Company Registration No. 201135045H

Infraco Asia Investments Pte. Ltd.

Annual Financial Statements
31 December 2021

Building a better
working world

Infraco Asia Investments Pte. Ltd.

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Directors' statement

The directors are pleased to present their statement to the members together with the audited financial statements of Infraco Asia Investments Pte. Ltd. (the "Company") for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) 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.

Directors

The directors of the Company in office at the date of this statement are:

Clive Watkin Turton
John William Walker
Michael Barry Chilton
Allard Mark Nooy (Appointed on 23 September 2021)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

None of the directors who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share options

There were no options granted by the Company during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Michael Barry Chilton
Director

Allard Mark Nooy
Director

30 March 2022

Independent auditor's report to the members of Infraco Asia Investments Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Infraco Asia Investments Pte. Ltd. (the "Company"), which comprise the balance sheet of the Company as at 31 December 2021, the statement of changes in equity, the statement of comprehensive income and cash flow statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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 of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.

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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2022

Infraco Asia Investments Pte. Ltd.

Statement of comprehensive income
For the financial year ended 31 December 2021

	Note	2021	2020
		US$	US$
Revenue	4	1,500,738	1,151,626
Administrative expenses		(1,604,473)	(1,869,418)
Impairment loss on loan receivables	7	(12,471,304)	–
Fair value loss on investment in a subsidiary	9	(717,741)	–
Loss before tax	5	(13,292,780)	(717,792)
Income tax (expense)/credit	6	(7,968)	171
Loss for the year, representing total comprehensive income attributable to the owners of the Company		(13,300,748)	(717,621)

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

Infraco Asia Investments Pte. Ltd.

Balance sheet
As at 31 December 2021

	Note	2021	2020
		US$	US$
ASSETS			
Non-current assets			
Loan receivables	7	–	8,609,041
Investments in subsidiaries	9	15,842,262	5,060,001
		15,842,262	13,669,042
Current assets			
Interest receivables	8	–	170,843
Amount due from related companies	10	3,797	11,143
Loan receivables	7	–	5,220,345
Prepaid expenses and other receivables	11	43,770	96,093
Cash and cash equivalents	12	73,486,178	57,083,818
Total current assets		73,533,745	62,582,242
Total assets		89,376,007	76,251,284
EQUITY AND LIABILITIES			
Current liabilities			
Other payables and accruals	13	793,565	994,782
Provision for income tax		6,629	14,912
Total current liabilities		800,194	1,009,694
Net current assets		72,733,551	61,572,548
Non-current liabilities			
Other payables	13	149,027	184,091
Deferred tax liability	6	–	3,535
Total non-current liabilities		149,027	187,626
Total liabilities		949,221	1,197,320
Equity attributable to owners of the Company			
Share capital	14	76,595,524	53,257,004
Share application monies	15	22,131,450	18,796,400
Retained earnings		(10,300,188)	3,000,560
Total equity		88,426,786	75,053,964
Total equity and liabilities		89,376,007	76,251,284

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

Infraco Asia Investments Pte. Ltd.

Statement of changes in equity
For the financial year ended 31 December 2021

	Attributable to owners of the Company			
	Share capital (Note 14)	**Share Application Monies (Note 15)**	**Retained earnings**	**Total equity**
	US$	US$	US$	US$
2021				
Opening balance at 1 January 2021	53,257,004	18,796,400	3,000,560	75,053,964
Loss for the year, representing total comprehensive income for the year	–	–	(13,300,748)	(13,300,748)
Issuance of shares	23,338,520	(23,338,520)	–	–
Share application monies	–	26,673,570	–	26,673,570
Closing balance at 31 December 2021	76,595,524	22,131,450	(10,300,188)	88,426,786
2020				
Opening balance at 1 January 2020	27,319,426	–	3,718,181	31,037,607
Loss for the year, representing total comprehensive income for the year	–	–	(717,621)	(717,621)
Issuance of shares	25,937,578	–	–	25,937,578
Share application monies	–	18,796,400	–	18,796,400
Closing balance at 31 December 2020	53,257,004	18,796,400	3,000,560	75,053,964

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

Infraco Asia Investments Pte. Ltd.

Cash flow statement
For the financial year ended 31 December 2021

	2021	2020
	US$	US$
Cash flows from operating activities		
Loss before tax	(13,292,780)	(717,792)
Adjustments for:		
- Interest income	(1,500,738)	(1,114,329)
- Impairment loss on loan receivables	12,471,304	–
- Fair value loss on investment in a subsidiary	717,741	–
Operating cash flows before changes in working capital	(1,604,473)	(1,832,121)
Changes in working capital:		
Decrease/(increase) in prepaid expenses & other receivables	52,323	(8,817)
Decrease/(increase) in amount due from a related company	7,346	(11,143)
(Increase)/decrease in amounts due to a related company	(9,294)	142,843
(Decrease) /increase in other payables and accruals	(239,277)	71,179
Net cash flows used in operations	(1,793,375)	(1,638,059)
Income tax paid	(23,225)	(23,973)
Income tax refund	3,439	–
Interest received	1,036,608	223,098
Net cash flows used in operating activities	(776,553)	(1,438,934)
Financing activities		
Issuance of shares	–	25,937,578
Share application monies	26,673,570	18,796,400
Net cash flows generated from financing activities	26,673,570	44,733,978
Investing activities		
Repayment of loan from third party	5,220,345	5,756,881
Loan to a third party	(3,215,000)	(8,570,000)
Investment in subsidiaries	(2)	(1)
Loan to a subsidiary	(11,500,000)	(5,060,000)
Net cash flows used in investing activities	(9,494,657)	(7,873,120)
Net increase in cash and cash equivalents	16,402,360	35,421,924
Cash and cash equivalents at beginning of the year	57,083,818	21,661,894
Cash and cash equivalents at end of the year (Note 12)	73,486,178	57,083,818

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

1. Corporate information

Infraco Asia Investments Pte. Ltd. (the "Company") is a private limited company incorporated in Singapore.

The Company is 100% owned by the Private Infrastructure Development Group Trust (the PIDG Trust), a trust established under the laws of Mauritius. The Company's immediate and existing joint shareholders are SG Kleinwort Hambros Trust Company (UK) Limited, IQ EQ Trustees (Mauritius) Ltd* and Minimax Ltd as trustees of the PIDG Trust.

* *Effective 30 November 2021, IQ EQ Trustees (Mauritius) Ltd replaced Multiconsult Trustees Ltd, as a trustee of the PIDG Trust, following an amalgamation pursuant to section 247(2) of the Mauritius Companies Act 2001.*

The Company's ultimate controlling entity is the Private Infrastructure Development Group Trust (the PIDG Trust). The PIDG Trust does not prepare consolidated accounts. The PIDG Trust has delegated the authority to manage the Company to PIDG Limited, which is also a 100% owned subsidiary of the PIDG Trust.

The principal place of business and registered office is located at 8 Cross Street, #23-04/05, Manulife Tower, Singapore 048424 and 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 respectively.

The principal activities of the Company are to seek and undertake due diligence in respect of, appraise and, if thought fit, invest in and ultimately dispose of, interests in infrastructure projects which objectives are in line with the objectives set by the PIDG Trust.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.1.

The financial statements are presented in United States Dollars (USD or US$).

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2021. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 103 References to the Conceptual Framework in FRS Standards	1 January 2022
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2 Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation*

The Company met the exception to consolidation criteria and is an investment entity, therefore, it measures its investments in subsidiaries at fair value through profit or loss in accordance with the policy set out in Note 2.7.

The Company has no consolidated subsidiaries.

Please refer to Note 3.1 for further information on the Company's assessment as an investment entity.

2.5 *Subsidiaries*

The Company is an investment entity and prepares the separate financial statements as its only financial statements. In the Company's separate financial statements, investments in subsidiaries is accounted for as fair value through profit or loss in accordance with the accounting policy set out in Note 2.7.

2. Summary of significant accounting policies (cont'd)

2.6 *Foreign currency*

The Company's financial statements are presented in United States Dollar, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.7 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

(i) Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The relevant category for the classification of debt instruments is:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

2. Summary of significant accounting policies (cont'd)

2.7 ***Financial instruments*** (cont'd)

(a) *Financial assets (cont'd)*

(ii) Investments in equity instruments

Included within equity instruments are investments in subsidiaries:

Investment in subsidiaries (including amount due from a subsidiary)

In accordance with the exception under FRS 110 *Consolidated Financial Statements*, the Company does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Company's investment activities. The Company has no consolidated subsidiaries. The Company measures unconsolidated subsidiaries together with the loan receivables from a subsidiary at fair value through profit or loss as they are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

<u>De-recognition</u>

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

<u>Initial recognition and measurement</u>

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

All financial liabilities are recognised initially at fair value plus in the case of non-derivative financial liabilities, directly attributable transaction costs.

<u>Subsequent measurement</u>

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

<u>Derecognition</u>

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.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For loan receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

The Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.10 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.11 *Revenue*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue of the Company is comprised of interest income from loans. These are recognised in profit or loss using the effective interest method.

2.12 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 *Taxes* (cont'd)

(b) *Deferred tax* (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.13 *Share capital*

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3. Significant accounting judgements and estimates (cont'd)

3.1 *Judgements made in applying accounting policies*

Management has made the following judgement in the process of applying the Company's accounting policies on the amounts recognised in the financial statements:

Assessment as an investment entity

Entities that meet the definition of an investment entity under FRS 110 are required to measure all of its subsidiaries at fair value through profit or loss rather than consolidate them. The criteria defining an entity as an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company provides investment management services to its investors, where it obtains funding from its immediate shareholders for it to invest in subsidiaries for the purpose of returns in the form of investment income and capital appreciation.

The Company measures its investments in equity instruments on a fair value basis and has a clearly documented exit strategy for these investments.

Whilst the Company only has one investor, the Foreign Commonwealth and Development Office, through its existing and immediate shareholders, the nature of the investor, being the UK Government, is such that it is in effect investing on behalf of the UK taxpayers and therefore a link to multiple unrelated investors can be made.

The Board has concluded that the Company falls within the definition of an investment entity in accordance with FRS 110. The Company will reassess on a continuous basis for any circumstances that may lead to a change in fulfilling any of these criteria or characteristics.

3.2 *Key sources of estimation uncertainty*

Provision for expected credit losses of loan receivables

The Company uses a provision matrix to calculate ECLs for loan receivables. The provision rates are based on credit ratings for groupings of various counterparty segments that have similar loss patterns. The provision matrix is initially based on the Company's historically observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's loans is disclosed in Note 7 and Note 18(a).

4. Revenue

	2021	2020
	US$	US$
Interest income from loans	1,450,898	917,774
Interest income from bank deposits	49,840	196,555
Other income	–	37,297
	1,500,738	1,151,626

Interest income relates to interest income arising from loans and bank deposits.

5. Loss before tax

Loss before tax is arrived at after charging:

	2021	2020
	US$	US$
Consultancy fees	186,417	673,666
Directors' fees	8,118	10,184
Legal fees	92,488	72,375
Office rental	58,410	58,462
Salaries	973,824	818,367
Central Provident Fund Contributions	53,467	33,193
Travelling expenses	242	5,790
Loss/(gain) on exchange differences, net	2,505	(2,862)

Salaries and Central Provident Fund Contributions relate to staff costs fully recharged from a related company that provides support services to the Company.

6. Income tax expense

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2021 and 2020 are:

	2021	2020
	US$	US$
Statement of comprehensive income:		
Current income tax		
- Current year	6,629	13,577
- Under/(over)provision in respect of prior years	4,874	(17,283)
	11,503	(3,706)
Deferred income tax		
- Origination and reversal of temporary differences	(3,535)	3,535
Income tax expense/(credit)	7,968	(171)

6. Income tax credit (cont'd)

Relationship between tax expense/(credit) and accounting loss

A reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021	**2020**
	US$	US$
Loss before tax	(13,292,780)	(717,792)
Tax at applicable tax rate of 17% (2020: 17%)	(2,259,773)	(122,025)
Under/(over)provision in respect of prior years	4,874	(17,283)
Non-deductible expenses	2,270,128	156,314
Effect of tax exemptions and rebates	(7,261)	(17,177)
Income tax expense/(credit) recognised in profit or loss	7,968	(171)

Deferred tax as at 31 December relates to the following:

	2021	**2020**
	US$	US$
Deferred tax liability		
Unremitted foreign interest income	–	3,535

7. Loan receivables

	2021	**2020**
	US$	US$
Current		
Term loan A	–	5,220,345
Non-current		
Term loan B	12,471,304	8,609,041
Less: Impairment loss on loan receivables	(12,471,304)	–
	–	8,609,041

Term loan A

Term loan A was granted by the Company to a third party in 2018 and bore interest of 10% per annum. The loan was fully repaid on 26 April 2021.

7. Loan receivables (cont'd)

Term loan B

Term loan B was granted by the Company to a third party on 12 November 2020.

Term loan B bears interest at 10.5% + LIBOR (2020: 10.5% + LIBOR) per annum. The remaining unutilised committed facility of US$3,215,000 (2020: US$6,430,000) bears commitment fee receivables at 3.5% (2020: 3.5%) per annum. The term loan is repayable every quarter from 31 March 2023 and is expected to be settled in cash. The loan amount is denominated in USD. In accordance with the agreement with the borrower, the Company has capitalised interest income amounting to US$638,199 (2020: US$39,041) to the outstanding loan principal.

During the year, the third party encountered certain regulatory issue which led to the revocation of its license to operate. As a result, the Company has recorded an impairment loss on Term loan B amounting to U$12,471,304 (2020: Nil).

8. Interest receivables

	2021	2020
	US$	US$
Current		
Interest receivables from:		
Term loan A	–	105,857
Term loan B	–	64,986
	–	170,843

On 26 April 2021, interest receivables from Term loan A was fully repaid.

9. Investments in subsidiaries

	2021	2020
	US$	US$
Shares in subsidiaries	3	1
Amount due from a subsidiary	15,842,259	5,060,000
Investments in subsidiaries	15,842,262	5,060,001

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, rather, recognises them as investments at fair value through profit or loss. The amount due from a subsidiary is designated collectively with the investment at fair value through profit or loss as they are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The settlement of the amounts due from a subsidiary is at the discretion of the subsidiary.

9. Investments in subsidiaries (cont'd)

As at the reporting date, a fair value loss on the investments in subsidiaries amounting to US$717,741 (2020: Nil) was recognised in profit or loss.

Restriction

There are no significant restrictions on the transfer of monies from the subsidiary to the Company.

Support

The Company has no contractual commitments or current intentions to provide any other financial or other support to its unconsolidated subsidiaries.

Composition of the Group

Name of equity investments	Country of incorporation	Principal activities	Effective interest held by the Company 2021 %	Effective interest held by the Company 2020 %
Infraco Asia Guarantee Holdings Pte. Ltd.	Singapore	Investment holding	100	100
Infraco India Hydro Investments Pte. Ltd.*	Singapore	Investment holding	100	–
Infraco Indonesia Rural Broadband Pte. Ltd.*	Singapore	Investment holding	100	–
Held by a subsidiary (Infraco Asia Guarantee Holdings Pte. Ltd.)				
Indus Guarantees Pte. Ltd.	Singapore	Investment holding	100	100
Infra Zamin Pakistan Limited	Pakistan	Investment finance company	60	60

* The subsidiaries are newly incorporated during the year with a paid-up capital of US$1.

10. Amount due from related companies

Amount due from related companies relate to payments made on behalf of the related companies. The amounts are unsecured, interest-free, repayable on demand and are to be settled in cash.

11. Prepaid expenses and other receivables

	2021 US$	2020 US$
Other receivables	–	42,191
Prepaid expenses	43,770	53,902
	43,770	96,093

In 2020, other receivables represents the commitment fee receivables on Term loan B and accrued interest income on cash at bank which earns floating interest on daily bank deposit rates.

12. Cash and cash equivalents

	2021 US$	2020 US$
Cash at bank and on hand	73,486,178	57,083,818

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one and six months and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2021 for the Company was 0.07% (2020: 0.34%).

Cash and cash equivalents that are denominated in foreign currencies at 31 December is as follows:

	2021 US$	2020 US$
Singapore Dollars (SGD)	138,538	47,720
Great British Pounds (GBP)	71,747	94,269

13. Other payables and accruals

	2021	2020
	US$	US$
Current		
Amounts due to a related company	402,983	399,754
Accruals	54,028	294,400
Other payables	336,554	300,628
	793,565	994,782
Non-current		
Other payables	149,027	184,091
	942,592	1,178,873

Amounts due to a related company are unsecured, interest-free, repayable on demand and are to be settled in cash.

Other payables include deferred interest income on loans which arose from using the effective interest method.

Other payables and accruals that are denominated in foreign currencies at 31 December is as follows:

	2021	2020
	US$	US$
Singapore Dollars (SGD)	17,504	21,787
Indian Rupee (INR)	37,618	62,362
Great British Pounds (GBP)	11,116	14,030

14. Share capital

	2021		2020	
	No. of shares	US$	No. of shares	US$
Issued and fully paid ordinary shares:				
At 1 January	53,257,004	53,257,004	27,319,426	27,319,426
Issuance during the year	23,338,520	23,338,520	25,937,578	25,937,578
At 31 December	76,595,524	76,595,524	53,257,004	53,257,004

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

15. Share application monies

	2021	2020
	US$	US$
Movement in share application monies:		
At 1 January	18,796,400	–
Injection of funds by shareholders of the Company during the year	26,673,570	18,796,400
Issuance of shares to shareholders of the Company during the year	(23,338,520)	–
At 31 December	22,131,450	18,796,400

16. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related companies took place at terms agreed between the parties during the financial year:

	2021	2020
	US$	US$
Recharge of expenses by related companies*:		
Salaries	(973,824)	(818,367)
Central Provident Fund Contributions	(53,467)	(33,193)
Office rental	(58,410)	(58,462)
Travelling expenses	(242)	(5,790)
Legal and consultancy fees	(93,493)	(67,391)
Miscellaneous	(92,183)	(33,298)
Directors' fees	(8,118)	(10,184)
Grant received/receivable as reimbursement from shareholder	131,729	74,520
Administration charge paid/payable to a related company*	(218,780)	(136,481)

* These are entities which have common shareholders with that of the Company.

17. Fair value of financial instruments

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(a) Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date
(b) Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
(c) Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

17. Fair value of financial instruments (cont'd)

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical assets (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Unobservable inputs for the assets or liability** (Level 3)
	US$	US$	US$
2021			
Fair value of financial instruments by classes that are not carried at fair value but for which fair value is disclosed			
Loan and interest receivables	–	–	–
Assets and liabilities measured at fair value			
Investments in subsidiaries	–	–	15,842,262
At 31 December 2021	–	–	15,842,262
2020			
Fair value of financial instruments by classes that are not carried at fair value but for which fair value is disclosed			
Loan and interest receivables	–	14,000,229	–
Assets and liabilities measured at fair value			
Investment in a subsidiary	5,060,001	–	–
At 31 December 2020	5,060,001	14,000,229	–

17. Fair value of financial instruments (cont'd)

Assets and liabilities measured at fair value

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December 2021 US$	Valuation technique	Unobservable inputs
Recurring fair value measurement at FVTPL			
Investment in subsidiaries	15,842,262	Discounted cash flow	Revenue growth Discount rate

In selecting the appropriate valuation models, management determines an appropriate valuation model that best represents the fair value of the investment.

As at 31 December 2021, the Company has used the discounted cash flow method and made assumptions that are based on market conditions existing as at the balance sheet date. The valuation technique used is based on significant unobservable inputs mainly relating to revenue growth and discount rate. A significant increase/decrease in revenue growth and discount rate would significantly affects the fair value measurement.

As at 31 December 2020, the Company had used the cost of investments as an approximate to the fair value of the investments in subsidiaries as the underlying investment only held cash.

Fair value of financial instruments by classes that are not carried at fair value but for which fair value is disclosed

In 2020, the carrying amounts of the non-current loan and interest receivables (Term loan B) are reasonable approximation of fair values at the balance sheet date as they are repriced frequently.

The carrying amounts of the current loan and interest receivables (Term loan A) are reasonable approximation of fair values at the balance sheet date due to its short-term nature.

The fair value disclosed for the loan categorised as Level 2 of the fair value hierarchy.

17. Fair value of financial instruments (cont'd)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Loan receivables (Note 7), interest receivables (Note 8), amount due from related companies (Note 10), other receivables (Note 11), cash and cash equivalents (Note 12) and other payables and accruals (excluding deferred interest income) (Note 13).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values at the balance sheet date due to its short-term nature.

Carrying amounts of financial instruments by categories

	2021	**2020**
	US$	US$
Financial assets measured at amortised cost		
Loan receivables	–	13,829,386
Interest receivables	–	170,843
Amount due from related companies	3,797	11,143
Other receivables	–	42,191
Cash and bank balances	73,486,178	57,083,818
	73,489,975	71,137,381
Financial assets measured at fair value through profit or loss		
Investments in subsidiaries	15,842,262	5,060,001
	89,332,237	76,197,382
Financial liabilities measured at amortised cost		
Other payables and accruals (excluding deferred interest income)	758,500	717,793

18. Financial risk management policies and objectives

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. It is, and has been throughout the current financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Credit risk***

Credit risk is the risk of losses that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from loan receivables and cash and cash equivalents. For loan receivables, the Company manages credit risk by requiring security for such loans by way of guarantee and pledge of shares by the related companies. For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with high credit rated counterparties where possible.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

18. Financial risk management policies and objectives (cont'd)

(a) ***Credit risk*** **(cont'd)**

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Loans at amortised cost

The Company categorises the loans according to internal credit risk ratings which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

Where required, the Company computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Company considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

As disclosed in Note 7, due to certain regulatory issues which led to the revocation of its license to operate, the Company has recorded an impairment loss on the term loan.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Credit risk concentration profile

At balance sheet date, there were no significant concentrations of credit risk, except for the loans to third-party companies. These loans have been secured by way of guarantee and pledge of shares by the related companies.

18. Financial risk management policies and objectives (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operation.

Except for the non-current other payables that relate to deferred interest income, all of the Company's financial liabilities are payable within one year or less from the end of the reporting period based on contractual undiscounted repayment obligations.

(c) *Foreign currency risk*

The Company has transactional currency exposure arising from transactions that are denominated in a currency other than the functional currency of the Company. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar (SGD), Great British Pound (GBP) and Indian Rupee (INR). The foreign currency exposure for transactions in other foreign currencies are not material.

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their interest-bearing loans given to third party borrowers. As at 31 December 2021 and 2020, the Company had granted Term Loan B (Note 7) to a third party, bearing interest at floating rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the proportion of loans affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	**Effect on loss before tax**
		US$
2021		
LIBOR	+50	54,073
LIBOR	-50	(54,073)
2020		
LIBOR	+50	4,880
LIBOR	-50	(4,880)

19. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital structure in order to support its business and maximise shareholder value.

The Company manages its capital structure, defined as share capital and accumulated reserve, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

20. Events occurring after the reporting period

(a) On 15 March 2022, the Company completed the allotment of 22,131,450 ordinary shares to its shareholders for the consideration of US$22,131,450.

(b) The Company's operating geographies continue to face considerable challenges. Even as governments, businesses and individuals contend with the aftermath of the pandemic and evolve to a post-covid environment, risks from outbreaks driven by new variants persist. Sooner than expected monetary policy tightening in key developed economies presents credit and market risks to the Company and its projects.

In addition, the ongoing invasion of Ukraine by Russia, which started on 24th February 2022, is causing a rise in commodity and food prices and could adversely impact macroeconomic fundamentals for select countries, impact individual livelihoods as inflation rises, and potentially affect commercial viability of Company's projects as input costs increase.

The above factors may impact the Company's ability to manage the delivery of performance targets agreed with its shareholders. The Directors will continue to work with senior management to closely monitor these emerging risks and assess the impact on operations, the Company's projects and its performance targets in the short and long-term.

21. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 30 March 2022.