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SINO AD ULTIMATE HOLDINGS PTE. LTD.

Registration Number: 201733063C

FINANCIAL STATEMENTS

Year ended 31 December 2020

SINO AD ULTIMATE HOLDINGS PTE. LTD.
(Registration No. 201733063C)

DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

C O N T E N T S

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SINO AD ULTIMATE HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of Sino Ad Ultimate Holdings Pte. Ltd. (the "company") for the year ended December 31, 2020.

In the opinion of the directors, the accompanying financial statements as set out on pages 6 to 25 are drawn up so as to give a true and fair view of the financial position of the company as at December 31, 2020, and the financial performance, changes in equity and cash flows of the company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Yan Chengkang
Hyland Adam John (Appointed on May 11, 2021)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the year nor at any time during the year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act.

SINO AD ULTIMATE HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the year, no option to take up unissued shares of the company was granted.

(b) *Options exercised*

During the year, there were no shares of the company issued by virtue of the exercise of option to take up unissued shares.

(c) *Unissued shares under options*

At the end of the year, there were no unissued shares of the company under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

....
Yan Chengkang

....
Hyland Adam John

May 31, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SINO AD ULTIMATE HOLDINGS PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sino Ad Ultimate Holdings Pte. Ltd. (the "company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 25.

In our opinion, the accompanying financial statements 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 financial position of the company as at December 31, 2020 and of the financial performance, changes in equity and cash flows of the company for the financial 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 *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.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SINO AD ULTIMATE HOLDINGS PTE. LTD.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SINO AD ULTIMATE HOLDINGS PTE. LTD.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

May 31, 2021

SINO AD ULTIMATE HOLDINGS PTE. LTD.

STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Note	2020	2019
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents	7	479,183	850,812
Other receivable	8	11,133	14,161
Total current assets		490,316	864,973
Non-current asset			
Investments	9	459,498,979	383,376,314
Total assets		459,989,295	384,241,287
LIABILITY AND EQUITY			
Current liability			
Other payables	10	19,772	14,021
Capital and reserves			
Share capital	11	126,035,001	112,700,001
Retained earnings		333,934,522	271,527,265
Total equity		459,969,523	384,227,266
Total liability and equity		459,989,295	384,241,287

See accompanying notes to financial statements.

SINO AD ULTIMATE HOLDINGS PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2020

	Note	2020	2019
		US$	US$
Change in fair value on financial asset at fair value through profit or loss	9	63,370,653	270,870,110
Investment transaction fee	5	(382,560)	(540,000)
Management fee	5	(144,000)	(144,000)
Operating expenses	12	(436,836)	(1,336,278)
Profit before income tax		62,407,257	268,849,832
Income tax	13	–	–
Profit for the year, representing total comprehensive income for the year		62,407,257	268,849,832

See accompanying notes to financial statements.

SINO AD ULTIMATE HOLDINGS PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2020

	Note	Share capital US$	Retained earnings US$	Total US$
Balance at January 1, 2019		63,800,001	2,677,433	66,477,434
Profit for the year, representing total comprehensive income for the year		–	268,849,832	268,849,832
Transactions with owners, recognised directly in equity:				
Issue of new shares	11	48,900,000	–	48,900,000
Balance at December 31, 2019		112,700,001	271,527,265	384,227,266
Profit for the year, representing total comprehensive income for the year		–	62,407,257	62,407,257
Transactions with owners, recognised directly in equity:				
Issue of new shares	11	13,335,000	–	13,335,000
Balance at December 31, 2020		126,035,001	333,934,522	459,969,523

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See accompanying notes to financial statements.

SINO AD ULTIMATE HOLDINGS PTE. LTD.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

	Note	2020	2019
		US$	US$
Operating activities			
Profit before income tax		62,407,257	268,849,832
Adjustment for:			
Change in fair value on financial asset at fair value through profit or loss		(63,370,653)	(270,870,110)
Operating cash flows before movements in working capital		(963,396)	(2,020,278)
Other receivable		3,028	(10,148)
Other payables		5,751	1,106
Cash used in operations, representing net cash used in operating activities		(954,617)	(2,029,320)
Investing activity			
Acquisition of financial assets at fair value through profit or loss, representing net cash used in investing activity	9	(12,752,012)	(46,344,776)
Financing activity			
Proceeds from issue of shares, representing net cash generated from financing activity	11	13,335,000	48,900,000
Net (decrease) increase in cash and cash equivalents		(371,629)	525,904
Cash and cash equivalents at beginning of the year		850,812	324,908
Cash and cash equivalents at end of the year	7	479,183	850,812

See accompanying notes to financial statements.

SINO AD ULTIMATE HOLDINGS PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1 GENERAL

The company (Registration No. 201733063C) is incorporated in the Republic of Singapore with its registered office and principal place of business at 10 Changi Business Park Central 2, #05-01 Hansapoint, Singapore 486030. The financial statements are expressed in United States dollars.

The principal activity of the company is investment holding. The company is managed by KKR Singapore Pte. Ltd. (the "Investment Manager"), incorporated and domiciled in the Republic of Singapore.

The financial statements of the company for the year ended December 31, 2020 were authorised for issue by the Board of Directors on May 31, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Adoption of new and revised standards

On January 1, 2020, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

(c) New standards issued but not effective

Management has considered and is of the view that adoption of the new/revised FRSs that are issued as at the date of these financial statements but effective only in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption.

(d) Investments

Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investments are measured at fair value through profit or loss ("FVTPL"), in accordance with FRS 109 as the company is assessed to be an investment entity and is exempted from consolidation when it obtains control of another entity.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

(i) Financial assets, financial liabilities and equity instruments

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

By default all other financial assets are subsequently measured at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "Change in fair value on financial assets at fair value through profit or loss" line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Other payables and debt instruments are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, except for short-term balances when the effect of discounting is immaterial.

The carrying amount of financial instruments that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Change in fair value on financial assets at fair value through profit or loss" line item; and

- for financial assets and liabilities measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Operating expenses" line item.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(ii) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Upon derecognition of the financial asset in its entirety, the company will recognise its proceeds on a gross basis and the difference between the carrying amount and the consideration received is recognised in profit or loss. Any direct expenses relating to the disposal is disclosed separately in operating expenses in the statement of profit or loss and other comprehensive income.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Impairment of financial assets

The company recognises a loss allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. The company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The company considers a financial asset in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(f) 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 the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(g) Income tax

Income tax expense represents the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

(h) Foreign currency transactions

The financial statements of the company is measured and presented in United States dollars, which is the functional currency of the company.

Transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

(i) Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash at bank that is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the company's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

(i) <u>Assessment as investment entity</u>

Ownership interests in the company are in the form of ordinary shares which are classified as equity in accordance with FRS 32 *Financial Instruments: Presentation* and which are exposed to variable returns from changes in the fair value of the company's net assets. The company has been deemed to meet the definition of an investment entity per FRS 110 as the following conditions exist:

- The company has obtained funds for the purpose of providing investors with investment-related services or activities.
- The company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income.
- The performance of the investment is measured and evaluated on a fair value basis.

Although the company does not meet all the typical characteristics of an investment entity, the Investment Manager believes it is nevertheless an investment entity as the company was established as an investment holding company to invest for returns from capital appreciation and investment income, and its investments are measured and evaluated at fair value.

Based on the assessment, management has concluded that the company meets the definition of an investment entity. This conclusion is reassessed on an annual basis, if any of the above criteria or characteristics change.

The company is exempted from consolidation in accordance with FRS 110, and its investments are measured at FVTPL.

(b) Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, is discussed below:

(i) Fair value of financial assets at FVTPL

The Board of Directors of the company has set up a valuation committee to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the FVTPL of an asset, the company uses a combination of transaction valuation, market comparables approach and income approach, each of which involves a significant degree of judgement. Under the transaction valuation approach, investments acquired near to the end of the reporting year are carried at purchase cost or recent transacted price, which approximate the fair value of the investments. This approach assumes that there is no significant difference in the acquisition price to the fair value of the underlying investments at end of the reporting year. Under the market approach, fair value is determined by reference to observable valuation measures for comparable companies or assets. Under the income approach, fair value is determined by converting future amounts (e.g. cash flows or earnings) to a single present amount (discounted) using current market expectation about those future amounts.

In certain cases, the results of the discounted cash flow approach can significantly be impacted by these estimates. Upon completion of the valuations conducted using the transaction valuation, market comparables approach and the income approach, a weighting is ascribed to each method. The ultimate fair value recorded for a particular investment will generally be within the range suggested by the two methodologies. When determining the weighting ascribed to each valuation methodology, the company considered among other factors, the availability of direct market comparables, the applicability of a discounted cash flow analysis and the expected hold period manner of realisation for the investment.

The valuation process involved for measurement of Level 3 investments is completed on a quarterly basis by the company's valuation committee and is designed to subject the valuation to an appropriate level of consistency, oversight and review. The fair values assigned to the investments are based upon available information and do not necessarily represent amounts which might ultimately be realised. Due to the absence of readily ascertainable market values and the inherent uncertainty of valuations, the estimated values may differ significantly from values that would have been used had a ready market for the securities existed, and the differences could be material.

Information about the valuation techniques and inputs used in determining the fair value of financial assets through profit or loss are disclosed in Note 4. The carrying amount of the financial assets at FVTPL are disclosed in Note 9.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the year:

	2020	2019
	US$	US$
Financial assets		
Financial assets measured at FVTPL	459,498,979	383,376,314
Amortised cost	479,183	850,812
Financial liability		
Amortised cost	19,772	14,021

(b) Financial risk management policies and objectives

The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. The company's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit and liquidity risk. There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. Cash and cash equivalents held with creditworthy financial institutions is considered to have low credit risk and subject to immaterial credit loss.

(ii) Market risk management

The company is exposed to equity risks arising from its underlying investment classified as financial asset at FVTPL.

The company's transactions are mainly denominated in its functional currency except for its financial assets at FVTPL which has underlying investments denominated in Chinese Renminbi.

Please refer to Note 4(b)(iv) for information on how the fair value is determined.

The company is exposed to minimal interest rate risk as there is no interest bearing financial instruments held by the entity at the end of reporting year.

(iii) Liquidity risk management

The company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

Other than the financial assets at FVTPL as disclosed in Note 9, all financial liabilities and assets in 2020 and 2019 are due within 1 year from the end of the reporting year.

(iv) Fair value of financial assets and financial liabilities

Except for the financial assets measured at FVTPL, management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value of the company's financial assets that are measured at fair value on a recurring basis

The company's investments are measured at fair value at the end of each reporting year. The table below gives information about how the fair value of the investment is determined (in particular, the valuation techniques and inputs used).

Financial asset	Fair value US$	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial asset at FVTPL (Note 9)					
2020					
Unquoted shares	459,498,979	Level 3	Market comparables – in this approach, reference is made to observable valuation measures for comparable companies.	Market comparable enterprise value resulting from an adjusted multiple of Last Twelve Month Price Earning ("LTM P/E") of 22.1x and Next Twelve Month Price Earning ("NTM P/E") of 19.8x resulting from trading comparable analysis.	An increase in the LTM P/E multiple would result in an increase in the fair value. An increase in the NTM P/E multiple would result in an increase in the fair value.
			Income capitalisation – in this approach, the discounted cash flow ("DCF") method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the underlying investments.	Weighted average cost of capital ("WACC") of 12.4% and terminal EBITDA multiple of 7.0x are used to determine the enterprise value.	An increase in the WACC would result in a decrease in the fair value. A 5% increase/decrease in the terminal EBITDA multiple, the fair value would increase/decrease by $707,000.
			Inputs to both market comparables approach and income approach.	10% valuation discount is used which is based on: 5% base illiquidity discount and 5% discount since the underlying investments have <US$100m. of Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA").	An increase in the discount for lack of marketability would result in a decrease in the fair value.

				Weight ascribed to income capitalisation/DCF is at 50% and market comparables approach at 50%.	An increase in the weight ascribed to the income approach would increase the fair value if the income approach results in a higher valuation than the market comparables approach. An increase in the weight ascribed to the market comparables approach would increase the fair value if the market comparables approach results in a higher valuation than the income approach.
2019					
Unquoted shares	383,376,314	Level 3	Transaction valuation	No quantitative information has been presented as the fair value measurement of the underlying investments is based on recent transacted price, without adjustment, which the Board of Directors deemed to approximate the fair value of the underlying investments at end of the reporting period.	
			Market comparables – in this approach, reference is made to observable valuation measures for comparable companies.	Market comparable enterprise value resulting from an adjusted multiple of Last Twelve Month Price Earning ("LTM P/E") of 28.7x and Next Twelve Month Price Earning ("NTM P/E") of 25.4x resulting from trading comparable analysis.	An increase in the LTM P/E multiple would result in an increase in the fair value. An increase in the NTM P/E multiple would result in an increase in the fair value.

			Income capitalisation – in this approach, the discounted cash flow ("DCF") method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the underlying investments.	Weighted average cost of capital ("WACC") of 14.0% and terminal EBITDA multiple of 7.0x are used to determine the enterprise value.	An increase in the WACC would result in a decrease in the fair value. An increase in the terminal EBITDA multiple would result in an increase in the fair value.
			Inputs to both market comparables approach and income approach.	10% valuation discount is used which is based on: 5% base illiquidity discount and 5% discount since the underlying investments have <US$100m of Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA").	An increase in the discount for lack of marketability would result in a decrease in the fair value.
			Inputs to transaction valuation, market comparables approach and income approach.	Weight ascribed to income capitalisation/DCF is at 25%, market comparables at 25% and transaction valuation at 50%.	An increase in the weight ascribed to the income approach would increase the fair value if the income approach results in a higher valuation than the market comparables approach and transaction valuation method. An increase in the weight ascribed to the market comparables approach would increase the fair value if the market comparables approach results in a higher valuation than the income approach and transaction valuation.

					An increase in the weight ascribed to transaction valuation method would increase the fair value if the transaction valuation method results in a higher valuation than the income approach and market comparables approach.

Reconciliation of Level 3 fair value financial instrument

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the year:

	2020	2019
	US$	US$
Balance as at beginning of year	383,376,314	66,161,428
Purchases	12,752,012	46,344,776
Gain recognised in the statement of profit or loss:		
Change in fair value on financial asset at FVTPL	63,370,653	270,870,110
Balance as at end of year	459,498,979	383,376,314

(c) Capital management policies and objectives

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises only issued share capital and retained earnings. The company's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is primarily owned by KKR Asia III Fund Investments Pte. Ltd., incorporated in Singapore, which in turn is wholly owned by KKR Asian Fund III L.P., an Ontario-based limited partnership. Its General Partner, KKR Associates Asia III SCSp, is a consolidated subsidiary of KKR & Co. Inc.. As KKR & Co. Inc. is deemed to have substantive controlling rights over its General Partner through its general partner interest held by KKR Asia III S.à r.l., related companies in these financial statements refer to the members of KKR & Co. Inc.'s group of companies.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

Significant intercompany transactions are as follows:

	2020	2019
	US$	US$
Investment transaction fee paid to a related company	382,560	540,000
Management fee paid to a related company	144,000	144,000

6 OTHER RELATED PARTY TRANSACTIONS

The directors, who are also the only members of key management, did not receive any remuneration from the company during the year ended December 31, 2020 and 2019.

7 CASH AND CASH EQUIVALENTS

	2020	2019
	US$	US$
Cash at bank	479,183	850,812

8 OTHER RECEIVABLE

	2020	2019
	US$	US$
Goods and services tax recoverable	11,133	14,161

9 INVESTMENTS

	2020	2019
	US$	US$
Unquoted shares, at fair value	459,498,979	383,376,314

Unquoted shares are measured at FVTPL in accordance with FRS 109 - *Financial Instruments*.

Increase in the fair value of financial assets at FVTPL, amounting to 2020: US$63,370,653 (2019: US$270,870,110) have been included in profit or loss for the year as "Change in fair value on financial asset at fair value through profit or loss".

10 OTHER PAYABLES

	2020	2019
	US$	US$
Accrued expenses	19,772	14,021

11 SHARE CAPITAL

	2020	2019	2020	2019
	Number of shares		US$	US$
Issued and paid up:				
Ordinary shares:				
At the beginning of the year	5,635,000	3,190,001	5,635,000	3,190,001
Issue of shares during the year	666,750	2,444,999	666,750	2,444,999
At the end of the year	6,301,750	5,635,000	6,301,750	5,635,000
Issued and paid up:				
Preference shares:				
At the beginning of the year	107,065,001	60,610,000	107,065,001	60,610,000
Issue of shares during the year	12,668,250	46,455,001	12,668,250	46,455,001
At the end of the year	119,733,251	107,065,001	119,733,251	107,065,001
Total share capital			126,035,001	112,700,001

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Board of Directors.

All preference shares are fully paid. The preference shares carry one vote per share and a right to dividends as and when declared by the Board of Directors. The preference shares are redeemable at the sole discretion of the Board of Directors.

On return of capital by the company, the preference shareholders shall be paid first for any preference dividends which have been declared and remains unpaid followed by the redemption amounts for their preference shares and the balance would be distributed among the holders of any class of the shares including the preference shareholders other than shares not entitled to participate in such assets is in accordance with the respective rights attaching thereto.

12 OPERATING EXPENSES

	2020	2019
	US$	US$
Professional fees	429,218	1,323,165
Other expenses	7,618	13,113
	436,836	1,336,278

13 INCOME TAX

There is no income tax expense for the year ended December 31, 2020 and 2019 as the company has no chargeable income.

In 2019, the company has been approved for the enhanced-tier fund tax incentive scheme under Section 13X of the Income Tax Act with effect from May 16, 2019. The tax exemption status will be for the life of the company provided the fund continues to meet the terms and conditions set out in MAS circular – FDD Circular 06/2014 and the relevant income tax legislations.

14 OTHER MATTERS

The outbreak of a novel strain of coronavirus ("COVID-19") continues to impact the countries throughout the world. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in equity prices and lower interest rates, and causing furloughs and layoffs in the labour market.

Given the ongoing nature of the outbreak, at this time we cannot reasonably predict the magnitude of the ultimate impact that COVID-19 will have on the company's business, financial performance and operating results. We believe COVID-19's adverse impact on the company's business, financial performance and operating results will be significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; and the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19. We are monitoring developments relating to the global spread of COVID-19 and continue to assess the potential adverse impact on the company's business.