:		
Audit services	105	105

Fee payable to the auditors for non-audit services in 2016 is Nil (2015: Nil).

31. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no significant events occurring after the balance sheet date.

32. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning after 1 January 2017 or later periods and which the Group has not early adopted:

(i) IFRS 9 Financial Instruments

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

notes to the
financial statements

32. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS (CONTINUED)

(i) IFRS 9 Financial Instruments (Continued)

(a) Classification and measurement

The Group expects to continue measuring at fair value all financial assets currently held at fair value. For debt and equity securities, the Group has the option to measure its currently held available-for-sale quoted equity securities at either fair value through profit or loss or fair value through other comprehensive income. The Group expects a significant impact to arise if fair value through profit or loss is elected. The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group is currently assessing if these will continue to be measured at amortised cost under IFRS 9. The Group will analyse the contractual cash flow characteristics and business model test of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. The Group is currently assessing the impact of the new standard.

additional sgx-st listing manual disclosures

1. DIRECTORS

(A) DIRECTORS

The following persons are directors of the Company as at the date of this Annual Report:

		Date of Appointment	Date of last re-election
Mr Boon Swan Foo	Chairman	20 December 2011 ¹	29 April 2014
Mr Adrian Chan Pengee ²	Director	5 May 2009	30 April 2015
Mr Ronald Seah Lim Siang ²	Director	30 April 2010	29 April 2016
Mr Tan Kok Wee ²	Director	30 April 2010	29 April 2014
Mr Jason See Yong Kiat	Manager Nominated Director	29 April 2016	N/A ³

¹ Mr Boon Swan Foo was appointed as Manager Nominated Director and Chairman of the Board on 25 November 2009. On 20 December 2011, Mr Boon resigned as Manager Nominated Director and was re-appointed as a non-executive Director and Chairman of the Board.

² The Directors are regarded as independent in accordance with the Singapore Code.

³ Mr Jason See Yong Kiat, as Manager Nominated Director, will remain in office for a fixed term of three years from the date of his appointment. Such term of appointment is renewable for a further term of three years at the option of the Board.

(B) DIRECTORS' REMUNERATION¹

Remuneration bands	Number of Directors for the year ended 31 December 2016²	Number of Directors for the year ended 31 December 2015
Between S\$50,000 – S\$100,000	4	4
Below S\$50,000	0	0
Total	4	4

¹ For exact remuneration of directors, please refer to the Corporate Governance section on page 34.

² Mr Jason See Yong Kiat, who was appointed as Manager Nominated Director on 29 April 2016, was not entitled to any director's fee.

Further information in relation to Directors' Remuneration is set out under Note 25 (Related Party Transactions).

(C) DIRECTORS' INTERESTS IN SHARES OF GIL AS AT 23 JANUARY 2017

Director	Direct Interests Number of Shares held	Deemed Interests Number of Shares held	Total
Mr Boon Swan Foo	199,462,541	–	199,462,541
Mr Adrian Chan Pengee	–	34,020 ¹	34,020
Mr Ronald Seah Lim Siang	52,885	–	52,885
Mr Jason See Yong Kiat	1,034,769	–	1,034,769
Total	200,550,195	34,020	200,584,215

¹ Mr Adrian Chan Pengee is deemed to be interested in the 34,020 shares held by his wife.

additional sgx-st listing
manual disclosures

2. SHARE OPTION SCHEME

GIL does not have a share option scheme.

3. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Listing Rule 920) S\$'000
Transactions with STAM:	
Base management fees	611
Fixed management fees	211
Other fees and reimbursement of expenses to STAM	170
Divestment fees	31
Reimbursement of expenses from STAM	154

	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Listing Rule 920) S\$'000
Transactions with SICIM:	
Base management fees	1,371
Incentive fees	615
Fixed management fees	439
Other fees and reimbursement of expenses to SICIM	163
Divestment fees	340
Acquisition fees	312

The Company does not have a general mandate from Shareholders for interested person transactions.

additional sgx-st listing
manual disclosures

4. INVESTMENTS

Additional disclosure in accordance with Listing Rule 748(3).

31 December 2016

Interest in investments	Asset Class	Percentage shareholding %	Cost million	Impairment million	Net Book Value million	Carrying Value S\$ million	Income/ Underlying Earning S\$ million	Unrealised Gain/ (Loss) S\$ million
Unicredit SPA	Bond	Nil	S\$14.9	-	S\$14.9	14.6	0.8	(0.3)
Barclays PLC	Bank contingent convertible	Nil	€6.0	-	€6.0	9.6	0.7	0.5
Societe Generale 8.25%	Bank contingent convertible	Nil	US\$6.0	-	US\$6.0	8.9	0.7	0.2
ABN Amro Bank 4.75%	Bank contingent convertible	Nil	S\$8.8	-	S\$8.8	8.7	0.3	0.1
UBS Group 6.875%	Bank contingent convertible	Nil	US\$6.0	-	US\$6.0	8.5	0.6	(0.2)
Societe Generale 5%	Bank contingent convertible	Nil	A\$7.5	-	A\$7.5	7.7	0.2	(0.1)
Avoca CLO PLC VII Class F	CLO	Nil	€5.7	€0.8	€4.9	7.5	0.4	-
Richmond Park CLO 1X Class D	CLO	Nil	€4.8	-	€4.8	7.4	0.4	-
HSBC Holdings 6.875%	Bank contingent convertible	Nil	US\$5.0	-	US\$5.0	7.4	0.2	0.2
BNP Paribas 7.625%	Bank contingent convertible	Nil	US\$4.5	-	US\$4.5	6.7	0.4	0.2

additional sgx-st listing
manual disclosures

4. INVESTMENTS (CONTINUED)

31 December 2015

Interest in investments	Asset Class	Percentage shareholding %	Cost million	Impairment million	Net Book Value million	Carrying Value S\$ million	Income/ Underlying Earning S\$ million	Unrealised Gain/ (Loss) S\$ million
Ascendos Investments Limited	-	40.56	€5.8 ¹	-	€5.8	22.1	0.5 ²	6.2
Unicredit SPA	Bond	Nil	S\$14.2	-	S\$14.2	13.8	0.7	(0.4)
Barclays PLC	Bank contingent convertible	Nil	€6.0	-	€6.0	10.0	0.7	0.8
Societe Generale 8.250%	Bank contingent convertible	Nil	US\$6.0	-	US\$6.0	9.0	0.7	0.5
Avoca CLO PLC VII Class F	CLO	Nil	€5.8	€0.8	€5.0	7.7	0.4	-
Richmond Park CLO 1X Class D	CLO	Nil	€4.8	-	€4.8	7.5	0.4	-
UBS Group 6.875%	Bank contingent convertible	Nil	US\$6.0	-	US\$6.0	7.5	0.2	(1.0)
Symphony 2014-15A Class E	CLO	Nil	US\$4.6	-	US\$4.6	6.5	0.4	-
Cheung Kong Bond Securities (03) Limited	Bond	Nil	US\$4.3	-	US\$4.3	6.0	0.4	(0.1)
Societe Generale 8.000%	Bank contingent convertible	Nil	US\$4.0	-	US\$4.0	5.7	0.1	0.1

¹ The amount relates to the initial outlay of the investment in Ascendos. Following the reclassification of Ascendos from an associate to an available-for-sale financial asset, the investment was measured at fair value of €8.18 million.

² The amount relates to dividend income received from Ascendos.

additional sgx-st listing manual disclosures

5. MATERIAL CONTRACTS

The Group did not enter into any material contracts as per Listing Rule 1207 (8) of the SGX-ST Listing Manual.

6. LAND AND BUILDINGS

GIL does not own any land or buildings.

7. APPOINTMENT OF AUDITORS

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual issued by SGX-ST in relation to its auditors.

8. INTERNAL CONTROLS

Please refer to the information disclosed under "Internal Controls" (Principles 11 and 12) of the Corporate Governance Statement.

9. CHAIRMANSHIPS, DIRECTORSHIPS AND PRINCIPAL COMMITMENTS

The present directorships / chairmanships other than those held in the Company, the past directorships / chairmanships over a period of approximately the last three years and the principal commitments as at 10 March 2017 of each of the Company's directors are as follows:

Boon Swan Foo

Present Chairmanships / Directorships	Past Chairmanships / Directorships
Listed	
	Perennial China Retail Trust Management Pte Ltd - Chairman, Non-executive director
	InTouch Plc (<i>formerly known as Shin Corporation Plc (Thailand)</i>) - Non-executive director
Unlisted	
Singapore Consortium Investment Management Limited - Chairman, CEO	Singbridge Holdings Pte Ltd - Non-executive director
Allgrace Investment Management Private Limited - Chairman	Singbridge International Singapore Pte Ltd - Non-executive director
China National Offshore Oil Corporation (China) - Non-executive director	Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd - Non-executive director
Dongfeng Motor Corporation (China) - Non-executive director	Jilin Food Zone Private Limited (China) - Non-executive director
China Huadian Corporation (China) - Non-executive director	MIH Holdings Limited (South Africa) - Non-executive director
Principal Commitments	
Singapore Consortium Investment Management Limited	Chairman, CEO

additional sgx-st listing
manual disclosures

9. CHAIRMANSHIPS, DIRECTORSHIPS AND PRINCIPAL COMMITMENTS (CONTINUED)

Adrian Chan Pengee

Present Chairmanships / Directorships	Past Chairmanships / Directorships
Listed	
Ascendas Funds Management (S) Limited - Non-executive director	AEM Holdings Ltd - Non-executive director
Hong Fok Corporation Limited - Non-executive director	Isetan (Singapore) Limited - Non-executive director
Nobel Design Holdings Ltd - Chairman, non-executive director	Biosensors International Group, Ltd. - Non-executive director
Yoma Strategic Holdings Ltd - Non-executive director	
Unlisted	
Hogan Lovells Lee & Lee - Non-executive director	Al Mirage Leisure Holding Pte. Ltd. (Dissolved - voluntary winding up) - Non-executive director
Shared Services for Charities Limited - Non-executive director	Al Mirage Property Holding Pte. Ltd. (Dissolved - voluntary winding up) - Non-executive director
Azalea Asset Management Pte Ltd - Non-executive director	International Stream Investments Pte. Ltd. (Dissolved - voluntary winding up) - Non-executive director
Astrea III Pte Ltd - Non-executive director	Sports Toto Malaysia Management Pte Ltd - Non-executive director
Want Want Holdings Ltd - Non-executive director	Singapore Institute of Directors - Vice chairman, non-executive director
Principal Commitments	
Lee & Lee	Senior Partner – Head of Corporate Department
Law Society of Singapore	Committee Member – Corporate Practice Committee and Audit Committee
Association of Small and Medium Enterprises	Honorary Secretary, Executive Council
Singapore International Chamber of Commerce	Committee Member – Corporate Governance and Regulations Committee
Pro-Enterprise Panel	Panel Member
Accounting and Corporate Regulatory Authority	Board Member
Legal Service Commission	Member

additional sgx-st listing
manual disclosures

9. CHAIRMANSHIPS, DIRECTORSHIPS AND PRINCIPAL COMMITMENTS (CONTINUED)

Ronald Seah Lim Siang

Present Chairmanships / Directorships	Past Chairmanships / Directorships
Listed	
Managers of CDL Hospitality Trusts – M&C Business Trust Management Limited and M&C REIT Management Limited - Non-executive director	
PGG Wrightson Limited - Non-executive director	
Telechoice International Limited - Non-executive director	
Yanlord Land Group - Non-executive director	
Unlisted	
Nucleus Connect Pte. Ltd. - Chairman	Invenio Holdings Pte. Ltd. - Non-executive director
Principal Commitments	
Soft Capital SG	Sole proprietorship – Business Consultancy Services
Nucleus Connect Pte. Ltd.	Chairman

Tan Kok Wee

Present Chairmanships / Directorships	Past Chairmanships / Directorships
Listed	
NIL	NIL
Unlisted	
NIL	NIL
Principal Commitments	
NIL	

additional sgx-st listing
manual disclosures

9. CHAIRMANSHIPS, DIRECTORSHIPS AND PRINCIPAL COMMITMENTS (CONTINUED)

Jason See Yong Kiat

Present Chairmanships / Directorships	Past Chairmanships / Directorships
Listed	
NIL	NIL
Unlisted	
BBSFF Alternative Assets Limited - Alternate director to Tan Mui Hong (Non-executive director)	BBSFF IP Holdings Limited (<i>Struck-off</i>) - Alternate director to Tan Mui Hong (Non-executive director)
BBSFF Asset Holdings Ltd - Alternate director to Tan Mui Hong (Non-executive director)	BBSFF Music Copyright Holdings Limited (<i>Struck-off</i>) - Alternate director to Tan Mui Hong (Non-executive director)
BBSFF EU Rail Lessor Limited - Alternate director to Tan Mui Hong (Non-executive director)	GIL Aircraft Lessor No. 2 FCA Limited (<i>Struck-off</i>) - Alternate director to Tan Mui Hong (Non-executive director)
BBSFF Loan Portfolio & Securitisation Limited - Alternate director to Tan Mui Hong (Non-executive director)	GIL Aircraft Lessor No. 2 FCB Limited (<i>Struck-off</i>) - Alternate director to Tan Mui Hong (Non-executive director)
BBSFF Operating Lease Limited - Alternate director to Tan Mui Hong (Non-executive director)	M&B Footwears Private Limited - Non-executive director
BBSFF Rail Fund No.1 Limited - Non-executive director	Corridor II Limited - Alternate director to Tan Mui Hong (Non-executive director)
BBSFF Securitisation Limited - Alternate director to Tan Mui Hong (Non-executive director)	AF Trustees Ltd (<i>Formerly known as AF Trustees Pte Ltd</i>) - Non-executive director
GIL Aircraft Lessor No. 1 Ltd - Alternate director to Tan Mui Hong (Non-executive director)	GIL Aircraft Lessor No. 2 Limited (<i>Struck-off</i>) - Alternate director to Tan Mui Hong (Non-executive director)
GIL (Labuan) Company Limited - Non-executive director	Tessolve Semiconductor Private Limited (<i>Formerly known as Tessolve Services Private Limited</i>) - Non-executive director

additional sgx-st listing
manual disclosures

9. CHAIRMANSHIPS, DIRECTORSHIPS AND PRINCIPAL COMMITMENTS (CONTINUED)

Jason See Yong Kiat (Continued)

Present Chairmanships / Directorships	Past Chairmanships / Directorships
Unlisted	
Industrial & Economic Advisory Pte Ltd <i>(In Members' Voluntary Liquidation)</i> - Non-executive director	
Kellock Europe Fund Pte Ltd - Executive director	
Kellock Fund Investments Pte Ltd - Executive director	
Kellock Fund Investments II Pte Ltd - Executive director	
Kellock Fund Investments III Pte Ltd - Executive director	
Singapore Consortium Investment Management Limited - Non-executive director	
Singapore Technologies Capital Services Pte Ltd - Non-executive director	
ST Trustees Ltd - Non-executive director	
Ansu Wellness Pte Ltd - Non-executive director	
Principal Commitments	
ST Asset Management Ltd.	Managing Director (Fund Management)

shareholder information

AS AT 6 MARCH 2017

SHARES

Number of Shares - 1,551,775,404

Number of Shareholders - 6,961

VOTING RIGHTS

On a show of hands, each Shareholder present shall have one vote.

On a poll, each Shareholder present or by proxy shall have one vote for every Share they hold or represent.

The Shares of GIL are listed on the main board of the SGX-ST.

Under the Bermuda Companies Act, only those persons who agree to become Shareholders of a Bermuda company and whose names are entered on the register of members of such a company are considered members, with rights to attend and vote at general meetings. Accordingly, depositors holding Shares through The Central Depository (Pte) Limited ("CDP") would not be recognised as members of GIL and would not have a right to attend and to vote at general meetings of GIL. In the event that depositors wish to attend and vote at general meetings of GIL, CDP will have to appoint them as proxies, pursuant to the Bye-laws of GIL and the Bermuda Companies Act.

In accordance with Bye-law 53, unless CDP specifies otherwise in a written notice to GIL, CDP will be deemed to have appointed as CDP's proxies each of the depositors who are individuals and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the relevant general meeting supplied by CDP to GIL. Therefore, depositors who are individuals can attend and vote at the general meetings of GIL without the lodgement of any proxy form. Depositors who cannot attend a meeting personally may enable their nominees to attend as CDP's proxies. Depositors who are not individuals can only be represented at a general meeting of GIL if their nominees are appointed by CDP as CDP's proxies. Proxy forms appointing nominees of depositors as proxies of CDP would need to be executed by CDP as member and must be deposited at the specified place and within the specified time frame to enable the nominees to attend and vote at the relevant general meeting of GIL.

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Deemed Interest
Boon Swan Foo	199,462,541	-

shareholder information

AS AT 6 MARCH 2017

TOP 20 SHAREHOLDER LIST AS AT 6 MARCH 2017

No.	Name	Number of Shares held	Percentage of issued Share Capital (%)
1	BOON SWAN FOO	199,462,541	12.85
2	DBS NOMINEES (PRIVATE) LIMITED	60,708,076	3.91
3	CITIBANK NOMINEES SINGAPORE PTE LTD	59,683,481	3.85
4	GOH SI HUI (WU SIHUI)	50,170,202	3.23
5	GOH SI KAI (WU SIKAI)	50,168,946	3.23
6	RAFFLES NOMINEES (PTE) LIMITED	48,029,436	3.10
7	PHILLIP SECURITIES PTE LTD	32,946,421	2.12
8	OCBC SECURITIES PRIVATE LIMITED	17,916,266	1.15
9	LIEW CHIAP KONG	15,521,096	1.00
10	SEE BENG LIAN JANICE	14,955,156	0.96
11	UOB KAY HIAN PRIVATE LIMITED	14,245,623	0.92
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	13,545,932	0.87
13	ATMA SINGH S/O NAND SINGH	12,599,841	0.81
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,638,627	0.75
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	11,591,124	0.75
16	YIM CHEE CHONG	10,430,885	0.67
17	TAN CHAY GEK	7,390,035	0.48
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,135,244	0.46
19	ABN AMRO CLEARING BANK N.V.	6,977,976	0.45
20	MORPH INVESTMENTS LTD	6,834,177	0.44
Total		651,951,085	42.00

ANALYSIS OF SHAREHOLDERS

Range of Holdings	Number of Shareholders	Percentage of Shareholders (%)	Number of Shares
1 - 99	212	3.05	6,430
100 - 1,000	538	7.73	492,071
1,001 - 10,000	1,467	21.07	8,284,931
10,001 - 1,000,000	4,567	65.61	561,406,614
1,000,001 and above	177	2.54	981,585,358
Total	6,961	100.00	1,551,775,404

Based on information available, as at 6 March 2017, the directors and substantial Shareholder collectively hold 12.93% of the issued Shares of GIL and the balance is held by the public. Therefore, Listing Rule 723 is complied with.

management agreement

In accordance with the Management Agreement, the base fee and the fixed fee are payable in arrears on a quarterly basis. The incentive fee (if any) is payable half yearly ending on 30 June and 31 December.

Any changes to the fee structure under the Management Agreement will be subject to the approval of Shareholders by resolution in general meeting, and for the purposes of such approval, SICIM and SICIM Associates will abstain from voting on the relevant resolution.

The fee structure of SICIM is summarised below.

FEE STRUCTURE	
Base fee	1.0% of Net Investment Value up to S\$1.5 billion and 1.5% of Net Investment Value in excess of S\$1.5 billion.
Incentive fee¹	<ul style="list-style-type: none"> • 20.0% of excess Share Return over Benchmark Return after recovering any Deficit carried forward from previous periods. • Share Return is an amount computed based on AMCIF multiplied by the movement in the Share Accumulation Index ("SAI") which measures the accumulated SGX-ST traded value of the Company's Shares. Any dividend payment will have an impact on the calculation of the SAI. • Benchmark Return is computed based on AMCIF multiplied by an annualised return of 8%.
Fixed fee	<ul style="list-style-type: none"> • Fixed fee of S\$0.65 million per annum. • Third party expenses reimbursed by GIL.
Acquisition fee	<ul style="list-style-type: none"> • 1.0% of: <ul style="list-style-type: none"> – Total risk capital invested by GIL in the investment; and – Percentage interest in the investment acquired by GIL multiplied by the quantum of debt facilities of the investment arranged by SICIM in relation to the acquisition (but excluding debt provided by GIL).
Divestment fee	<ul style="list-style-type: none"> • Only for assets acquired after 25 November 2009. • 3.0% on net disposal proceeds, subject to profit after divestment being greater than zero. <p>Note: If the divestment fee payable is greater than GIL's profit after divestment, the divestment fee shall equal GIL's profit after divestment.</p>
Debt raising fee	<ul style="list-style-type: none"> • 0.5% of senior debt raised. • 0.7% of subordinated or mezzanine debt raised. <p>Note: The fee payable is only applicable to debt raised at GIL level and/or at any investee entities' level for which the relevant creditor has recourse to GIL, including debt raised from any SICIM Associate.</p>
Payment of fees	<ul style="list-style-type: none"> • The Board has the sole discretion to pay up to 100% of SICIM's fees in the form of shares rather than cash.

¹ Under the Management Agreement, the incentive fee shall first become payable when the Share Value exceeds the Threshold Amount calculated as an amount equal to 20% of the amount by which the Share Value exceeds the Threshold Amount, and multiplied by the ANIF. The incentive fee became first payable to the Manager as at 31 December 2013. Thereafter, the incentive fee shall be calculated as mentioned above.

Fees that are paid and payable to the Manager and its associates are disclosed in Note 25 of the financial statements included within this report. The details of the incentive fees are found on page 116.

computation of incentive fee/deficit

		1H 2016	2H 2016
	Number of Days in the Relevant Half Year	182	184
	ATPIF	\$0.137152	\$0.132796
	ANIF	1,446,433,831	1,496,289,904
A	AMCIF =(ATPIF *ANIF)	S\$198,381,293	S\$198,701,314
B	SAI	S\$0.2398	S\$0.2453
C	Average SAI in the Relevant Half Year	S\$0.2453	S\$0.2661
D	Benchmark rate of return for the Half Year	3.90119822%	3.94490328%
E	Deficit from previous period	S\$15,931,926	S\$13,360,849
	<u>New Shares Issuance</u>		
F	Number of Days from issue date to end of Relevant Half Year	65	81
G	Issue Price	S\$0.128	S\$0.130
H	Additional number of Shares issued	49,856,073	55,485,500
I	G * H	S\$6,381,577	S\$7,213,115
J	Benchmark rate of return for the issue period	1.3761778%	1.7178239%
	Share Return for the Relevant Half Year = A * (C-B)/B + H * (C-G)	S\$10,398,147	S\$24,400,282
	Benchmark Return for the Relevant Half Year = A * D + I * J	S\$7,827,069	S\$7,962,483
	Share Return-Benchmark Return - Deficit	(S\$13,360,849)	S\$3,076,950
	Deficit Carried Forward	S\$13,360,849	-
	Manager Incentive Fee @ 20%		S\$615,390

glossary

Term	Meaning
AGM	Annual General Meeting
AMCIF	In respect of a Half Year: $ATPIF \times ANIF$
ANIF	The average closing number of the Company's Shares that are issued and to be issued as fully paid (whether or not officially quoted by the SGX-ST) over the last 20 SGX-ST trading days of Shares in the Half Year preceding the Relevant Half Year, provided that for the purposes of computing the incentive fee when it shall first become payable, it shall mean the average closing number of Shares that are issued and to be issued as fully paid (whether or not officially quoted by the SGX-ST) over the last 20 SGX-ST trading days of Shares in the Relevant Half Year.
ARMC	Audit and Risk Management Committee
ATPIF	In relation to a Half Year, the average of the daily Volume Weighted Average Price over the last 20 SGX-ST trading days of Shares in the Half Year preceding the Relevant Half Year.
Ascendos	Ascendos Investments Limited
AUD	Australian Dollar
Board	GIL's Board of Directors
Benchmark Return	<p>For the Shares that are included in AMCIF for a Half Year:</p> <ul style="list-style-type: none"> • the AMCIF; multiplied by • BRI. <p>To the extent that additional Shares are issued during the Relevant Half Year, the Benchmark Return will also include the return for those additional Shares. For this purpose, the return for those additional Shares will be calculated as the number of additional Shares issued, multiplied by the issue price of such Shares; multiplied by the BRI.</p>
BRI	An annualised return of 8%.
CDP	The Central Depository (Pte) Limited
CLO	Collateralised Loan Obligation
CNH	Chinese Offshore Renminbi
CNY	Chinese Onshore Renminbi
Commencement Date	25 November 2009
Company or GIL	Global Investments Limited and, where the context requires, its wholly-owned subsidiaries.

glossary

Term	Meaning
Deficit	For a Half Year, an amount determined at the end of that Half Year as the Total Benchmark Return less Total Share Return for the Relevant Half Years for that Half Year. If this amount is a positive number, then it is the Deficit. If it is a negative number, the Deficit is zero.
EUR	Euro
FY	Financial year ending 31 December
GBP	British Pound
Group	GIL and its subsidiaries
Half Year	Each period of six consecutive months respectively ending on 30 June and 31 December save in respect of the first half year ended 30 June 2010
IFRS	International Financial Reporting Standards
Management Agreement	The novation and amendment and restatement agreement entered into amongst the Company, STAM and SICIM dated 1 April 2016 and which came into effect on 29 April 2016, which novates, amends and restates the management agreement between the Company and STAM dated 24 September 2009.
Manager or SICIM	Singapore Consortium Investment Management Limited
Net Investment Value	<p>Net Investment Value calculated in SGD in respect of a quarter means AMC where:</p> <p>AMC is the Average Market Capitalisation in respect of the relevant quarter calculated as follows:</p> $\text{AMC} = (\text{ATP} \times \text{AN})$ <p>where:</p> <p>ATP is, in relation to a quarter, the average of the daily Volume Weighted Average Price ("VWAP") over the last 20 SGX-ST trading days of Shares in the relevant quarter (excluding the additional market capitalisation represented by the issuance of Shares during the last 20 SGX-ST trading days of the relevant quarter); and</p> <p>AN is the average closing number of Shares that are issued and to be issued as fully paid for scrip dividend, bonus shares and subdivision of existing shares (whether or not officially quoted by SGX-ST) but excluding Shares issued that represent additional paid up share capital during the last 20 SGX-ST trading days of Shares during the relevant quarter.</p> <p>VWAP is, in respect of any trading day on the SGX-ST, the volume weighted average price per Share for sales in those securities on the SGX-ST on that trading day, where each price is weighted by the number of Shares sold at various prices that day. Special crossings, crossings outside of normal trading hours and option-related transactions on the SGX-ST are to be excluded from the VWAP calculation.</p>

glossary

Term	Meaning
NGC	Nomination and Governance Committee
Principal Commitments	All commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active Related Corporations, those appointments should not normally be considered principal commitments
Relevant Half Years	At any time during a Half Year means the preceding Half Years during the period commencing on the most recent of: <ul style="list-style-type: none"> (a) the beginning of the first half year ended 30 June 2010; (b) the commencement of the sixth Half Year preceding that first-mentioned Half Year; and (c) the commencement of the Half Year following the most recent Half Year in respect of which the incentive fee was last accrued and became payable.
RC	Remuneration Committee
Related Corporations	Related Corporations in relation to a corporation means any corporation deemed to be related to it under section 6 of the Singapore Companies Act, i.e. a corporation that is the first-mentioned corporation's holding company, subsidiary or fellow subsidiary.
RMBS	Residential Mortgage-Backed Securities
SGD	Singapore Dollar
SGX-ST	Singapore Exchange Securities Trading Limited
Shares	Ordinary shares of par value S\$0.01 per share in the capital of the Company
Shareholder	Holder of the Shares in the Company
SAI	Share accumulation index is formulated by the Manager to measure the accumulated SGX-ST traded value of Shares, with the initial value assigned to such index being the closing price of the trading day following the Commencement Date, assuming that any dividends of the Company are reinvested at the closing price of Shares on the SGX-ST on the payment date of such dividends. For the purposes of calculation of this index, the price per Share will be grossed up by the dividend entitlement for the period between the Share going ex-dividend and the dividend being paid.
Share Return	For a Half Year means the AMCIF for that Half Year multiplied by the movement in the SAI for the Shares over the Relevant Half Year expressed as a fraction, based on the average daily closing value of this index over the last 20 SGX-ST trading days of the Half Year compared with the average daily closing value of this index over the last 20 SGX-ST trading days of the preceding Half Year. <p>To the extent that additional Shares are issued during the Relevant Half Year, the Share Return will also include the return for those additional Shares. For this purpose, the return for those additional Shares will be calculated as the number of additional Shares issued multiplied by the value of the difference between (i) the average daily closing value of the SAI over the last 20 SGX-ST trading days of the Relevant Half Year and (ii) the issue price of such additional shares.</p>

glossary

Term	Meaning
Share Value	Average of the SAI over the last 20 SGX-ST trading days in respect of the Relevant Half Year
SICIM Associates	The Manager, any Related Corporation of SICIM and any entity in respect of which SICIM or a Related Corporation of SICIM has been appointed a responsible entity or with whom SICIM or a Related Corporation of SICIM has entered into a management, trustee or similar agreement.
Singapore Code	Singapore Code of Corporate Governance 2012
STAM	ST Asset Management Ltd.
Threshold Amount	The higher of (a) S\$0.25 and (b) S\$0.36 being the Company's unaudited net asset value per Share as at 30 September 2009, subject to adjustments made in respect of changes in the share capital of the Company.
Total Share Return	For a Half Year the sum of the Share Returns for the Relevant Half Years for that Half Year
Total Benchmark Return	For a Half Year means the sum of the Benchmark Returns for the Relevant Half Years for that Half Year
USD	United States Dollar

notice of 2017 annual general meeting

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting (the "2017 AGM") of Global Investments Limited (the "Company") will be held at Holiday Inn Singapore Orchard City Centre, Crystal Suite, Level 2, 11 Cavanagh Road, Singapore 229616, on 27 April 2017 at 10.00 a.m for the following purposes, including the purpose of considering and, if thought fit, passing with or without amendments, the following Resolutions 1 to 6 which are each proposed as an Ordinary Resolution:

Financial Statements and Reports

- To receive and adopt the Financial Statements and the Reports of the Directors and Auditors for the financial year ended 31 December 2016. **(Ordinary Resolution 1)**

Re-election of Director, Tan Kok Wee

- To re-elect Tan Kok Wee, who will retire by rotation under Bye-law 56(e), as a director of the Company (a "Director"). **(Ordinary Resolution 2)**

Re-election of Director, Boon Swan Foo

- To re-elect Boon Swan Foo, who will retire, as a Director. **(Ordinary Resolution 3)**

Re-appointment of Auditors

- To re-appoint Ernst & Young LLP as the Auditors of the Company to hold office with effect from the conclusion of this 2017 AGM until the conclusion of the next Annual General Meeting of the Company in accordance with the Company's Bye-laws and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

Proposed Renewal of the Share Issue Mandate

- That authority be and is hereby given to the Directors to:
 - issue ordinary shares of S\$0.01 each in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
 - make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (the "Share Issue Mandate"); and
 - (notwithstanding the authority conferred by this Resolution 5 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 5 was in force.

Provided that:

- the aggregate number of Shares to be issued pursuant to this Resolution 5 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 5) does not exceed 50 per cent. (50%) of the total number of issued Shares (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to holders of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 5) does not exceed 20 per cent. (20%) of the total number of issued Shares (as calculated in accordance with sub-paragraph (b) below);
- (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares shall be based on the total number of issued Shares at the time this Resolution 5 is passed,

notice of 2017
annual general meeting

after adjusting for:

- (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution 5 is passed; and
- (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (c) in exercising the authority conferred by this Resolution 5, the Company shall comply with the provisions of the listing manual of the SGX-ST (the "Listing Manual") for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and
- (d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 5 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Listing Manual, whichever occurs the earliest. **(Ordinary Resolution 5)**

Proposed Authorisation of Directors to issue Shares pursuant to the Scrip Dividend Scheme

- 6. That authority be and is hereby given to the Directors to allot and issue from time to time such number of new fully paid-up Shares as may be required to be allotted and issued pursuant to the Global Investments Limited scrip dividend scheme (the "Scrip Dividend Scheme"). **(Ordinary Resolution 6)**
- 7. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

GLOBAL INVESTMENTS LIMITED

Janice Loraine Haskins
 Company Secretary
 Bermuda, 31 March 2017

NOTES:

- 1. A Shareholder (other than The Central Depository (Pte) Limited ("CDP")) entitled to attend and vote at the 2017 AGM who is a holder of two (2) or more Shares is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Shareholder.
- 2. A Depositor holding Shares through CDP and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) may attend and vote at the 2017 AGM as CDP's proxy. Such Depositors who are individuals but are unable to attend the 2017 AGM personally and wish to appoint a nominee(s) to attend and vote on their behalf as CDP's proxies, and such Depositors who are not individuals, should complete, sign and return the Depositor Proxy Form.
- 3. The Depositor Proxy Form must be lodged at the registered office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the 2017 AGM or the adjournment thereof, as applicable.

notice of 2017 annual general meeting

EXPLANATORY NOTES:

ORDINARY RESOLUTION 2:

Tan Kok Wee, if re-elected, will remain as Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee. He is considered an independent director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

ORDINARY RESOLUTION 3:

Boon Swan Foo, if re-elected, will remain as Chairman and a non-executive, non-independent director of the Company as well as a member of the Nomination and Governance Committee.

Pursuant to Bye-law 56(e), only one director is required to retire at the 2017 AGM and submit himself for re-election should he wish to do so. However, as a matter of good corporate governance, Boon Swan Foo will also be retiring and submitting himself for re-election at the 2017 AGM, having regard to the fact that he was last re-elected 3 years ago on 29 April 2014.

ORDINARY RESOLUTION 5:

Ordinary Resolution 5 seeks to authorise the Directors to issue Shares and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to a number not exceeding in total 50 per cent. (50%) of the total number of issued Shares, with a sub-limit of 20 per cent. (20%) for issues other than on a pro-rata basis to holders of Shares.

For the purpose of determining the aggregate number of Shares that may be issued pursuant to the Share Issue Mandate, the total number of issued Shares shall be based on the total number of issued Shares at the time that Ordinary Resolution 5 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 5 is passed; and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

If Ordinary Resolution 5 is passed, Shares issued pursuant to the Scrip Dividend Scheme will not be treated as Shares issued pursuant to the Share Issue Mandate.

ORDINARY RESOLUTION 6:

Ordinary Resolution 6, if passed, will empower the Directors from the date of the 2017 AGM to issue Shares pursuant to the Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend. If Ordinary Resolution 6 is passed, Shares issued pursuant to the Scrip Dividend Scheme will not be subject to the limits on the aggregate number of Shares that may be issued pursuant to the Share Issue Mandate. The Directors have announced on 23 February 2017 that the Scrip Dividend Scheme shall apply to the final dividend of S\$0.0075 per share for the financial year ended 31 December 2016.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2017 AGM and/or any adjournment thereof, a shareholder of the Company: (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 2017 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2017 AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

notice of special general meeting

NOTICE IS HEREBY GIVEN that a Special General Meeting (the "SGM") of Global Investments Limited (the "Company") will be held at Holiday Inn Singapore Orchard City Centre, Crystal Suite, Level 2, 11 Cavanagh Road, Singapore 229616 on 27 April 2017 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the 2017 Annual General Meeting of the Company to be convened on the same day and at the same venue) for the purpose of considering and, if thought fit, passing with or without amendments, the following Resolution 1 as an Ordinary Resolution:

Proposed Renewal of the Share Purchase Mandate

1. That:

(1) pursuant to the Company's Memorandum of Association and Bye-laws, the exercise by the directors of the Company (the "Directors") of all the powers of the Company to purchase or otherwise acquire issued and fully paid-up ordinary shares of par value S\$0.01 each in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (a) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "SGX-ST"); and/or
- (b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, Chapter 50 of Singapore (as amended, supplemented or modified from time to time),

and otherwise in accordance with the Companies Act 1981 of Bermuda (as amended, supplemented or modified from time to time) and all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on:

- (a) the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in general meeting by way of an ordinary resolution; or
- (c) the date on which the purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever occurs the earliest.

(3) in this Resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five day period;

notice of special general meeting

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means that number of issued Shares representing 10 per cent. (10%) of the issued Shares as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of a market purchase of a Share, 105 per cent. (105%) of the Average Closing Price of the Shares and in the case of an off-market purchase of a Share, 120 per cent. (120%) of the Average Closing Price of the Shares; and

- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Ordinary Resolution 1)**

By Order of the Board

GLOBAL INVESTMENTS LIMITED

Janice Loraine Haskins
Company Secretary
Bermuda, 31 March 2017

NOTES:

1. A Shareholder of the Company (other than The Central Depository (Pte) Limited (“CDP”)) entitled to attend and vote at the SGM who is a holder of two (2) or more Shares is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
2. A Depositor holding Shares through CDP and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) may attend and vote at the SGM as CDP’s proxy. Such Depositors who are individuals but are unable to attend the SGM personally and wish to appoint a nominee(s) to attend and vote on their behalf as CDP’s proxies, and such Depositors who are not individuals, should complete, sign and return the Depositor Proxy Form.
3. The Depositor Proxy Form must be lodged at the registered office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the SGM.

notice of special general meeting

EXPLANATORY NOTES:

ORDINARY RESOLUTION 1:

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended, supplemented or modified from time to time), the Company may repay the capital paid-up on purchased or acquired Shares out of paid-in capital, share premium or other reserves and pay the premium (if any) on purchased or acquired Shares out of the realised or unrealised profits of the Company, share premium or other reserves of the Company, so long as the Company is, and shall after the payment be, able to pay its liabilities as they become due.

Ordinary Resolution 1, if passed, will empower the Directors from the date of the SGM to repurchase Shares of the Company by way of market purchases or off-market purchases of up to 10 per cent. (10%) of the total number of issued Shares at the Maximum Price. Information relating to this proposed Ordinary Resolution 1 is set out in the Addendum.

As at 15 March 2017 (the "Latest Practicable Date"), the issued capital of the Company comprised 1,551,775,404 Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date. Purely for illustrative purposes, on the basis of 1,551,775,404 Shares in issue as at the Latest Practicable Date, the purchase by the Company of 10 per cent. (10%) of its issued Shares will result in the purchase or acquisition of 155,177,540 Shares.

In the case of market purchases by the Company and assuming that the Company purchases or acquires 155,177,540 Shares at the maximum price of S\$0.145 for one Share (being the price equivalent to 105 per cent. (105%) of the Average Closing Price of the Shares for the last five (5) market days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 155,177,540 Shares is approximately S\$22,500,744.

In the case of off-market purchases by the Company and assuming that the Company purchases or acquires 155,177,540 Shares at the maximum price of S\$0.166 for one Share (being the price equivalent to 120 per cent. (120%) of the Average Closing Price of the Shares for the last five (5) market days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 155,177,540 Shares is approximately S\$25,759,472.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 are based on the assumptions set out in paragraphs 2.6.2 and 2.6.3 of the Addendum.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a shareholder of the Company: (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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