



Bayfront Infrastructure Capital Pte. Ltd.
Registration Number: 201802471D

Annual Report
Year ended 31 December 2021

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS28 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and the Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs'); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Edmund Lee Kwing Mun	(Appointed 19 August 2021)
Sophia Lim Siew Fay	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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 in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares of the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

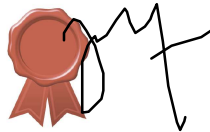
Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Edmund Lee Kwing Mun
Director



Sophia Lim Siew Fay
Director

19 April 2022



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Independent auditors' report

Members of the Company
Bayfront Infrastructure Capital Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bayfront Infrastructure Capital Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS28.

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

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' 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 *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of investments held at Fair Value through Profit or Loss ('FVTPL') Refer to Notes 6 and 15 to the financial statements	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Investments at FVTPL comprise project financing loans amounting to US\$241 million (2020: US\$280 million) at 31 December 2021. The investments are classified as Level 3 in the fair value hierarchy. The valuation of these investments involves application of unobservable inputs. This requires a higher level of management judgement and the application of assumptions, which may be subject to estimation uncertainties in the determination of the fair value of these investments. The valuation of investments at FVTPL is considered a key audit matter in view of the management judgement and inherent subjectivity.	We reviewed the appropriateness of the valuation methodologies adopted and assessed the reasonableness of the key assumptions applied. We assessed the completeness and accuracy of key inputs used in the valuation methodologies. For pricing inputs, we checked that the inputs used were appropriately sourced (by comparing to independent market data where possible). We also reviewed the adequacy of the disclosures in the financial statements.
<i>Our findings</i>	
We found that the valuation of the Company's investments held at FVTPL were within an acceptable range of estimates and the disclosures to be appropriate.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

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 controls that we identify during our audit.

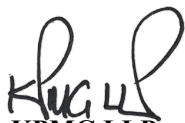
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lim Jek.


KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
19 April 2022

Statement of financial position
As at 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Assets			
Cash and cash equivalents	4	23,825	43,230
Interest and other receivables	5	920	1,197
Investments	6	241,996	280,525
Total assets		266,741	324,952
Liabilities			
Interest payable on notes issued	7	3,142	4,362
Trade and other payables	8	487	456
Notes issued	9	261,750	315,955
Total liabilities		265,379	320,773
Equity			
Share capital	10	*	*
Accumulated profits		1,362	4,179
Total equity		1,362	4,179
Total liabilities and equity		266,741	324,952

* The share capital of the Company is 1 Singapore dollar

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

Statement of comprehensive income
Year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Interest income	11	6,714	12,136
Interest expense	11	(6,983)	(12,820)
Net interest expense		<u>(269)</u>	<u>(684)</u>
Other income		<u>147</u>	<u>18</u>
Administration expenses		(71)	(80)
Professional fees		(184)	(156)
Other operating expenses		<u>(238)</u>	<u>(357)</u>
Total expenses		<u>(493)</u>	<u>(593)</u>
Net change in fair value of investments		<u>(2,202)</u>	<u>(976)</u>
Loss before income tax		(2,817)	(2,235)
Income tax expense	12	<u>—</u>	<u>—</u>
Loss for the year/representing total comprehensive income for the year		<u>(2,817)</u>	<u>(2,235)</u>

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

Statement of changes in equity
Year ended 31 December 2021

	Share capital US\$'000	Accumulated profits US\$'000	Total US\$'000
At 1 January 2020	*	6,414	6,414
Total comprehensive income for the year	—	(2,235)	(2,235)
At 31 December 2020	*	4,179	4,179
At 1 January 2021	*	4,179	4,179
Total comprehensive income for the year	—	(2,817)	(2,817)
At 31 December 2021	*	1,362	1,362

* *The share capital of the Company is 1 Singapore dollar*

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

Statement of cash flows
Year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Loss for the year		(2,817)	(2,235)
Adjustments for:			
Interest income		(6,714)	(12,136)
Interest expense		6,983	12,820
Net change in fair value of investments		2,202	976
Withholding tax expense		100	200
		<u>(246)</u>	<u>(375)</u>
Changes in:			
- Interest and other receivables		1	2
- Trade and other payables		13	(111)
		<u>(232)</u>	<u>(484)</u>
Cash used in operations			
Proceeds from repayment of debt investments		36,327	106,575
Interest received		6,968	13,362
Withholding tax paid		(83)	(269)
Net cash from operating activities		<u>42,980</u>	<u>119,184</u>
Cash flows from investing activities			
Interest received from fixed deposits		23	366
Fixed deposits	4	1,163	17,001
Net cash from investing activities		<u>1,186</u>	<u>17,367</u>
Cash flows from financing activities			
Repayment of notes principal		(54,205)	(106,431)
Interest paid on notes issued		(8,203)	(17,800)
Net cash used in financing activities		<u>(62,408)</u>	<u>(124,231)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(18,242)</u>	<u>12,320</u>
Cash and cash equivalents at beginning of the year		28,858	16,538
Cash and cash equivalents at end of the year	4	<u><u>10,616</u></u>	<u><u>28,858</u></u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 April 2022.

1 Domicile and activities

Bayfront Infrastructure Capital Pte. Ltd. (the ‘Company’) is incorporated in the Republic of Singapore with its registered office at 38 Beach Road #29-11 South Beach Tower Singapore 189767.

The Company is primarily involved in the securitisation of a portfolio of collateralised loan obligations (the ‘Portfolio’), financed through the issuance of debt obligations (the ‘Notes’) to investors (the ‘Noteholders’).

Clifford Capital Pte. Ltd. (‘CCPL’), is the Sponsor and is appointed as the Collateral Manager to provide certain investment management and administrative and advisory functions on behalf of the Company pursuant to the applicable provisions of the Collateral Management and Administration Agreement dated 31 July 2018 (‘CM&A Agreement’). Deutsche Bank AG, Singapore Branch (‘DBAG’) is appointed as the Transaction Administrator to perform certain portfolio administration and reporting services pursuant to the CM&A Agreement.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (‘SFRS(I)s’) and International Financial Reporting Standards (‘IFRSs’). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements, unless otherwise specified.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars (‘US\$’), which is the Company’s functional currency. All financial information presented in US dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in Note 15 – Accounting classifications and fair values.

2.5 New standards and amendments

The Company has applied the following SFRS(I), amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19 Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these new accounting standards, amendments to standards and interpretations does not have a material effect on the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, the Company's financial assets are classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivatives financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivatives financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

3.3 Impairment

Non-derivative financial assets

The Company recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

Under SFRS(I) 9, when determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment that includes forward-looking information.

The Company assesses whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default ('PD') as at the reporting date, with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows which the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.4 Interest income and expense

Interest income or expense is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

3.5 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.6 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

4 Cash and cash equivalents

	2021 US\$'000	2020 US\$'000
Cash at bank	7,896	7,896
Bank deposits	15,929	35,334
Cash and cash equivalents in the statement of financial position	23,825	43,230
Less: Bank deposits with a maturity of more than three months from the date of acquisition	(13,209)	(14,372)
Cash and cash equivalents in the statement of cash flows	10,616	28,858

The Company's exposure to credit risk and market risk is disclosed in note 14.

5 Interest and other receivables

	2021 US\$'000	2020 US\$'000
Interest receivable	914	1,191
Prepayment	2	
GST receivable	4	6
	920	1,197

The Company's exposure to credit risk and market risk is disclosed in note 14.

6 Investments

The Company's investments represent the underlying collateral obligations of the debt obligations.

	2021 US\$'000	2020 US\$'000
Non-current		
Debt investments - mandatorily at FVTPL	241,996	280,525

7 Interest payable on notes issued

	2021 US\$'000	2020 US\$'000
Interest payable on notes issued	3,142	4,362

The Company's exposure to interest rate risk and liquidity risk is disclosed in note 14.

8 Trade and other payables

	2021 US\$'000	2020 US\$'000
Trade payables	200	204
Accrued expenses	287	252
	487	456

The Company's exposure to currency risk and liquidity risk is disclosed in note 14.

9 Notes issued

	2021 US\$'000	2020 US\$'000
Notes issued	261,750	315,955

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest payable US\$'000	Notes issued US\$'000
At 1 January 2020	9,342	422,386
Changes in financing cash flows		
Repayment of notes issued	—	(106,431)
Interest paid	(17,800)	—
Total changes from financing cash flows	(17,800)	(106,431)
Other changes		
Interest expense	12,820	—
Total other changes	12,820	—
At 31 December 2020	4,362	315,955
At 1 January 2021	4,362	315,955
Changes in financing cash flows		
Repayment of notes issued	—	(54,205)
Interest paid	(8,203)	—
Total changes from financing cash flows	(8,203)	(54,205)
Other changes		
Interest expense	6,983	—
Total other changes	6,983	—
At 31 December 2021	3,142	261,750

Terms and repayment schedule

On 31 July 2018 (the 'Issue Date'), the Company issued secured floating rate Notes and subordinated Notes. The details of Notes issued are below:

Class	Interest rate	Maturity date	31 December 2021 US\$'000
Class A Notes	Base Rate + 1.45%	11 January 2038	124,350
Class B Notes	Base Rate + 1.95%	11 January 2038	72,600
Class C Notes	Base Rate + 3.15%	11 January 2038	19,000
Subordinated Notes	*	11 January 2038	45,800
			<u>261,750</u>

Class	Interest rate	Maturity date	31 December 2020 US\$'000
Class A Notes	Base Rate + 1.45%	11 January 2038	178,555
Class B Notes	Base Rate + 1.95%	11 January 2038	72,600
Class C Notes	Base Rate + 3.15%	11 January 2038	19,000
Subordinated Notes	*	11 January 2038	45,800
			<u>315,955</u>

The notes are secured with the underlying loan portfolio determined by the Trustee.

Interest in respect of the Notes of each Class will be payable semi-annually in arrears on each Payment Date (with the first Payment Date occurred on 11 January 2019) in accordance with the Interest Priority of Payments as defined in the Information Memorandum.

* Interest shall be payable on the Subordinated Notes to the extent funds are available.

The Company's exposure to interest rate risk and liquidity risk is disclosed in note 14.

Measurement of fair values

The carrying amounts of the notes issued are all re-priceable within 3 months from the reporting date are assumed to approximate their corresponding fair values.

10 Share capital

	2021 Number of shares	2020 Number of shares
Fully paid ordinary share, with no par value:		
At 1 January and 31 December	<u>1</u>	<u>1</u>

11 Net interest expense

	2021 US\$'000	2020 US\$'000
Interest income		
Investments - mandatorily measured at FVTPL	6,702	11,977
Fixed deposits – measured at amortised cost	12	159
	<u>6,714</u>	<u>12,136</u>
Interest expense		
Notes issued – measured at amortised cost	<u>(6,983)</u>	<u>(12,820)</u>
Net interest expense	<u>(269)</u>	<u>(684)</u>

12 Tax expense

	2021 US\$'000	2020 US\$'000
Current tax expense		
Current year	<u>–</u>	<u>–</u>
Reconciliation of effective tax rate		
Loss before income tax	<u>(2,817)</u>	<u>(2,235)</u>
Income tax using Singapore tax rate of 17% (2020: 17%)	(479)	(380)
Tax losses not recognised	<u>479</u>	<u>380</u>
	<u>–</u>	<u>–</u>

The Company has been awarded the Tax Incentive Scheme for Special Purpose Vehicle engaged in Asset Securitisation Transaction (ASPV) under Section 13P of the Income Tax Act, with effect from 16 April 2018. Under the terms of the tax incentive granted, qualifying income derived from qualifying activities is exempted from corporate income tax in Singapore, subject to the Company satisfying all terms and conditions set out by the Monetary Authority of Singapore and the relevant income tax legislations.

13 Significant related party transactions

In the financial year, the Company also made payments to a related company in accordance to the Collateral Management and Administration agreement for certain investment management functions performed.

	2021 US\$'000	2020 US\$'000
Collateral management fees paid to related company	<u>124</u>	<u>141</u>

14 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company has appointed Clifford Capital Pte. Ltd. ('Clifford Capital') as the Collateral Manager to perform certain investment management functions. Responsibility of the day to day management of the Company's investments lies with the Collateral Manager who acts as key contact point for investor relations and investments.

The Collateral Manager has formulated its risk management framework on the principles of transparency, management accountability and independent oversight from the Risk Committee, subject to overall supervision of its Board. The Board of the Collateral Manager has overall responsibility of the establishment and oversight of the Collateral Manager's risk management framework. The Collateral Manager's Risk Committee, which comprises certain members from the Board and the Collateral Manager's Chief Risk Officer, in turn assists the Board in fulfilling its oversight responsibilities, by providing risk governance guidance in the areas of credit, market and operational risks; risk management, control and processes; and capital management, funding and liquidity risks.

The Risk Committee also reviews and approves the Collateral Manager's guiding risk principles relative to its operations, the internal risk management and control framework, material risk limits and allocations and authority levels relating to those limits, principal characteristics of the Collateral Manager's risk measurement framework, and reviews and assesses the asset and liability management framework. The Risk Committee monitors and reviews the Collateral Manager's overall asset portfolio performance and asset and liability management exposures on a quarterly basis.

The Board of the Collateral Manager has also approved the establishment of a Management Committee, which is composed of the Collateral Manager's management team. The Management Committee has delegated authority from the Risk Committee to approve any acquisitions, divestments, replenishments, material amendments or waivers relating to investments in or from the Portfolio and is supported by the corporate strategy and new business team, portfolio and risk management team, the origination and structuring team, the finance and operations team and the legal and compliance team. The Management Committee reports to the Risk Committee.

The Company also appointed Deutsche Bank AG Singapore Branch as the Transaction Administrator to perform portfolio administration and reporting functions pursuant to the Collateral Management and Administration Agreement and TMF Singapore H Pte. Ltd. as the Corporate Services Provider to provide corporate secretarial and administrative services pursuant to the Corporate Services Agreement.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

The Collateral Manager has robust credit review processes in place to monitor the credit risk of the portfolio and actively monitors exposure to credit risk on an on-going basis, which include periodic credit reviews, covenant monitoring, processing of waivers and other notices, maintenance of credit estimates and valuation support. Cash is placed with regulated financial institutions with a high credit rating.

The Company's maximum exposure to credit risk is represented by the carrying amounts of financial assets in the statement of financial position.

Investments

The Company's primary objective is the provision of a diversified portfolio of project and infrastructure loans across multiple geographies and sectors to investors through a securitisation transaction.

Each of the investments had undergone a review and credit approval process by Clifford Capital as Collateral Manager and sponsor of the transaction. The review and credit approval process included detailed financial industry, technical, insurance, environment and social, and legal due diligence to understand the technical, legal, commercial and financial considerations for each of the investments. Clifford Capital has a successful operating track record in project and asset-backed finance and has the necessary experience in direct portfolio acquisition and management. Clifford Capital subscribes and retains the Subordinated Notes in its capacity as the Collateral Manager.

Concentration of credit risk

The Company reviews the credit concentration of investments held based on credit ratings, industries and geographical location.

As at the reporting date, the Company's investments were concentrated in the following industries and geographical locations.

Industry Sector	2021	2020
	% of total aggregate par amount outstanding	
Conventional Power and Water	40.3	43.7
Energy Shipping	9.5	8.6
Gas Infrastructure	2.7	3.6
Integrated LNG	10.9	11.8
Metals and Mining	14.0	12.3
Other Oil and Gas	2.6	2.5
Renewable Power	8.8	6.5
Transportation Infrastructure	11.2	11.0
	<u>100.0</u>	<u>100.0</u>

Geographical location¹	2021	2020
	% of total aggregate par amount outstanding	
Australia	5.9	6.0
Bangladesh	—	1.1
China	3.7	3.3
India	2.6	3.7
Indonesia	7.2	9.3
Jordan	6.5	6.1
Kuwait	7.2	6.5
Mongolia	14.0	12.3
Oman	15.2	14.6
Papua New Guinea	5.0	5.8
Saudi Arabia	5.0	4.7
Singapore	5.8	5.3
Sri Lanka	3.1	3.0
Vietnam	18.8	18.3
	<u>100.0</u>	<u>100.0</u>

As at the reporting date, the Company's investments by credit rating² were split as follows:

Credit Rating²	2021	2020
	% of total aggregate par amount outstanding	
Aa1 – Aa3	26.0	14.0
A1 – A3	14.4	24.6
Baa1 – Baa3	20.6	17.6
Ba1 – Ba2	9.4	21.6
Ba3 – B2	29.6	22.2
	<u>100.0</u>	<u>100.0</u>

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities and trade and other payables that are settled by delivering cash or another financial asset.

The ability of the Company in servicing its financial obligations towards the Noteholders is dependent on the receipt of interest and principal from its portfolio of project and infrastructure loans. Excess cash is invested in short-term deposits until Payment Date as defined in the Information Memorandum. The risk of non-payment on trade and other payables is borne by the Noteholders and may affect the value of the Notes on redemption.

¹ Geographical location is based on the location of the project or the borrower

² Credit rating for each investment is the credit estimate assigned by Moody's Investors Service Ltd

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount US\$'000	Contractual cash inflow/ (outflows) US\$'000	6 months or less US\$'000	Within 6-12 months US\$'000	Within 1-5 years US\$'000	More than 5 years US\$'000
2021						
Non-derivative financial liabilities						
Interest payables on notes issued	3,142	(3,142)	(3,142)	—	—	—
Trade and other payables	487	(487)	(487)	—	—	—
Notes issued	261,750	(299,370)	(41,267)	(24,951)	(171,375)	(61,777)
	<u>265,379</u>	<u>(302,999)</u>	<u>(44,896)</u>	<u>(24,951)</u>	<u>(171,375)</u>	<u>(61,777)</u>
2020						
Non-derivative financial liabilities						
Interest payables on notes issued	4,362	(4,362)	(4,362)	—	—	—
Trade and other payables	456	(456)	(456)	—	—	—
Notes issued	315,955	(353,974)	(60,728)	(22,983)	(176,206)	(94,057)
	<u>320,773</u>	<u>(358,792)</u>	<u>(65,546)</u>	<u>(22,983)</u>	<u>(176,206)</u>	<u>(94,057)</u>

Such undiscounted cash flows differ from the amounts included in the statement of financial position because the amount in that statement is based on discounted cash flows.

The undiscounted interest payments arising from the notes issued are determined by reference to the variable interest rate existing at the reporting period.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and debt security prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Exposure to foreign currency risk

The Company is exposed to foreign currency risk on transactions that are denominated in currencies other than United States dollars. Such foreign currency risks may arise from assets or liabilities, income or expenses denominated in other currencies. In assessing its exposure to foreign currency risk, the Company adopts a holistic approach, taking into account timing and size of the underlying exposure, including any natural economic hedge if the cash inflow in a foreign currency matches some of the cash flows used by the underlying operations of the Company. Exposure to currency risk is monitored on an ongoing basis and the Company's policy is to keep the net exposure to an acceptable level.

The Company's exposure to foreign currency risk is as follows:

	2021	2020
	US\$'000	US\$'000
Singapore dollars		
Interest and other receivables	4	6
Trade and other payables	(114)	(111)
	<u>(110)</u>	<u>(105)</u>

Sensitivity analysis

A 10% strengthening of the United States dollar against the following currency at the reporting date would increase profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2021	2020
	US\$'000	US\$'000
Singapore dollars	<u>11</u>	<u>11</u>

A 10% weakening of the United States dollar against the above currency would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the impact to earnings and economic value of the Company due to fluctuations in interest rates.

Interest rate benchmark reform

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Company has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

Management monitors and manages the Company's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The management reports to the Company's Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to the Board of Directors of interest rate risk and risk arising from interest rate benchmark reform.

The main risks to which the Company is exposed as a result of IBOR reform are operational. For example, the renegotiation of loan contracts, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

Non-derivative financial assets

The Company's IBOR exposure to non-derivative financial assets as at 31 December 2021 were debt investments indexed to USD LIBOR. The Company is still in the process of communication with the counterparties and specific changes have yet been agreed.

Non-derivative financial liabilities

The Company's IBOR exposure to non-derivative financial liabilities as at 31 December 2021 include notes issued which are indexed to USD LIBOR. The Company is still in the process of communication with the counterparties and specific changes have yet been agreed.

The following table reflects the Company's IBOR exposure to non-derivative financial assets and liabilities as at 31 December 2021, subject to reform that has yet to transition to alternative benchmark rates.

	USD LIBOR US\$'000
Total amount of unreformed contracts:	
31 December 2021	
Non-derivative financial assets	241,966
Non-derivative financial liabilities	(261,750)

Exposure to interest rate risk

At the reporting date, the Company's interest-bearing financial instruments, were as follows:

	Notional amount	
	2021	2020
	US\$'000	US\$'000
Fixed rate instruments		
Financial assets	15,929	35,334
Variable rate instruments		
Financial assets	241,996	280,525
Financial liabilities	(261,750)	(315,955)
	(19,754)	(35,430)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, in respect of the fixed rate financial assets, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase US\$'000	100 bp decrease US\$'000
2021		
Variable rate instruments	198	(198)
2020		
Variable rate instruments	354	(354)

Capital management

The Company's capital management objectives are to maintain an optimal capital structure that supports the Company's business growth and delivers sustainable returns to shareholders. Capital consists of share capital and accumulated losses. The Board maintains an oversight of the capital management process by periodically reviewing the Company's capital allocation, gearing, liquidity and funding sources to enhance shareholder's returns while ensuring that the Company's liquidity requirements are met at all times. The Company is not subject to regulatory capital requirements.

15 Accounting classifications and fair values

The carrying amounts of financial assets and liabilities and fair values of financial assets and liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Fair value through profit or loss US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
2021					
Cash and cash equivalents	–	23,825	–	23,825	
Interest and other receivables	–	918	–	918	
Investments	241,996	–	–	241,996	241,996
	<u>241,996</u>	<u>24,743</u>	<u>–</u>	<u>266,739</u>	
Interest payable on notes issued	–	–	(3,142)	(3,142)	
Trade and other payables*	–	–	(469)	(469)	
Notes issued	–	(261,750)	–	(261,750)	
	<u>–</u>	<u>(261,750)</u>	<u>(3,611)</u>	<u>(265,361)</u>	

	Fair value through profit or loss US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
2020					
Cash and cash equivalents	–	43,230	–	43,230	
Interest and other receivables	–	1,191	–	1,191	
Investments	280,525	–	–	280,525	280,525
	<u>280,525</u>	<u>44,421</u>	<u>–</u>	<u>324,946</u>	
Interest payables on notes issued	–	–	(4,362)	(4,362)	
Trade and other payables*	–	–	(456)	(456)	
Notes issued	–	(315,955)	–	(315,955)	
	<u>–</u>	<u>(315,955)</u>	<u>(4,818)</u>	<u>(320,773)</u>	

* Excludes provision for withholding tax

Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

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

Financial assets carried at fair value

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
2021				
Investments	–	–	241,996	241,996
2020				
Investments	–	–	280,525	280,525

Qualitative disclosures of valuation techniques

The Company has implemented and maintained a valuation control framework, which is supported by the valuation policy approved by the Board of Directors that define the principles for controlling the valuation of the Company's financial instruments. The framework includes the main processes of valuation governance and independent third-party valuation and significant unobservable inputs review.

Through this framework, the Company determines the reasonableness of the fair value of its financial instruments. On a quarterly basis, the independent third-party valuer obtains performance metrics of the investee companies and compares against market comparables based on the valuation methodology. The valuation results are documented in the quarterly valuation report and reported to the Collateral Manager on a regular basis.

One of the key components of the governance process is the segregation of duties between the Collateral Manager and the independent valuer. The valuer utilises independent pricing data as part of their review process, which is analysed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, and review of statistical data. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results.

Investments

The investments which are measured at fair value consists of project finance loans across different industrial sectors and countries in the Asia Pacific and Middle East. The income approach was used as the valuation methodology and the valuation model has been calibrated accordingly. In determining the fair value of debt instruments, the factors considered are coupon, time to expected repayment, other market conditions and if any deterioration in the value of the underlying business is observed. Available market data is used to determine the appropriate yield, which include, credit-rating, collateral, duration, coupon, maturity date, covenants and liquidity.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	2021	2020
	US\$'000	US\$'000
At 1 January	280,525	388,076
Repayments	(36,327)	(106,575)
Total realised gains/(losses) recognised in profit or loss	50	(390)
Total unrealised gains/(losses) recognised in profit or loss	(2,252)	(586)
At 31 December	<u>241,996</u>	<u>280,525</u>

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 instruments with a significant unobservable input of yield to maturity, an increase in the significant unobservable input would decrease the fair value.

Quantitative disclosures of valuation techniques

The following table provide the representative range of minimum and maximum values of each significant unobservable input for level 3 assets by the related valuation technique most significant to the related financial instrument.

Classification	Fair value US\$'000	Valuation technique	Unobservable input	Change in input	Min value US\$'000	Max value US\$'000
2021						
Investments	241,996	Income approach	Implied yield to maturity	+/- 1%	233,421	251,161
2020						
Investments	280,525	Income approach	Implied yield to maturity	+/- 1%	269,363	292,522

Sensitivity analysis of unobservable input parameters

The fair value of certain financial instruments recognised in the financial statements is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data. The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

	Favourable changes US\$'000	Unfavourable changes US\$'000
Company		
2021		
Impact on profit/(loss)		
Investments	9	(9)
2020		
Impact on profit/(loss)		
Investments	12	(11)

When the fair value of an instrument has multiple unobservable inputs, there is assumed to be no correlation between those inputs, as such the total sensitivity reflected in the table may be larger than if correlation had been included in the analysis. The analysis also ignores any correlation between the different categories of financial instruments listed in the table.

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed

The financial assets and liabilities not measured at fair value include cash and cash equivalents, interest receivables, other receivables, trade payables and other liabilities. These are short-term financial assets and financial liabilities whose carrying amounts approximate their fair values, because of their short-term nature and high credit quality of counterparties.

16 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current:

	2021 US\$'000	2020 US\$'000
Assets		
Investments	<u>237,919</u>	<u>280,525</u>
Liabilities		
Notes issued	<u>(261,750)</u>	<u>(315,955)</u>

17 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company operates in only one segment. Its activities relate to financing business. All activities are carried out in the Republic of Singapore. Revenue in respect of these activities is disclosed in the financial statements accordingly.