Company Registration No. 200901920D

Infraco Asia Development Pte. Ltd. and its subsidiaries

Annual Financial Statements
31 December 2020

Building a better
working world

Infraco Asia Development Pte. Ltd. and its subsidiaries

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The directors present their statement to the members together with the audited consolidated financial statements of Infraco Asia Development Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity 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:

John William Walker
Clive Watkin Turton
Michael Barry Chilton

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, Chapter 50, an interest in shares and share options of the Company and related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

Share options

There were no options granted by the Group 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 Group.

There were no unissued shares of the Group 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:

Clive Watkin Turton
Director

Michael Barry Chilton
Director

Singapore
29 March 2021

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Infraco Asia Development Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and the consolidated cash flow statement 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity 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 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 and 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 Company and Group'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 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 Company and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- 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 and 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 Company 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.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

29 March 2021

Infraco Asia Development Pte. Ltd. and its subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 December 2020

	Note	2020	2019
		US$	US$
Other income	4	98,085	78,153
Finance income	5	1,257,424	1,451,943
Project related operating expenses		(11,644,216)	(12,262,083)
Administrative expenses		(2,691,458)	(3,480,409)
Gain on disposal of subsidiaries	23	120,211	–
Loss on disposal of joint venture		(223,592)	–
Finance costs	5	(67,256)	(41,332)
Share of results of joint ventures		(405,275)	1,412,124
Loss before tax	6	(13,556,077)	(12,841,604)
Income tax expense	8	(998)	(4,152)
Loss for the year		(13,557,075)	(12,845,756)
Attributable to:			
Owners of the Company		(13,412,280)	(11,890,194)
Non-controlling interests		(144,795)	(955,562)
		(13,557,075)	(12,845,756)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		29,592	(26,245)
Total other comprehensive income, net of tax		29,592	(26,245)
Total comprehensive income for the year		(13,527,483)	(12,872,001)
Attributable to:			
Owners of the Company		(13,338,549)	(11,906,262)
Non-controlling interests		(188,934)	(965,739)
Total comprehensive income for the year		(13,527,483)	(12,872,001)

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

Infraco Asia Development Pte. Ltd. and its subsidiaries

Balance sheets
As at 31 December 2020

	Note	Group 2020	Group 2019	Company 2020	Company 2019
		US$	US$	US$	US$
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,324,805	1,034,325	399,789	446,969
Right-of-use assets	22	863,922	1,110,735	863,922	1,110,735
Investment in subsidiaries	10	–	–	25,771,865	34,286,012
Investments in joint ventures	11	5,585,671	18,165,764	–	–
Loans and debentures	12	6,330,318	3,460,005	–	–
Other receivables	13	464,168	439,721	–	–
Advance to developers	13	816,026	828,026	816,026	828,026
Deferred tax asset	8	71,572	2,911	–	–
		15,456,482	25,041,487	27,851,602	36,671,742
Current assets					
Loans and debentures	12	1,967,343	–	–	–
Amounts due from subsidiaries	13	–	–	43,991	47,089
Amounts due from related parties	13	399,545	326,798	399,545	326,798
Amounts due from joint ventures	13	1,480,103	1,513,424	33,651	33,651
Other receivables	13	925,846	912,042	1,307,182	878,088
Prepayments		81,239	176,752	75,948	72,998
Deposits	13	111,323	311,640	110,638	153,468
Cash and cash equivalents	14	60,669,884	62,134,002	51,244,911	51,070,373
		65,635,283	65,374,658	53,215,866	52,582,465
Assets of disposal group classified as held for sale	24	5,586,104	–	6,690,839	–
Total assets		86,677,869	90,416,145	87,758,307	89,254,207

Infraco Asia Development Pte. Ltd. and its subsidiaries

Balance sheets
As at 31 December 2020

	Note	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
EQUITY AND LIABILITIES					
Non-current liabilities					
Deferred tax liability	8	88,322	40,353	–	–
Deferred income	17	123,490	159,634	123,490	159,634
Lease liability	15	710,272	975,372	710,272	975,372
		922,084	1,175,359	833,762	1,135,006
Current liabilities					
Lease liability	15	265,018	249,617	265,018	249,617
Deferred capital grant	16	1,381,752	1,290,629	483,440	583,292
Derivatives	18	–	862,642	–	–
Amounts due to related parties	17	56,124	57	56,124	–
Trade and other payables	17	3,657,114	3,394,614	2,865,045	2,579,554
Provision for tax		5,441	1,425	–	–
		5,365,449	5,798,984	3,669,627	3,412,463
Liabilities of disposal group classified as held for sale	24	176,821	–	–	–
Total liabilities		6,464,354	6,974,343	4,503,389	4,547,469
Equity attributable to owners of the Company					
Share capital	19	171,548,011	157,950,571	171,548,011	157,950,571
Share application monies	20	8,855,091	12,597,440	8,855,091	12,597,440
Translation reserve		(107,592)	72,717	–	–
Reserve on changes in non-controlling interest		(415)	130,003	–	–
Other reserve		(91,502)	(85,831)	–	–
Accumulated losses		(100,086,930)	(86,805,068)	(97,148,184)	(85,841,273)
Reserve of disposal group classified as held for sale	24	(31,131)	–	–	–
		80,085,532	83,859,832	83,254,918	84,706,738
Non-controlling interests		127,983	(418,030)	–	–
Total equity		80,213,515	83,441,802	83,254,918	84,706,738
Total equity and liabilities		86,677,869	90,416,145	87,758,307	89,254,207

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

Infraco Asia Development Pte. Ltd. and its subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2020

	Share capital (Note 19)	Share application monies (Note 20)	Translation reserve	Reserve on changes in non-controlling interest	Other reserves	Accumulated losses	Reserve of disposal group classified as held for sale	Total attributable to owners of the Company	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Group										
2020										
Opening as at 1 January 2020	157,950,571	12,597,440	72,717	130,003	(85,831)	(86,805,068)	–	83,859,832	(418,030)	83,441,802
Loss for the year	–	–	–	–	–	(13,412,280)	–	(13,412,280)	(144,795)	(13,557,075)
Foreign currency translation	–	–	73,731	–	–	–	–	73,731	(44,139)	29,592
Total comprehensive income for the year	**–**	**–**	**73,731**	**–**	**–**	**(13,412,280)**	**–**	**(13,338,549)**	**(188,934)**	**(13,527,483)**
Contributions by and distributions to owners										
Issuance of shares	13,597,440	(12,597,440)	–	–	–	–	–	1,000,000	–	1,000,000
Share application monies	–	8,855,091	–	–	–	–	–	8,855,091	–	8,855,091
Total contributions by and distributions to owners	**13,597,440**	**(3,742,349)**	**–**	**–**	**–**	**–**	**–**	**9,855,091**	**–**	**9,855,091**
Changes in ownership interest										
Changes in non-controlling interest without change of control	–	–	–	(56,908)	–	–	–	(56,908)	56,908	–
Disposal of subsidiaries	–	–	(100,102)	(130,418)	(5,671)	130,418	–	(105,773)	678,039	572,266
Disposal of joint venture	–	–	(128,161)	–	–	–	–	(128,161)	–	(128,161)
Total changes in ownership interest	**–**	**–**	**(228,263)**	**(187,326)**	**(5,671)**	**130,418**	**–**	**(290,842)**	**734,947**	**444,105**
Total transactions with owners in their capacity as owners	**13,597,440**	**(3,742,349)**	**(228,263)**	**(187,326)**	**(5,671)**	**130,418**	**–**	**9,564,249**	**734,947**	**10,299,196**
Others										
Reserve attributable to disposal group classified as held for sale	–	–	(25,777)	56,908	–	–	(31,131)	–	–	–
Total others	**–**	**–**	**(25,777)**	**56,908**	**–**	**–**	**(31,131)**	**–**	**–**	**–**
At 31 December 2020	171,548,011	8,855,091	(107,592)	(415)	(91,502)	(100,086,930)	(31,131)	80,085,532	127,983	80,213,515

Statements of changes in equity
For the financial year ended 31 December 2020

	Share capital (Note 19)	Share application monies (Note 20)	Translation reserve	Reserve on changes in non-controlling interest	Other reserves	Accumulated losses	Total attributable to owners of the Company	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$
Group									
2019									
Opening as at 1 January 2019	130,074,041	18,912,800	88,785	130,003	(85,831)	(74,914,874)	74,204,924	522,471	74,727,395
Loss for the year	–	–	–	–	–	(11,890,194)	(11,890,194)	(955,562)	(12,845,756)
Foreign currency translation	–	–	(16,068)	–	–	–	(16,068)	(10,177)	(26,245)
Total comprehensive income for the year	**–**	**–**	**(16,068)**	**–**	**–**	**(11,890,194)**	**(11,906,262)**	**(965,739)**	**(12,872,001)**
Contributions by and distributions to owners									
Issuance of shares	27,876,530	(18,912,800)	–	–	–	–	8,963,730	–	8,963,730
Share application monies	–	12,597,440	–	–	–	–	12,597,440	–	12,597,440
Total contributions by and distributions to owners	**27,876,530**	**(6,315,360)**	**–**	**–**	**–**	**–**	**21,561,170**	**–**	**21,561,170**
Changes in ownership interest									
Contribution by non-controlling interests	–	–	–	–	–	–	–	25,238	25,238
Total changes in ownership interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,238**	**25,238**
Total transactions with owners in their capacity as owners	**27,876,530**	**(6,315,360)**	**–**	**–**	**–**	**–**	**21,561,170**	**25,238**	**21,586,408**
At 31 December 2019	157,950,571	12,597,440	72,717	130,003	(85,831)	(86,805,068)	83,859,832	(418,030)	83,441,802

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

Statements of changes in equity
For the financial year ended 31 December 2020

	Share capital (Note 19)	Share application monies (Note 20)	Accumulated losses	Total
	US$	US$	US$	US$
Company				
2020				
At 1 January 2020	157,950,571	12,597,440	(85,841,273)	84,706,738
Loss representing total comprehensive income for the year	–	–	(11,306,911)	(11,306,911)
Contributions by and distribution to owners:				
Issuance of shares	13,597,440	(12,597,440)	–	1,000,000
Share application monies	–	8,855,091	–	8,855,091
Total contributions by and distributions to owners	**13,597,440**	**(3,742,349)**	**–**	**9,855,091**
Total transactions with owners in their capacity as owners	**13,597,440**	**(3,742,349)**	**–**	**9,855,091**
At 31 December 2020	171,548,011	8,855,091	(97,148,184)	(83,254,918)
2019				
At 1 January 2019	130,074,041	18,912,800	(73,504,057)	75,482,784
Loss representing total comprehensive income for the year	–	–	(12,337,216)	(12,337,216)
Contributions by and distribution to owners:				
Issuance of shares	27,876,530	(18,912,800)	–	8,963,730
Share application monies	–	12,597,440	–	12,597,440
Total contributions by and distributions to owners	**27,876,530**	**(6,315,360)**	**–**	**21,561,170**
Total transactions with owners in their capacity as owners	**27,876,530**	**(6,315,360)**	**–**	**21,561,170**
At 31 December 2019	157,950,571	12,597,440	(85,841,273)	84,706,738

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

Infraco Asia Development Pte. Ltd. and its subsidiaries

Consolidated cash flow statement
For the financial year ended 31 December 2020

	Note	2020	2019
		US$	US$
Operating activities			
Loss before tax		(13,556,077)	(12,841,604)
Adjustments for:			
Depreciation of property, plant and equipment	9	141,342	75,393
Depreciation of right-to-use assets	22	246,813	226,171
Provision for/(reversal of) impairment loss on:			
- Advance to developers		–	(38,686)
- Investment in joint venture		208,903	–
- Other receivables		844,184	317,613
- Property, plant and equipment		–	1,293,400
- Amount due from joint venture		(516,211)	516,211
Share of results of joint ventures		405,275	(1,412,124)
Property, plant and equipment written off	9	–	1,297
Gain on disposal of subsidiaries	23	(120,211)	–
Loss on disposal of joint venture		223,592	–
Finance costs	5	67,256	41,332
Finance income	5	(1,257,424)	(1,451,943)
Fair value adjustments on debt securities		292,075	102,461
Fair value adjustments on derivative		–	862,642
Operating cash flows before changes in working capital		(13,020,483)	(12,307,837)
Changes in working capital:			
Increase in amounts due from joint ventures		(252,053)	(1,228,091)
Decrease in advance to developer		12,000	12,000
(Increase)/decrease in other receivables		(708,139)	545,632
Decrease/(increase) in prepayments		85,429	(71,958)
Decrease/(increase) in deposits		200,317	(165,131)
Increase/(decrease) in deferred capital grants		91,123	(173,734)
(Increase)/decrease in amount due from related parties		(16,680)	306,406
Increase in trade and other payables		933,568	881,365
Total changes in working capital		345,565	106,489
Cash flow used in operations		(12,674,918)	(12,201,348)
Income taxes paid		(17,674)	–
Net cash flows used in operating activities		(12,692,592)	(12,201,348)

Consolidated cash flow statement
For the financial year ended 31 December 2020

	Note	2020	2019
		US$	US$
Investing activities			
Purchase of property, plant and equipment	9	(916,723)	(884,092)
Investment in joint ventures		(4,049,708)	(6,038,677)
Investment in loans and debentures		(5,193,231)	(462,228)
Proceeds from disposal of subsidiaries, net of cash disposed	23	199,106	–
Proceeds from disposal of joint venture		12,770,116	–
Net cash flows generated from/(used in) investing activities		2,809,560	(7,384,997)
Financing activities			
Issuance of share capital		1,000,000	8,963,730
Share application monies		8,855,091	12,597,440
Contributions from non-controlling interest		–	25,238
Payment of lease liabilities		(316,403)	(183,970)
Net cash flows generated from financing activities		9,538,688	21,402,438
Net (decrease)/increase in cash and cash equivalents		(344,344)	1,816,093
Foreign exchange		18,409	(46,354)
Cash and cash equivalents at beginning of the year		62,134,002	60,364,263
Cash and cash equivalents at end of the year		61,808,067	62,134,002

Cash and cash equivalents		60,669,884	62,134,002
Cash and cash equivalents classified as disposal group held for sale		1,138,183	–
Cash and cash equivalents as per cash flow statement		61,808,067	62,134,002

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

1. Corporate information

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

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

The principal place of business and registered office are 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 activity of the Company is that of developing infrastructure projects and investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 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 Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have any material impact on the financial performance or position of the Group.

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

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 116 *Covid-19 Related Rent Concessions*	1 June 2020
Amendments to FRS 109 Financial Instruments, FRS 39 *Financial Instruments: Recognition and Measurement*, FRS 107 Financial Instruments: *Disclosures*, FRS 104 *Insurance Contracts*, FRS 116 *Leases: Interest Rate Benchmark Reform* – Phase 2	1 January 2021
Amendments to FRS 103 *References to the Conceptual Framework in FRS Standards*	1 January 2022
Amendments to FRS 16 *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to FRS 37 *Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Annual Improvements to FRSs 2018 – 2020	1 January 2022
Amendments to FRS 1 *Classification of Liabilities as Current or Non-current*	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 and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

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

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss or as a change to other comprehensive income.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

2.5 *Transaction with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

2.6 *Foreign currency*

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, other than land are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

All items of plant and equipment, except for construction in progress, are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Computer, IT equipment and software	–	3 to 5 years
Office equipment, furniture and fittings	–	3 to 5 years
Office renovation and fittings	–	4 to 5 years
Plant and machinery	–	3 years
Motor vehicle	–	3 years

Asset under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

Land has an unlimited useful life and therefore is not depreciated.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

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

2.8 ***Goodwill***

Goodwill is initially measured at cost. Following 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

2.9 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls over an investee when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2.12 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

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

2.12 *Joint ventures and associates (cont'd)*

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in the associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group 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.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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

2.13 *Financial instruments (cont'd)*

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

Subsequent measurement

Investments in debt instruments

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

(i) 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.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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*

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 liability not at fair value through profit or loss, directly attributable transaction costs.

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

2.13 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

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 rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between carrying amounts and the consideration paid is recognised in profit or loss.

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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 a 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-months (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 loans and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 Group 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 Group reassesses the internal credit rating of the debt instrument.

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

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

2.15 *Cash and cash equivalents*

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

2.16 *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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where 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.

2.17 *Capital grants*

Capital grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Capital grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

2.18 *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit and loss over the expected useful life of the relevant assets by equal annual instalments.

Where the grant relates to an income, the fair value shall be recognised in statement of comprehensive income on a systematic basis over the periods in which the entity recognises the related costs as expenses for which the grants are intended to compensate. The grants are deducted in reporting the related expenses.

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.20 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting period.

2.21 ***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

<u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

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

2.21 *Leases (cont'd)*

As lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value (less than US$50,000). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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

2.22 ***Revenue***

Revenue is measured based on the consideration to which the Group 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 Group 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.

Interest income

Interest income is recognised using the effective interest method.

2.23 ***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, in the countries where the Group operates and generates taxable income.

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; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

2.23 *Taxes (cont'd)*

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

Deferred tax assets are recognised for all deductible temporary differences, the 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; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

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

2.23 *Taxes (cont'd)*

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 *Share capital*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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

2.26 *Non-current assets held for sale and discontinued operations*

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

3. Significant accounting judgements and estimates

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. 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.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group’s accounting policies, management makes judgements, apart from those involving estimations, which affect the amounts recognised in the consolidated financial statements.

Classification of investments in joint ventures

Judgement is applied by management in assessing whether the Group has power to participate in financial and operating policy decisions of the investee and whether control or joint control exists. Based on the facts and circumstances, management concluded that the Group has joint control over these companies, and therefore follows the guidance of FRS 28 on classifying its investments in these companies as an investment in joint ventures.

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

3.2 *Key sources of estimation uncertainty*

(a) *Provision for expected credit losses of loans and other receivables*

The Group uses a provision matrix to calculate ECLs for loans and other receivables. The provision rates are based on days past due for groupings of various debtors segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group 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 Group’s historical credit loss experience and forecast of economic conditions may also not be representative of debtor’s actual default in the future. The information about the ECLs on the Group’s loans and other receivables is disclosed in Note 25.

(b) *Fair value of financial instruments*

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding country risks, credit spreads and tenor of the loans that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 25.

4. Other income

Other income comprises recovery of expenses from a related entity, grants and other miscellaneous income.

5. Finance income/Finance costs

	Group	
	2020	**2019**
	US$	US$
Finance income		
Loans and debentures	811,103	568,989
Bank deposits	446,321	882,954
	1,257,424	1,451,943
Finance costs		
Accretion of lease interests (Note 15)	66,704	38,833
Others	552	2,499
	67,256	41,332

6. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2020	**2019**
	US$	US$
Depreciation of plant and equipment (Note 9)	141,342	75,393
Depreciation of right-of-use asset (Note 22)	246,813	226,171
Loss on plant and equipment written off	–	1,297
Consultancy and legal fees	1,465,353	722,678
Lease expenses (Note 22)	25,701	20,917
Foreign exchange loss – realised	18,417	12,466
Foreign exchange (gain)/loss – unrealised	(14,762)	1,609
Staff costs (Note 7)	4,038,766	3,420,529
Provision for/(reversal of) impairment loss on:		
- Advance to developers	–	(38,686)
- Investment in joint venture	208,903	–
- Other receivables	844,184	317,613
- Plant and equipment	–	1,293,400
- Amount due from joint venture	(516,211)	516,211
Development services	6,484,321	7,137,223
Fair value adjustments on debt securities	292,075	102,461
Fair value loss on derivative	–	862,842

7. Staff costs

Staff costs, included in both project related operating expenses and administrative expenses, comprise the following:

	Group	
	2020	**2019**
	US$	US$
Staff salaries	3,829,114	3,213,927
CPF contribution	161,242	158,774
Directors' fees	48,410	47,828
	4,038,766	3,420,529

Key management personnel consist of the chief executive officer and the directors of the Company and their compensation are disclosed in Note 21.

The Jobs Support Scheme ("JSS") is a scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees as part of the COVID-19 Relief Measures. Under the JSS, employers will receive cash grants in relation to a portion of gross monthly wages of eligible employees during the qualifying period. During the year, a total grant of US$219,673 was received and deducted against the related expenses.

8. Income tax expense

Relationship between tax expense and accounting loss

	Group	
	2020	**2019**
	US$	US$
Current income tax		
Current year	11,408	8,926
Under/(over) provision in prior years	10,282	(3,425)
	21,690	5,501
Deferred tax		
Origination and reversal of temporary difference	(20,692)	(1,349)
	998	4,152

8. Income tax expense (cont'd)

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020	**2019**
	US$	US$
Loss before tax	(13,556,077)	(12,841,604)
Tax calculated at tax rate of 17% (2019:17%)	(2,304,533)	(2,183,073)
Adjustments:		
Deferred tax assets not recognised	1,458,321	1,665,729
Income not subjected to tax	(492,409)	(69,953)
Non-deductible expenses	174,275	–
Losses not available for carry forward	1,086,165	834,935
Share of results of joint ventures	68,897	(240,061)
Under/(over) provision in prior years	10,282	(3,425)
Income tax expense recognised in profit or loss	998	4,152

Deferred tax as at 31 December relates to the following:

	2020	**2019**
	US$	US$
Deferred tax asset:		
Provisions	71,572	2,911
Deferred tax liability:		
Unremitted foreign interest income	(88,322)	(40,353)

Unabsorbed tax losses

As at 31 December 2020, the Group has unabsorbed tax losses of approximately US$85.2 million (2019: US$76.6 million) available for set off against future taxable profits of the Group for which no deferred tax is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

9. Property, plant and equipment

	Land	Computer, IT equipment and software	Office equipment, furniture and fittings	Construction in progress	Office renovation and fittings	Plant and machinery	Motor vehicles	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
Cost								
As at 1 January 2019	–	61,871	11,120	1,477,406	–	–	–	1,550,397
Additions	–	147,220	66,687	380,485	278,806	8,664	2,230	884,092
Written-off	–	–	(3,785)	–	–	–	–	(3,785)
Exchange differences	–	(18)	(13)	(1,700)	–	(14)	–	(1,745)
As at 31 December 2019 and 1 January 2020	–	209,073	74,009	1,856,191	278,806	8,650	2,230	2,428,959
Additions	431,591	75,894	38	370,105	31,231	7,864	–	916,723
Disposal of subsidiaries	–	–	–	(1,293,400)	–	–	–	(1,293,400)
Reclassified to assets held for sale	(431,591)	(5,066)	(12,402)	–	(27,225)	(15,946)	(2,230)	(494,460)
Exchange differences	–	(17)	(12)	(9,147)	–	(14)	–	(9,190)
As at 31 December 2020	–	279,884	61,633	923,749	282,812	554	–	1,548,632
Accumulated depreciation and impairment loss								
As at 1 January 2019		25,339	3,255	–	–	–	–	28,594
Depreciation charge for the year	–	32,841	9,483	–	32,527	542	–	75,393
Exchange differences	–	(167)	(71)	–	–	(27)	–	(265)
Written-off	–	–	(2,488)	–	–	–	–	(2,488)
Impairment loss	–	–	–	1,293,400	–	–	–	1,293,400
As at 31 December 2019 and 1 January 2020	–	58,013	10,179	1,293,400	32,527	515	–	1,394,634
Depreciation charge for the year	–	59,504	16,471	–	60,371	4,253	743	141,342
Disposal of subsidiaries	–	–	–	(1,293,400)	–	–	–	(1,293,400)
Reclassified to assets held for sale	–	(2,240)	(7,062)	–	(4,175)	(4,510)	(743)	(18,730)
Exchange differences	–	(11)	(5)	–	–	(3)	–	(19)
As at 31 December 2020	–	115,266	19,583	–	88,723	255	–	223,827
Net carrying amount								
As at 31 December 2020	–	164,618	42,050	923,749	194,089	299	–	1,324,805
As at 31 December 2019	–	151,060	63,830	562,791	246,279	8,135	2,230	1,034,325

9. Property, plant and equipment (cont'd)

Impairment loss

In the prior year, impairment loss of US$1,293,400 with respect to construction in progress was recognised in the profit or loss due to adverse project progress experienced by the Group's investee where the Group has determined that the future project development is not certain.

	Computer, IT equipment and software	Office furniture and fittings	Office renovation and fittings	Total
	US$	US$	US$	US$
Company				
Cost				
As at 1 January 2019	60,841	3,785	–	64,626
Additions	142,879	61,101	278,806	482,786
Written-off	–	(3,785)	–	(3,785)
As at 31 December 2019 and 1 January 2020	203,720	61,101	278,806	543,627
Additions	74,762	–	4,006	78,768
As at 31 December 2020	278,482	61,101	282,812	622,395
Accumulated depreciation				
As at 1 January 2019	25,255	2,348	–	27,603
Depreciation charge for the year	31,747	7,269	32,527	71,543
Written off	–	(2,488)	–	(2,488)
As at 31 December 2019 and 1 January 2020	57,002	7,129	32,527	96,658
Depreciation charge for the year	57,566	12,187	56,195	125,948
As at 31 December 2020	114,568	19,316	88,722	222,606
Net carrying amount				
As at 31 December 2020	163,914	41,785	194,090	399,789
As at 31 December 2019	146,718	53,972	246,279	446,969

10. Investment in subsidiaries

	Company 2020	Company 2019
	US$	US$
Unquoted equity shares, at cost	100,024	100,031
Amounts due from subsidiaries*	41,491,628	50,280,768
	41,591,652	50,380,799
Less: Allowance for impairment	(15,819,787)	(16,094,787)
	25,771,865	34,286,012

* The settlement of the amounts due from subsidiaries is at the discretion of the subsidiaries. Consequentially, these amounts form part of the Company's net investment in the subsidiaries.

Movement in allowance account

	2020	2019
At 1 January	(16,094,787)	(13,971,954)
Reclassified from amount due from subsidiaries (Note 13)	(20,890)	(49,807)
Amounts due from subsidiaries	(2,713,205)	(2,073,026)
Reclassed to held for sale	3,009,095	–
At 31 December	(15,819,787)	(16,094,787)

During the current financial year, management performed an impairment testing on the Company's investments in subsidiaries. Based on the assessment of the subsidiaries' historical and current performance, as well as the probability of future cash flows, the Company has made an allowance for impairment against the investment in subsidiaries amounting to US$2,713,205 (2019: US$2,073,026), representing the write-down of the subsidiaries to its recoverable amount.

10. Investment in subsidiaries (cont'd)

Composition of the Group

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	2019 %
Held by the Company				
Infraco India Affordable Housing Pte. Ltd. (fka Infraco India Low Cost Housing Pte. Ltd.) (1)	Singapore	Investment holding	100	100
Infraco Asia Himalayan Hydro Pte. Ltd. (1)	Singapore	Investment holding	100	100
Agmark Asia Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Cambodia Cold Chain Pte. Ltd. (fka Infraco Asia Salt Pte. Ltd.) (1)	Singapore	Investment holding	100	100
Recogen Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Luzon Hydro Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia India Hydro Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia SL Biomass Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Vietnam Ninh Thuan Solar Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco VietAqua Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Nepal Solar Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Myanmar Telco Energy Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Myanmar Yaeni Power Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Myanmar Aqua Feed Pte. Ltd. (1)	Singapore	Investment holding	–	100
Infraco Myanmar Agri Processing Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Myanmar Hybrid Seed Pte. Ltd. (1)	Singapore	Investment holding	100	100

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	2019 %
Held by the Company (cont'd)				
Infraco Myanmar Rice Husk Briquette Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Myanmar Wind Power Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Philippines Smart Solar Pte. Ltd. (fka Infraco Asia Philippines Waste Management Pte. Ltd.) (1)	Singapore	Investment holding	100	100
Infraco Asia Vietnam Wind Co Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Vietnam Solar Co Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Cambodia Agri Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Indonesia Hybrid Power Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Indonesia River Hydro Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Hydroponics Farm Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Bangladesh Solar PV Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia KPK Hydro Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Bangladesh Solar Nano Grid Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Narmada Biomass Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Durgapur Low Cost Housing Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Asia Holdings Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Pakistan Sunrise Pte. Ltd. (1)	Singapore	Investment holding	100	100

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	2019 %
Held by the Company (cont'd)				
Infraco Philippines Energy Co Pte. Ltd. (1)	Singapore	Investment holding	100	100
Held by the subsidiaries				
Renewgen Pte. Ltd. (1)	Singapore	Investment holding	–	49.3^
RenewGEN Environment Protection Kotte Pvt Ltd (2)	Sri Lanka	Development of infra-structure projects and provision of construction, technical, operational and management advice and services	–	49.3
Evergreen Renewables Pte. Ltd. (1)	Singapore	Investment holding	95	95
Evergreen Renewables Co., Ltd. (2)	Myanmar	Development of infrastructure projects and provision of construction, technical, operational and management advice and services	95	95
Infraco Myanmar Aqua Feed Company Limited (2)	Myanmar	Processing and distribution of fish feed	–	80
Angkor Harvest Co., Ltd (3)	Cambodia	Processing of mangoes	99.9	81
Phnom Sruoch Land Development Co., Ltd. (3)	Cambodia	Land leasing company	49	49
Infraco Indonesia Hybrid 1 Pte. Ltd. (1)	Singapore	Investment holding	100	100
Infraco Indonesia Hybrid 2 Pte. Ltd. (1)	Singapore	Investment holding	100	100
Junga Farmgenics Pvt Ltd (3)	India	Development and operation of commercial horticulture facilities based on concept of hydroponics	51	51

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	2019 %
Held by the subsidiaries (cont'd)				
Infraco Myanmar Wind Power Co., Ltd. (2)	Myanmar	Development of infrastructure projects and provision of construction, technical, operational and management advice and services	100	100

(1) Audited by Ernst & Young LLP Singapore

(2) Audited by member firms of EY Global in the respective countries

(3) Audited by audit firms other than member firms of EY Global

^ Proportion of voting rights held by the Group in 2019, inclusive of its voting rights through its interest in convertible preference shares in Renewgen Pte. Ltd. amounts to 60.0%.

Changes in shareholding interest with a loss of control

(1) **Infraco Myanmar Aqua Feed Pte. Ltd. and its subsidiary**

On 31 January 2020, the Company completed the disposal of its interest in Infraco Myanmar Aqua Feed Pte. Ltd., for cash consideration. Consequently, the Company derecognised its investment in the subsidiary and recognised the gain on disposal amounting to US$295,151 in profit or loss.

(2) **Renewgen Pte. Ltd. and its subsidiary**

On 20 July 2020, the Company completed the disposal of its interest in Renewgen Pte. Ltd., for cash consideration. Consequently, the Company derecognised its investment in the subsidiary and recognised the loss on disposal of the subsidiary amounting to US$174,940 in profit or loss.

Please refer to Note 23 for further information.

As at the reporting date, the Group does not have any subsidiaries that have NCI that are material to the Group.

11. Investments in joint ventures

The Group's investment in joint ventures are summarised below:

	Group 2020	Group 2019
	US$	US$
Material joint ventures		
Sunseap Vietnam Pte. Ltd.	–	13,640,041
IABA Housing Private Ltd	3,256,972	3,061,170
	3,256,972	16,701,211
Non-material joint ventures		
Other joint ventures	7,335,089	6,262,040
Less: Allowance for impairment	(5,006,390)	(4,797,487)
	2,328,699	1,464,553
	5,585,671	18,165,764

	Group 2020	Group 2019
	US$	US$
Movement in allowance account		
At 1 January	(4,797,487)	(4,797,487)
Provision for impairment loss	(208,903)	–
At 31 December	(5,006,390)	(4,797,487)

(a) ***Composition of the Group's joint ventures***

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group 2020	Effective interest held by the Group 2019
			%	%
Held by the subsidiaries				
Kota Agri Market Private Limited [(3)]	India	Establishing warehouse facilities for storage, quality control and packing facilities	52	52
Gurans Energy Limited [(3)]	Nepal	To develop own and manage energy, power and infrastructure related projects	60	60

11. Investments in joint ventures (cont'd)

(a) ***Composition of the Group's joint ventures (cont'd)***

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	Effective interest held by the Group 2019 %
Held by the subsidiaries (cont'd)				
Green Solar Energy Pte. Ltd. [(1)]	Singapore	Investment holding	70.0	70.0
Markhor Hydro Holdings Pte. Ltd. [(1)]	Singapore	Investment holding	74.0	74.0
Sunseap Vietnam Pte. Ltd.[(3)]	Singapore	Investment holding	–	33.2
Nano Solar Limited [(2)]	Bangladesh	To develop own and manage energy, power and infrastructure related projects	55	55
IABA Housing Private Limited [(3)]	India	Development of affordable housing projects	77.5	75
Indonesia Hybrid Power Pte. Ltd.[(1)]	Singapore	To develop own and manage energy, power and infrastructure related projects	60	60
Darco Infraco Vietnam Water Pte. Ltd. [(3)]	Singapore	Investment holding	49	49
Good Briquette Company Pte. Ltd. [(1)]	Singapore	Investment holding	60	60
Real Energy Infrastructure Limited [(3)]	India	To develop own and manage energy, power and infrastructure related projects	61.2	47.4
PT Energi Banyu Kencana [(3)]	Indonesia	Development of infrastructure projects and provision of construction, technical, operational and management advice and services	65	65
Global Clean Hybrid Energy Corp. [(2)]	Philippines	To construct and develop energy, power and infrastructure related projects	40	–

11. Investments in joint ventures (cont'd)

(a) ***Composition of the Group's joint ventures (cont'd)***

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	2019 %
Held by the subsidiaries (cont'd)				
Philippines Smart Solar Pte. Ltd. (1)	Singapore	To develop electricity generation related projects	78.8	–
Island Hybrid Power Corp (3)	Philippines	To construct and develop energy, power and infrastructure related projects	16	–
Prism Energy Private Ltd (2)	Pakistan	To develop renewable energy and infrastructure related projects	70	–
Held by the joint ventures				
Kabeli Energy Limited (3)	Nepal	To develop own and manage energy, power and infrastructure related projects	43.4	41.4
Sunseap CMX RE Solar Holdings Pte. Ltd. (3)	Singapore	Investment holding	–	26.6
CMX RE Sunseap Vietnam Solar Power Joint Stock Company (3)	Vietnam	To develop own and manage energy, power and infrastructure related projects	–	26
Markhor Rathi Gali – HPP (Pvt.) Ltd. (3)	Pakistan	To develop own and manage energy, power and infrastructure related projects	36.3	36.3
Markhor Sakhra I – HPP (Pvt.) Ltd. (3)	Pakistan	To develop own and manage energy, power and infrastructure related projects	36.3	36.3
Markhor Sakhra II – HPP (Pvt.) Ltd. (3)	Pakistan	To develop own and manage energy, power and infrastructure related projects	36.3	36.3

11. Investments in joint ventures (cont'd)

(a) ***Composition of the Group's joint ventures (cont'd)***

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group 2020 %	Effective interest held by the Group 2019 %
Held by the joint ventures (cont'd)				
Markhor Bankhwar HPP (Pvt.) Ltd. [3]	Pakistan	To develop own and manage energy, power and infrastructure related projects	21.5	–
Markhor Gabral Utror HPP (Pvt.) Ltd. [3]	Pakistan	To develop own and manage energy, power and infrastructure related projects	21.5	–
PT Hybrid Power Solutions Indonesia [3]	Indonesia	To develop own and manage energy, power and infrastructure related projects	60	60
Darco Viet Water Company Ltd [3]	Vietnam	Investment holding	49	49
Darco Nghe An Company Ltd [3]	Vietnam	To develop own and manage energy, power and infrastructure related projects	44.1	44.1
Darco Ha Tinh Company Ltd [3]	Vietnam	To develop own and manage energy, power and infrastructure related projects	44.1	44.1
Darco Ba Lai Company Ltd [3]	Vietnam	To develop own and manage energy, power and infrastructure related projects	44.1	44.1
Good Briquette Company Limited [3]	Myanmar	To develop rice husk briquetting factories	60	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of EY Global in the respective countries

(3) Audited by audit firms other than member firms of EY Global

11. Investment in joint ventures (cont'd)

(b) ***Financial information of material and non-material joint ventures***

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2020	**2019**
	US$	US$
Loss after tax, representing total comprehensive income	479,529	1,382,719

The summarised financial information of material joint ventures, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Sunseap Vietnam Pte Ltd and its subsidiaries	**IABA Housing Pvt Ltd**	
	2019	**2020**	**2019**
	US$	US$	US$
Cash and cash equivalents	5,949,409	119,766	240,544
Current assets	13,224,381	4,246,541	4,231,423
Non-current assets	154,288,359	2,169	–
Total assets	167,512,740	4,248,710	4,231,423
Other current liabilities	8,115,083	50,425	149,863
Non-current liabilities	117,755,503	–	–
Total liabilities	125,870,586	50,425	149,863
Net assets	41,642,154	4,198,285	4,081,560
Less: non-controlling interest	(557,692)	–	–
Net assets	41,084,462	4,198,285	4,081,560
Proportion of the Group's ownership	33.2%	77.45%	75%
Group's share of net assets	13,640,041	3,251,572	3,061,170
Disposal of joint venture	–	–	–
Others	–	5,400	–
Carrying amount of the investments	13,640,041	3,256,972	3,061,170

11. Investment in joint ventures (cont'd)

(b) *Financial information of material and non-material joint ventures (cont'd)*

Summarised statement of comprehensive income

	Sunseap Vietnam Pte Ltd and its subsidiaries	IABA Housing Pvt Ltd	
	2019	2020	2019
	US$	US$	US$
Revenue	13,674,993	4,231	5,533
Depreciation and amortisation	(2,734,611)	–	–
Interest expense	(263)	–	–
Profit/(loss) after tax	3,347,221	(130,458)	(72,106)
Total comprehensive income	3,347,221	(130,458)	(72,106)

(c) *Disposal of joint venture, Sunseap Vietnam Pte. Ltd. and its subsidiaries*

On 6 January 2020, the Group submitted a put option exercise notice to its joint venture partner, Sunseap International Pte. Ltd. ("Sunseap International") for the sale of its entire stake in joint venture, Sunseap Vietnam Pte. Ltd. for a consideration of US$12,770,116 based on the agreed rate of return set out in the amended and restated shareholders agreement dated 25 June 2018.

The notice was accepted by Sunseap International and the Group has completed the disposal on 31 March 2020.

As a result of the sale, the Group has recognised a loss on disposal of approximately US$223,592.

12. Loans and debentures

	Group	
	2020	**2019**
	US$	US$
Non-current		
At fair value through profit or loss:		
Debt securities (unquoted) consisting of:		
- Convertible loans	–	1,921,029
- Compulsory convertible debentures	4,908,010	739,923
- Optionally fully convertible debentures	1,422,308	799,053
	6,330,318	3,460,005
Current		
At fair value through profit or loss:		
Debt securities (unquoted) consisting of:		
- Convertible loans	1,967,343	–

Convertible loans

The convertible loans are unsecured, interest-bearing at the effective interest rate of 12.5% (2019: 1.5% to 12.5%) per annum, repayable 36 months from draw down date and is expected to be settled in cash. As at reporting date, the convertible loans have been fully drawn down under the respective convertible loan agreements and repayable within the next 12 months.

The convertible loans carry a right to elect for conversion of the outstanding amount of the loan (including interest accrued) or any part thereof into ordinary shares of the borrower's Company at any time.

As at reporting date, a fair value gain of US$46,314 (2019: US$25,869) was recognised in profit or loss in respect of the convertible loan held by the Group.

Compulsory convertible debentures

The compulsory convertible debentures are an unsecured debentures and interest bearing at the effective interest rate of 6.25% (2019: 6.25%) per annum. During the year, the Group has increased its commitment amounts. Following the subscription of the second and third tranches amounting to approximately US$5.2 million, the remaining undrawn commitment amounts to approximately US$0.1 million (2019: US$4.1 million).

The compulsory convertible debentures are convertible to ordinary shares of the issuer by way of mandatory conversion at the end of 10 years or voluntary conversion, at the option of the holders at any time prior to mandatory conversion.

As at reporting date, a fair value loss of US$1,028,644 (2019: fair value gain of US$69,477) was recognised in profit or loss in respect of the compulsory convertible debentures held by the Group.

12. Loans and debentures (cont'd)

Optionally fully convertible debentures

The optionally fully convertible debenture ("OFCD") is an unsecured debenture and interest bearing at the effective interest rate of 4.0% (2019: 4.0%) per annum. The remaining undrawn commitment amounts to approximately US$0.5 million (2019: US$0.5 million).

The optionally fully convertible debenture is convertible to ordinary shares of the issuer by way of optional conversion on the earlier of (i) anytime between the 49th month from the first draw down date till one month prior to the end of the 6 year term of the OFCD and (ii) the date falling immediately prior to the declaration of the first dividend by the Company.

The convertible loan and compulsory convertible debentures has been accounted for as a financial asset through profit or loss in accordance with Note 2.13.

As at reporting date, fair value gain of US$690,255 (2019: fair value loss of US$197,807) was recognised in profit or loss in respect of the OFCDs.

Loan and debentures that are denominated in foreign currency at 31 December are as follows:

	Group	
	2020	**2019**
	US$	US$
Indian Rupee	6,330,318	1,538,976

13. Other receivables and related receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Current:				
Other receivables				
Value-added taxes receivables	391,151	496,784	391,151	496,784
Others	999,785	645,888	916,031	381,934
Less: Allowance for impairment	(465,090)	(230,630)	–	(630)
	534,695	415,258	916,031	381,304
Total other receivables	925,846	912,042	1,307,182	878,088
Amounts due from subsidiaries	–	–	68,968	97,082
Less: Allowance for impairment	–	–	(24,977)	(49,993)
	–	–	43,991	47,089
Amount due from joint ventures	1,480,103	2,029,635	33,651	33,651
Less: Allowance for impairment	–	(516,211)	–	–
	1,480,103	1,513,424	33,651	33,651
Amounts due from related parties	399,545	326,798	399,545	326,798
Amount due from former subsidiary	–	–	–	612,158
Less: Allowance for impairment	–	–	–	(612,158)
	–	–	–	–
Deposits	111,323	311,640	110,638	153,468
	2,916,817	3,063,904	1,895,007	1,439,094
Non-current:				
Other receivables	1,438,698	1,035,157	–	–
Less: Allowance for impairment	(974,530)	(595,436)	–	–
	464,168	439,721	–	–
Advance to developers	870,012	882,012	870,012	882,012
Less: Allowance for impairment	(53,986)	(53,986)	(53,986)	(53,986)
	816,026	828,026	816,026	828,026
Total receivables	4,197,011	4,331,651	2,711,033	2,267,120

13. Other receivables and related receivables (cont'd)

Related parties balances

Amounts due from subsidiaries, related parties and joint ventures are non-trade related, unsecured, non-interest bearing, repayable upon demand and denominated in United States Dollars.

Advance to developers

Advance to developers relate to advance working capital provided to the Company's project developers. The advances are unsecured, non-interest bearing, denominated in United States Dollars and repayable upon the expiry of the developer services agreements or early termination of the developer services agreement.

Movement in allowance accounts:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
At 1 January	1,396,263	601,125	716,767	789,989
Reclassified to investment in subsidiaries (Note 10)	–	–	(20,890)	(49,807)
Charge for/ (Reversal of) for the year pertaining to:				
Amount due from subsidiaries	–	–	6,500	15,271
Other receivables	844,184	317,613	–	–
Advance to developers	–	(38,686)	–	(38,686)
Amount due from joint ventures	(516,211)	516,211	–	–
Write-off	(630)	–	(612,788)	–
Reclassed to held for sale	(230,000)	–	(10,626)	–
At 31 December	1,493,606	1,396,263	78,963	716,767

Other receivables and related receivables that are denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Singapore Dollars	501,790	650,252	501,790	650,252
Indian Rupee	464,852	241,915	–	–

14. Cash and cash equivalents

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Cash at banks	60,609,356	45,924,552	51,184,383	37,010,923
Short-term deposits	60,528	16,209,450	60,528	14,059,450
Cash and cash equivalents	60,669,884	62,134,002	51,244,911	51,070,373

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods within one month and earn interests at the respective short-term deposit rates. The interest rates as at 31 December 2020 for the Group ranges from 0.05% to 1.70% (2019: 0.25% to 2.18%).

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Singapore Dollars	469,554	761,304	469,554	761,304
Great British Pounds	132,606	154,393	132,606	154,393
Indian Rupee	479,604	48,966	–	–

15. Lease liability

Set out below are the carrying amounts of lease liability recognised and the movements during the financial year:

Group and Company

A reconciliation of liabilities arising from financing activities is as follows:

	1 January	**Cash flows**	**Non-cash changes**		**31 December**
			Accretion of interests	Others	
	US$	US$	US$	US$	US$
2020					
Lease liabilities					
- Current	249,617	(316,403)	66,704	265,100	265,018
- Non-current	975,372	–	–	(265,100)	710,272
Total	1,224,989	(316,403)	66,704	–	975,290

	1 January	**Cash flows**	**Non-cash changes**		**31 December**
			Accretion of interests	Others	
	US$	US$	US$	US$	US$
2019					
Lease liabilities					
- Current	145,675	(184,508)	38,833	249,617	249,617
- Non-current	1,224,989	–	–	(249,617)	975,372
Total	1,370,664	(184,508)	38,833	–	1,224,989

16. Deferred capital grants

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Deferred capital grants	1,381,752	1,290,629	483,440	583,292

Deferred capital grants relate to grants received from shareholders to partially fund certain costs incurred in specific projects developed by the Group. During the year, total grant received from shareholders amounts to US$412,783 (2019: US$576,718).

17. Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Current:				
Trade payables	1,338,418	1,351,138	1,141,140	955,171
Other payables	160,788	60,222	50,601	15,747
Deferred interest income	–	15,040	–	–
Accruals	2,157,908	1,968,214	1,673,304	1,608,636
Trade and other payables	3,657,114	3,394,614	2,865,045	2,579,554
Amount due to related parties	56,124	57	56,124	–
	3,713,238	3,394,671	2,921,169	2,579,554
Non-current:				
Deferred income	123,490	159,634	123,490	159,634
	3,836,728	3,554,305	3,044,659	2,739,188

Trade and other payables

Trade and other payables are non-interest bearing and are usually settled within a 90-days period.

Amount due to a related party

Amount due to a related party is non-trade related, unsecured, non-interest bearing, repayable upon demand and denominated in United States Dollars.

Deferred income

Deferred income relates to the amounts received from related companies for their share of the office renovation and fit-out. The deferred income will be recognised in profit or loss over a period of 5 years coinciding with the useful life of the office renovation and fittings.

Trade and other payables and amount due to related parties that are denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Singapore Dollars	1,260,435	1,123,792	987,851	836,071
Great British Pounds	–	36,016	–	36,016
Indian Rupee	–	7,022	–	7,022

18. Derivatives

On 25 June 2018, the Group entered into an amended and restated shareholders agreement ("SHA") with its joint venture partner, Sunseap International Pte Ltd ("Sunseap International") to jointly develop a 168MWP solar power plant in the province of My Son Commune, Ninh Soh District, Vietnam through its joint venture, Sunseap Vietnam Pte Ltd. ("Sunseap Vietnam") The solar power plant project has commenced operation in June 2019.

Included in the SHA is a put option exercisable by the Group to sell its entire investment in Sunseap Vietnam to Sunseap International and conversely, a call option exercisable by Sunseap International to acquire the Group's investment in Sunseap at an agreed return rate, exercisable at the earlier of (i) commercial operation date; or (ii) 24 months after the date of the Group's first investment in Sunseap Vietnam.

Considering that the project has been successfully de-risked with commercial operation in place, a fair value of the derivatives is recognised in respect to the options.

As at the reporting date, the Group has exercised the put option and completed the disposal of its joint venture on 31 March 2020.

19. Share capital

	Group and Company			
	2020		**2019**	
	No. of shares	US$	No. of shares	US$
Issued and fully paid ordinary shares:				
At 1 January	109,749,483	157,950,571	87,831,902	130,074,041
Issuance during the year	10,370,423	13,597,440	21,917,581	27,876,530
At 31 December	120,119,906	171,548,011	109,749,483	157,950,571

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.

20. Share application monies

	Group and Company	
	2020	**2019**
	US$	US$
Movement in share application monies:		
At 1 January	12,597,440	18,912,800
Injection of funds by owners of the Company during the year	8,855,091	12,597,440
Issuance of ordinary shares during the year	(12,597,440)	(18,912,800)
At 31 December	8,855,091	12,597,440

21. Related party transactions

(a) ***Reimbursements and grants***

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

	Group and Company	
	2020	**2019**
	US$	US$
Grant received/receivable as reimbursement from shareholders	984,690	1,069,900
Recharge of expenses to related companies[#]	1,015,126	886,268
Administration charges paid/payable to a related company[#]	1,509,799	1,216,306
Recharge of project expenses to joint ventures	1,683,076	1,340,213

[#] The related companies refer to firms under common shareholders of the Group.

(b) ***Compensation of directors and key management personnel***

	Group and Company	
	2020	**2019**
	US$	US$
Comprise amounts paid to:		
Directors and other key management personnel of the Company	480,492	495,083

22. Right-of-use assets

As a lessee

On 17 January 2019, the Company had entered into a lease agreement for the rental of new office premise at 8 Cross Street, Manulife Tower, Singapore 048424. The lease term is for 5 years commencing from 1 June 2019 with an option to renew for another 3 years upon expiry of the 5 years lease term.

The Company's obligations under the lease agreement is secured by the lessor's title to the leased asset. The Company is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of premises and office equipment with either of (i) lease term of 12 months or less; or (ii) low value lease assets with values not exceeding US$50,000. The Group applies the short-term lease and lease of low-value assets recognition exemption for these leases.

22. Right-of-use assets (cont'd)

	Group and Company Office 2020 US$	Group and Company Office 2019 US$
At 1 January	1,110,735	–
Additions	–	1,336,906
Depreciation expenses	(246,813)	(226,171)
At 31 December	863,922	1,110,735
Remaining lease term (years)	4	5

(a) *Lease liability*

The carrying amount of lease liability and the movements during the year are disclosed in Note 15.

(b) *Amounts recognised in profit or loss*

<u>Effective interest rates</u>

The weighted average effective interest rate of the leases is 6% per annum (2019: 6% per annum) at the balance sheet date.

	Group 2020 US$	Group 2019 US$
Depreciation of right-of-use assets	246,813	226,171
Interest expense on lease liabilities (Note 5)	66,704	38,833
Lease expenses not capitalised in lease liabilities:		
- Expenses relating to low-value assets	25,701	20,917
Total amount recognised in profit or loss	339,218	285,921

The Group's total cash outflow for leases amounts to US$342,104 (2019: US$205,425) in 2020.

The Group has lease contract that include extension option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether the extension option is reasonably certain to be exercised.

23. Disposal of subsidiaries

During the year, the Group completed the disposal of its interest of the following subsidiaries:

Name of subsidiaries	**Disposal Date**
Infraco Myanmar Aqua Feed Pte. Ltd. and its subsidiary, Infraco Myanmar Aqua Feed Company Limited	31 January 2020
Renewgen Pte. Ltd. and its subsidiary, RenewGEN Environment Protection Kotte Pvt Ltd	20 July 2020

(Collectively the "disposal group")

The value of assets and liabilities of the disposal group recorded in the consolidated financial statements as at the disposal date, and the effects of the disposal were:

	Group 2020 US$
Assets	
Trade and other receivables	31,349
Cash and cash equivalents	119,427
	150,776
Liabilities	
Trade and other payables	(530,391)
Carrying amount of net assets disposed	(379,615)
Sales proceeds	318,533
Carrying amount of net assets disposed	379,615
Carrying amount of non-controlling interest derecognised based on their proportionate interests in the net assets disposed	(678,039)
Cumulative exchange differences in respect of the net assets of the subsidiary re-classified from equity on disposal	100,102
Gain on disposal of subsidiaries	120,211
Consideration received, satisfied in cash	318,533
Cash and cash equivalents disposed of	(119,427)
Proceeds from disposal of subsidiaries, net of cash disposed	199,106

Following the disposal, an amount of US$130,418 was re-classified to retained earnings from reserve on changes in non-controlling interest.

24. Disposal group classified as held for sale

Disposal of interest in Infraco Philippines Smart Solar Pte. Ltd., Infraco Philippines Energy Co Pte. Ltd., Infraco Vietnam Wind Co Pte. Ltd., Infraco Cambodia Agri Pte. Ltd., Infraco Indonesia Hybrid Power Pte. Ltd., Infraco Indonesia River Hydro Pte. Ltd. and Infraco Cambodia Cold Chain Pte. Ltd. (collectively, the "South East Asia Developer Services portfolio")

On 30 September 2020, the Company received a term sheet from a third party investor on the potential sale the South East Asia Developer Services portfolio. A sale and purchase agreement was entered into on 20 January 2021 (Note 27).

Balance sheet disclosures

The major classes of assets and liabilities of the disposal group classified as held for sale and the related reserve as at 31 December 2020 are as follows:

	Group 2020	**Company 2020**
	US$	US$
Assets		
Investment in subsidiaries	–	6,665,588
Plant and equipment	475,730	–
Investment in joint ventures	2,067,130	–
Loans and debentures	1,085,158	
Trade and other receivables	819,903	–
Amounts due from subsidiaries	–	25,251
Cash and cash equivalents	1,138,183	–
	5,586,104	6,690,839
Liabilities		
Trade and other payables	176,821	–
Net assets directly associated with disposal group classified as held for sale attributable to:		
Owner of the Company	5,409,283	–
Reserve		
Translation reserve	(25,777)	–
Reserve on changes in non-controlling interest	56,908	–
	31,131	–

25. Fair value of financial instruments

Fair value hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date

- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- 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.

Assets and liabilities measured at fair value

The Company has carried the derivative financial instruments at their fair value. The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Significant observable inputs other than quoted prices (Level 2) **2020** US$	**Significant unobservable inputs** (Level 3) **2020** US$	**Significant observable inputs other than quoted prices** (Level 2) **2019** US$	**Significant unobservable inputs** (Level 3) **2019** US$
Unquoted debt securities	–	8,297,661	–	3,460,005
Derivatives	–	–	862,642	–
At 31 December	–	8,297,661	862,642	3,460,005

Determination of fair value

Loans and debentures (Note 12)

In determining the fair value of those debt securities, the Group has estimated the fair value of the convertible feature, and the probable cashflows and the timing of repayment (both principal and interest) and have discounted these cashflows with interest rates that commensurate with the risk of the borrowing companies. In estimating these market interest rates, the Group has considered the country risks, credit spread and tenor of the loans.

Derivatives (Note 18)

In determining the fair value of the derivatives on call and put option, the Group uses a valuation technique with market observable inputs. The Group valued the option by taking the difference between the exercise price and the fair value of net assets of the investee.

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

Assets and liabilities measured at fair value (cont'd)

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 US$	Valuation technique	Significant unobservable inputs	Range (weighted average)
Recurring fair value measurement at FVTPL				
2020				
Unquoted debt securities	8,297,661	Discounted cash flow	Discount rates	10.5% to 15.3%
2019				
Unquoted debt securities	3,460,005	Discounted cash flow	Discount rates	10% to 18.5%

For Level 3 fair value measurement of assets, the Group performs a sensitivity analysis on the unobservable inputs that reflect reasonably possible alternative assumption.

For unquoted debt securities, the Group assessed the probability of default and loss severity and discounted the cashflows based on a market interest rate that commensurate with the risk of the borrowing companies. If the discount rates were to increase/decrease by 5% (2019: 5%), the profit or loss would decrease/increase by US$907,961 (2019: US$365,794) and US$1,034,474 (2019: US$326,802) respectively.

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

Amounts due from related parties (Note 13), amounts due from joint ventures (Note 13), amount due from subsidiaries (Note 13), other receivables (Note 13), deposits (Note 13), cash and cash equivalents (Note 14), amounts due to related parties (Note 17), trade and other payables (Note 17) and lease liabilities (Note 15).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

Carrying amounts of financial instruments by categories

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Financial assets measured at amortised cost				
Amounts due from subsidiaries	–	–	43,991	47,089
Amounts due from related parties	399,545	326,798	399,545	326,798
Amounts due from joint ventures	1,480,103	1,513,424	33,651	33,651
Other receivables (excluding Value-added taxes receivables)	998,863	854,979	916,031	381,304
Deposits	111,323	311,640	110,638	153,468
Cash and cash equivalents	60,669,884	62,134,002	51,244,911	51,070,373
	63,659,718	65,140,843	52,748,767	52,012,683
Financial liabilities measured at amortised cost				
Amounts due to related parties	56,124	57	56,124	–
Trade and other payables	3,657,114	3,394,614	2,865,045	2,579,554
Lease liability	975,290	1,224,989	975,290	1,224,989
	4,688,528	4,619,660	3,896,459	3,804,543
Net financial assets measured at amortised cost	58,971,190	60,521,183	48,852,308	48,208,140
Financial assets measured at fair value				
Debt securities (unquoted)	8,297,661	3,460,005	–	–
Financial liability measured at fair value				
Derivatives	–	(862,242)	–	–

26. Financial risk management policies and objectives

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

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

There has been no change to the Group's exposure to those financial risks or the manners in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from amount due from related parties and other receivables. For other financial assets (including cash and cash equivalents), the Group and Company minimises credit risk by dealing exclusively with reputable financial institutions or high credit rating counterparties.

The Group 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 Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group 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

The Group 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

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

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

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 Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable 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.

Amount due from related parties and joint ventures and other receivables (excluding Value-added taxes receivables) at amortised cost

The Group 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 Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group 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.

There are no significant changes to estimation techniques or assumptions made during the reporting period.

(b) *Liquidity risk*

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

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

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	2020				2019			
		Contractual cash flows				Contractual cash flows		
	Carrying amount	One year or less	One to five years	More than five years	Carrying amount	One year or less	One to five years	More than five years
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
Non-derivative financial liabilities								
Amounts due to related parties	56,124	56,124	–	–	57	57	–	–
Trade and other payables	3,657,114	3,657,114	–	–	3,394,614	3,394,614	–	–
Lease liability	1,115,027	326,349	788,678	–	1,399,747	317,191	1,082,556	–
	4,828,265	4,039,587	788,678	–	4,794,418	3,711,862	1,082,556	–
Derivative financial liability								
Derivatives	–	–	–	–	862,642	862,642	–	–
Company								
Financial liabilities								
Amounts due to related parties	56,124	56,124	–	–	–	–	–	–
Trade and other payables	2,865,045	2,865,045	–	–	2,579,554	2,579,554	–	–
Lease liability	1,115,027	326,349	788,678	–	1,399,747	317,191	1,082,556	–
	4,036,196	3,247,518	788,678	–	3,979,301	2,896,745	1,082,556	–

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

(c) ***Interest rate risk***

Interest rate risk is the risk of increase in interest rates that will result in higher borrowing costs. As at reporting date, the Group's exposure towards interest rate risk is not significant.

(d) ***Foreign currency risk***

The Group has transactional currency exposure arising from transactions that are denominated in a currency other than the functional currencies of the Group entities. The foreign currency in which these transactions are denominated is mainly Singapore Dollars (SGD), Great British Pounds (GBP) and Indian Rupee (INR). Management has determined that SGD and INR are the two main currencies which it commonly transacts.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group and Company's loss before tax to a reasonably possible change in the SGD and INR exchange rates against the functional currency of the Group, with all other variables held constant.

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	US$	US$	US$	US$
Singapore Dollars (SGD)				
– Strengthened by 5.0% (2019: 5%)	(63,219)	(46,681)	(49,590)	(32,475)
– Weakened by 5.0% (2019: 5%)	63,219	46,681	49,590	32,475
Indian Rupee (INR)				
– Strengthened by 5.0% (2019: 5%)	363,739	(91,142)	–	351
– Weakened by 5.0% (2019: 5%)	(363,739)	91,142	–	(351)

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital structure in order to support its business.

The Group manages its capital, defined as equity attributable to owners of the Company, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group's capital requirement is met via funding from its shareholders for which new shares are issued.

No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

28. Events occurring after the reporting period

(a) Disposal of the interest in the South East Asia Developer Services portfolio

On 20 January 2021, the Company entered into a share purchase agreement for the sale of its entire interests in several subsidiaries of the Group. As of the date of these financial statements, the parties are still completing the necessary conditions precedent required under the share purchase agreement. As the sales consideration have not been finalised, the loss or gain on disposal cannot be reliably estimated.

(b) Civil unrest in Myanmar

On 1 February 2021, a one-year state of emergency was announced in Myanmar by the Myanmar military following the military coup that took place in the country. The unprecedented situation has caused civil unrest and is rapidly evolving on a day-to-day basis.

It is anticipated that the civil unrest will have an impact on project progress, project expenditure and changes in approach to planned project financial closes and exits which may affect the carrying value of the assets. As of the reporting date, the Group's carrying value of its assets in Myanmar projects are as follows:

	Group 2020 US$	**Company 2020** US$
Assets		
Plant and equipment	457,368	–
Investment in subsidiaries	–	4
Investment in joint ventures	99,171	–
Trade and other receivables	6,559	–
Amounts due from subsidiaries	–	2,126,226
Cash and cash equivalents	599,001	–
	1,162,099	2,126,230

Management has determined that the situation is highly volatile, uncertain and cannot yet reliably estimate the impact to the carrying value of the assets as of the date of these financial statements. Should the situation continue to deteriorate, the carrying value of its assets as reflected above may be subject to impairment.

The carrying value of the assets and liabilities are determined as 31 December 2020 and have not taken into account the effect of the civil unrest.

28. Events occurring after the reporting period (cont'd)

(c) Allotment of shares to shareholders

On 17 February 2021, the Company completed the following allotment of shares to its shareholders:

- 4,863,449 ordinary shares for the consideration of US$6,500,000 received on 9 December 2020.
- 1,157,150 ordinary shares for the consideration of US$1,562,500 received on 17 December 2020.
- 586,973 ordinary shares for the consideration of US$792,591 received on 17 December 2020.

29. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 29 March 2021.