

BUSS GLOBAL HOLDINGS PTE. LTD.

(Registration No: 201130802Z)

Statement by Directors and Financial Statements

Year Ended 31 December 2020

RSM Chio Lim LLP

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Wilkie Edge, Singapore 228095

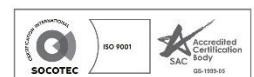
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BUSS GLOBAL HOLDINGS PTE. LTD.

Statement by Directors and Financial Statements

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BUSS GLOBAL HOLDINGS PTE. LTD.

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the 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 approved and authorised these financial statements for issue.

2. Directors

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

Wong Chit Kwong
Dr. Johann Killinger
Dr. Dirk Klaus Baldeweg

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>Direct interest</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>The company</u>	<u>Number of class A shares of no par value</u>	
Wong Chit Kwong	3,000	3,000
Dr. Johann Killinger	3,000	3,000
Dr. Dirk Klaus Baldeweg	3,000	3,000

BUSS GLOBAL HOLDINGS PTE. LTD.

3. Directors' interests in shares and debentures (cont'd)

<u>Name of directors and companies in which interests are held</u>	<u>Direct interest</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>The company</u>	<u>Number of class A1 shares of no par value</u>	
Wong Chit Kwong	373,750	373,750
Dr. Johann Killinger	2,127,125	2,127,125
Dr. Dirk Klaus Baldeweg	375,375	375,375
	<u>Number of class A2 shares of no par value</u>	
Wong Chit Kwong	373,750	373,750
Dr. Johann Killinger	2,127,125	2,127,125
Dr. Dirk Klaus Baldeweg	375,375	375,375
	<u>Number of class B shares of no par value</u>	
Wong Chit Kwong	30,312	30,312
Dr. Johann Killinger	176,110	176,110
Dr. Dirk Klaus Baldeweg	31,078	31,078

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

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

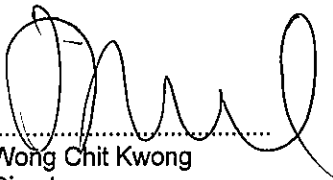
At the end of the reporting year, there were no unissued shares under option.

BUSS GLOBAL HOLDINGS PTE. LTD.

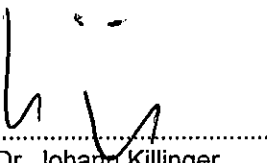
6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors



.....
Wong Chit Kwong
Director



.....
Dr. Johann Killinger
Director

15 AUG 2021

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**Independent Auditor's Report to the Members of
BUSS GLOBAL HOLDINGS PTE. LTD.**

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Buss Global Holdings Pte. Ltd., (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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

Independent Auditor's Report to the Members of BUSS GLOBAL HOLDINGS PTE. LTD.

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Other information (cont'd)

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the 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:

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

**Independent Auditor's Report to the Members of
BUSS GLOBAL HOLDINGS PTE. LTD.**

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

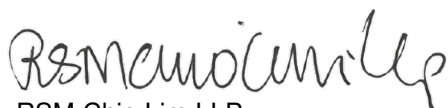
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) 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.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

15 August 2021

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2020**

	Notes	<u>2020</u> \$	<u>2019</u> \$
Revenue	4	9,118	11,172
Cost of sales		(7,234)	(7,199)
Gross profit		<u>1,884</u>	<u>3,973</u>
Interest income	6	270	409
Other gains	5	1,818	10,576
Administrative expenses		(2,660)	(2,671)
Finance costs	7	(1,979)	(4,224)
Other losses	5	(2,632)	(6,029)
Share of profit from partnerships	12b	<u>84</u>	<u>525</u>
(Loss) / Profit before tax from continuing operations		<u>(3,215)</u>	<u>2,559</u>
Income tax benefit	9	<u>48</u>	<u>7</u>
Total comprehensive (loss) / income		<u><u>(3,167)</u></u>	<u><u>2,566</u></u>
Total comprehensive (loss) / income attributable to:			
Owners of the parent		(3,138)	2,393
Non-controlling interests		<u>(29)</u>	<u>173</u>
		<u><u>(3,167)</u></u>	<u><u>2,566</u></u>

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

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Statements of Financial Position
As at 31 December 2020**

	Notes	<u>Group</u>		<u>Company</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		\$	\$	\$	\$
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	10	48,370	42,483	–	–
Right-of-use assets	11	229	–	–	–
Investment in partnerships	12	10,203	16,185	1,106	1,915
Investment in subsidiaries	13	–	–	6,786	7,924
Investment in joint operation	14	–	–	–	–
Receivable from finance leases	15	3,249	2,323	–	–
Trade and other receivables	16	491	–	–	408
Other assets	17	160	–	–	–
Deferred tax assets	9	846	883	–	–
Total non-current assets		63,548	61,874	7,892	10,247
<u>Current assets</u>					
Trade and other receivables	16	8,829	8,346	857	438
Receivable from finance lease	15	180	318	–	–
Other assets	17	65	171	–	–
Cash and cash equivalents	18	9,239	7,773	1,110	650
Total current assets		18,313	16,608	1,967	1,088
Total assets		81,861	78,482	9,859	11,335
EQUITY AND LIABILITIES					
Share capital	19	6,478	6,478	6,478	6,478
Capital reserve	19	(120)	(120)	(120)	(120)
Retained earnings		3,676	6,814	3,417	4,888
Equity, attributable to owners of the parent		10,034	13,172	9,775	11,246
Non-controlling interests		(919)	(890)	–	–
Total equity		9,115	12,282	9,775	11,246
<u>Non-current liabilities</u>					
Deferred tax liabilities	9	236	334	–	–
Trade and other payables	20	2,100	2,728	–	–
Bonds payable	21	–	25,163	–	–
Secured debt	22	29,984	17,512	–	–
Other liabilities	23	16	–	–	–
Derivative financial instruments	24	19	42	–	–
Loans payable	25	5,255	7,134	–	–
Lease liabilities	26	470	631	–	–
Total non-current liabilities		38,080	53,544	–	–

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

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Statements of Financial Position (cont'd)
As at 31 December 2020**

	Notes	<u>Group</u>		<u>Company</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		\$	\$	\$	\$
<u>Current liabilities</u>					
Income tax payable		24	29	–	–
Trade and other payables	20	5,943	5,525	84	89
Bonds payable	21	20,712	539	–	–
Secured debt	22	3,891	3,444	–	–
Derivative financial instruments	24	43	5	–	–
Loans payable	25	3,051	2,476	–	–
Lease liabilities	26	1,002	638	–	–
Total current liabilities		<u>34,666</u>	<u>12,656</u>	<u>84</u>	<u>89</u>
Total liabilities		<u>72,746</u>	<u>66,200</u>	<u>84</u>	<u>89</u>
Total equity and liabilities		<u>81,861</u>	<u>78,482</u>	<u>9,859</u>	<u>11,335</u>

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

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Statements of Changes in Equity
Year Ended 31 December 2020**

<u>Group</u>	<u>Total equity</u> \$	<u>Attributable to parent sub-total</u> \$	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Capital reserve</u> \$	<u>Non-controlling interests</u> \$
Current year:						
Opening balance at 1 January 2020	12,282	13,172	6,478	6,814	(120)	(890)
Changes in equity:						
Total comprehensive loss	<u>(3,167)</u>	<u>(3,138)</u>	<u>–</u>	<u>(3,138)</u>	<u>–</u>	<u>(29)</u>
Closing balance at 31 December 2020	<u>9,115</u>	<u>10,034</u>	<u>6,478</u>	<u>3,676</u>	<u>(120)</u>	<u>(919)</u>
Previous year:						
Opening balance at 1 January 2019	9,714	10,777	6,476	4,421	(120)	(1,063)
Changes in equity:						
Issue of share capital (Note 19)	2	2	2	–	–	–
Total comprehensive income	<u>2,566</u>	<u>2,393</u>	<u>–</u>	<u>2,393</u>	<u>–</u>	<u>173</u>
Closing balance at 31 December 2019	<u>12,282</u>	<u>13,172</u>	<u>6,478</u>	<u>6,814</u>	<u>(120)</u>	<u>(890)</u>

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Statements of Changes in Equity
Year Ended 31 December 2020**

<u>Company</u>	<u>Total equity</u> \$	<u>Share capital</u> \$	<u>Capital reserve</u> \$	<u>Retained earnings</u> \$
Current year:				
Opening balance at 1 January 2020	11,246	6,478	(120)	4,888
Changes in equity:				
Total comprehensive loss	<u>(1,471)</u>	<u>–</u>	<u>–</u>	<u>(1,471)</u>
Closing balance at 31 December 2020	<u>9,775</u>	<u>6,478</u>	<u>(120)</u>	<u>3,417</u>
Previous year:				
Opening balance at 1 January 2019	17,137	6,476	(120)	10,781
Changes in equity:				
Issue of share capital (Note 19)	2	2	–	–
Total comprehensive loss	<u>(5,893)</u>	<u>–</u>	<u>–</u>	<u>(5,893)</u>
Closing balance at 31 December 2019	<u>11,246</u>	<u>6,478</u>	<u>(120)</u>	<u>4,888</u>

The accompanying notes form an integral part of these financial statements

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Consolidated Statement of Cash Flows
Year Ended 31 December 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash flows from operating activities		
(Loss)/Profit before tax	(3,215)	2,559
Covid19 related rent concessions from lessor	(8)	–
Interest income	(14)	(26)
Interest expense	1,491	2,681
Share of profit from partnerships	(84)	(525)
Depreciation of equipment	4,596	4,311
Depreciation of right-of-use asset	113	–
Impairment loss on equipment	–	1,200
Exchange difference	1,558	(1,226)
Reversal for impairment of trade receivables	(98)	(109)
Bad debts written off	380	–
Amortization of debt issuance costs	488	1,231
Gain on disposal of equipment	(595)	(7,509)
Goodwill written off	–	164
Write off investment in joint venture	–	77
Write off other receivables	–	3,628
Changes in fair values of derivative financial instruments	15	(38)
Operating cash flows before changes in working capital	<u>4,627</u>	<u>6,418</u>
Trade and other receivables	(1,256)	3,802
Inventory	–	2,085
Net investment in finance leases	6,021	13,740
Other assets	(54)	(88)
Trade and other payables	(250)	(5,409)
Other liabilities	16	(14)
Cash restricted in use over 3 months	<u>(37)</u>	<u>338</u>
Net cash flows from operating activities before tax	<u>9,067</u>	<u>20,872</u>
Income taxes (refunded) / paid	(18)	8
Net cash flows from operating activities	<u>9,049</u>	<u>20,880</u>
Cash flows from investing activities		
Investment in partnerships	–	(3,214)
Return of capital from partnerships	6,066	3,788
Purchase of plant and equipment	(24,332)	(9,592)
Proceeds from plant and equipment	7,635	64,785
Acquisition of subsidiary (net of cash) (Note 27)	–	161
Interest received	14	26
Net cash flows (used in) / from investing activities	<u>(10,617)</u>	<u>55,954</u>

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollars (USD'000 or \$'000), except where otherwise noted)

**Consolidated Statement of Cash Flows (cont'd)
Year Ended 31 December 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash flows used in financing activities		
Issue of share capital	–	2
Drawdown of secured debt	34,363	1,931
Repayment of secured debt	(21,333)	(75,169)
Loans from related parties	1,639	2,271
Loans from shareholders	–	5,952
Repayment of loans from shareholders	(3,533)	–
Loans from outside parties	–	1,182
Repayment of loans from outside parties	(26)	–
Payment of debt issuance costs	(505)	(26)
Interest paid	(1,491)	(2,681)
Net payment from bonds	(6,026)	(8,870)
Lease liabilities - principal portion paid	(91)	–
Net cash flows from / (used in) financing activities	<u>2,997</u>	<u>(75,408)</u>
Net increase in cash and cash equivalents	1,429	1,426
Cash and cash equivalents, beginning balance	6,570	5,144
Cash and cash equivalents, ending balance (Note 18A)	<u>7,999</u>	<u>6,570</u>

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

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

Notes to the Financial Statements 31 December 2020

1. General

Buss Global Holdings Pte. Ltd. (the “company” or the “parent”) was incorporated in Singapore on 13 October 2011 with limited liability. The consolidated financial statements are presented in United States dollars and they cover the company and its subsidiaries (together the “group”). As of 31 December 2020, the company’s ultimate controlling party is Dr Johann Killinger, a German resident.

The board of directors approved and authorised these consolidated financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activity of the company is that of investment holding. The principal activities of its subsidiaries are stated in Note 33 to the consolidated financial statements.

The company is situated in Singapore and its registered office is at 72 Anson Road, #11-04 Anson House, Singapore 079911.

Uncertainties relating to the Covid-19 pandemic:

The Covid-19 pandemic and the aftermath of the pandemic has caused and continues to cause economic and market disruptions across countries, markets and industries. This has led to fluctuation in worldwide trade volumes and economic activity for the global industry throughout the year. The group incurred a loss after tax of \$3,167 (2019: profit of \$2,566) for the reporting year and as at that date, its current liabilities exceeded its current assets by \$16,353 (2019: net current assets of \$3,952). The net cash flows from operating activities was \$9,049 (2019: \$20,880). Continued disruptions from the Covid-19 pandemic may lead to increased credit concerns on trade receivables, reduced container demand, lower fleet utilisation, lower lease rates, lower disposal prices, disruptions in the capital market, increased risk of non-compliance with debt covenants and disruptions in operations and business processes. Management’s assessment of the group’s ability to generate sufficient cash flows from its operations and the availability of sufficient funds for its operations amidst the ongoing Covid-19 pandemic were important considerations in the use of going concern assumption to prepare the financial statements.

Management will continue to closely monitor the situation and mitigate the financial impact. It is however reasonably probable that the Covid-19 pandemic may have an adverse impact on the group’s revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the related interpretations to SFRS (“INT FRS”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

1. General (cont'd)

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The financial statements are presented in thousands of United States dollars (USD'000 or \$'000), except when otherwise indicated.

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

The equity accounting method is used for Associates, Joint Venture and certain Partnerships disclosed in the group financial statements. The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisitions or up to the dates of disposal which is the date on which effective control is obtained of the acquired business until that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year. Lease income is specifically excluded from the financial reporting standard on revenue from Contracts with Customer, and therefore, the standard only applies to sales of equipment portfolio and dispositions of used equipment.

(i) Lease Income

Lease income arises from the rental of the Equipment under Operating Leases to various international shipping lines and other transportation companies and is recorded when earned according to the terms of the rental contracts. The majority of the group's operating leases are cancellable by the lessees, subject to certain restrictions and penalties. The group recognises revenue on equipment on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

(ii) Rendering of Services

Revenue from the DPP Plans is recognised when earned (during the lease period under the daily plan, and at the time a container is returned under the lump-sum plan) and to recognise the related repair expense when incurred.

Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

(iii) Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Interest income is recognised using the effective interest method.

(v) Distribution income

Distribution income is recognised when the return on capital exceeds the investment in a Partnership (after taking into account post-acquisition change in the group's share of net asset of the Partnership, less any impairment in value). In subsequent years where the Partnership makes profits, the group will not recognise its share of the Partnership's subsequent profits until the distribution previously recognised in profit or loss has been "clawed back".

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grant

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Foreign currency transactions

The functional currency is the United States dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Debt issuance costs

Debt issuance costs related to the life of the Secured Debt Facilities are recognised initially at fair value and are recorded as a reduction in the balance of the related Secured Debt Facility. Amortization of these costs is recognised in the comprehensive income over the expected life of the related Secured Debt Facility using the effective interest method.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

Subsidiaries which are incorporated in Bermuda are exempted from taxation in accordance with the provision of the Exempted Undertakings Tax Provision Act, 1966 as amended until 31 March 2035.

The group has investment in partnerships which is subject to Singapore Corporate Income Tax. However, as the partnership is not an entity in law, the partners of the partnership will be taxed on its shares of income from the partnership.

The group is also subject to United States of America ("US") federal taxes as it is deemed to earn US sourced income on the containers that are physically present in the US.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment. The annual useful life of depreciation are over remaining lease term.

Leases as a lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term. For these leases, a right-of-use asset is recognised.

Leases as a lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Sale and leaseback arrangements involving the legal form of a lease

A sale and leaseback arrangement by the group involves the sale of the Equipment and the leasing back of the same Equipment. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

For sale and leaseback arrangement that results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately by the group. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

For sale and leaseback arrangement that results in a finance lease, it is clear that the repurchase agreement offers an unconditional commitment for the group to repurchase the Equipment that although the arrangement has the legal form of a sales and leaseback there has been no sale and no leaseback. The arrangement in substance does not involve a lease and FRS 17 will not apply.

The group legally sells the Equipment and leases the same Equipment back and the Buyer is obligated to sell the same Equipment back to the group at the end of the lease period at a pre-agreed amount. This has the overall practical effect when considering the lease payment to be received, of providing the buyer certain interest yield per annum on the purchase price. The group's risk and rewards incident to the owning of the underlying equipment do not substantially change and the substance of the arrangement is a financing arrangement whereby the group borrows cash, secured by the Equipment and repayable in instalments over the lease period and a final lump sum at the end of the lease period. The terms of the option precludes (i.e. to prevent the presence) recognition of a sale.

Damage protection plan ("DPP")

The group offers both daily and lump-sum damage protection plans (the DPP Plans) to certain lessees of its Equipment, whereby the group agrees to pay some portion of the repair costs of damaged Equipment that the lessee would otherwise be responsible for, as part of a lease agreement, in exchange for a certain fee paid by the lessees who have taken up a DPP Plan.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)**2A. Significant accounting policies (cont'd)****Plant and equipment****(i) Equipment**

The group purchases both new and used Equipment. The Equipment is stated at cost on initial recognition and is stated at cost less accumulated depreciation and any accumulated impairment losses for subsequent measurement.

The group depreciates new Equipment using the straight-line method over its estimated useful life from the date of manufacture, to an estimated dollar residual value.

The group depreciates used Equipment using the straight-line method over its estimated remaining useful life (equal to estimated useful life from its first in service date less the age of the container when acquired) to an estimated dollar residual value. Where the first in service date is not available, the manufacture date of the container will be used to determine the start-date for determining its remaining useful life.

The estimated residual value and useful life of the Equipment are as follows:

<u>Equipment Type</u>	<u>From Inception – Residual Value per unit of Equipment ⁽¹⁾</u>	<u>Estimated Useful Life</u>
Standard Dry Freight:		
20 Foot	850	12 years
40 Foot High Cube	1,000	12 years
Special Containers	800 – 3,000	12 years
Tank Containers	3,900	20 years
Reefers	2,500 – 2,800	12 years
Offshore Equipment	–	15 years

⁽¹⁾ Expressed in US Dollars

When Equipment is retired or otherwise disposed of, the cost and related accumulated depreciation of such Equipment is removed from the accounts and any resulting gain or loss is recognised in the determination of net income for the current period.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)**2A. Significant accounting policies (cont'd)****Plant and equipment (cont'd)**

The group periodically reviews the carrying value of all long-lived assets and compares the carrying value of the assets to the expected future cash flows for the purpose of assessing the recoverability of the recorded amounts. If the carrying value exceeds future cash flows, the assets are reduced to fair value. The residual value and useful life of an asset is reviewed at least at each financial period-end and, if expectations differ significantly from previous estimates, the differences are accounted for as a change in an accounting estimates, by adjusting the depreciation charge for the current and future periods.

As of 31 December 2020, the average remaining useful life of the Equipment is estimated to be as follows:

Equipment Type	Average remaining useful life, in years	
	2020	2019
Standard Dry Freight:		
20 Foot	3.9 – 6.3	6.0 – 8.7
40 Foot High Cube	4.6 – 6.9	6.3 – 10.3
Special Containers	4.5	5.5
Tank Containers	–	16.6
Reefers	0.7	0.1
Offshore Equipment	8.7	9.8

The group's current policy on disposal of Equipment limits the sale of Equipment to those units that are not subject to a lease contract, are in low-demand locations for extended periods, and/or are severely damaged.

(ii) Other Equipment

Other equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Furniture and Fittings	33%
Office and Computer Equipment	33%
Capitalised Software	20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 23 on non-current provisions.

Partnerships

A Partnership is a contractual arrangement with other parties to undertake an economic activity. The accounting for investment in a Partnership is on the equity method. The company's investment in a Partnership is carried on the statement of financial position at cost plus post-acquisition changes in the company's share of net assets of the Partnership less any impairment in value. The company's profit or loss includes its share of the Partnership's profit or loss and the company's other comprehensive income includes its share of the Partnership's other comprehensive. An impairment loss recognised in profit or loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The profit or loss reflects the company's share of the results of operations of the Partnership. Profits and losses resulting from transactions between the company and the Partnership are recognised in the financial statements only to the extent of unrelated investors' interests in the Partnership. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Losses of the Partnership in excess of the company's interest in the Partnership are not recognised except to the extent that the company has a binding obligation and is able to make an additional investment to cover the losses. Accounting policies of the Partnership are changed where necessary to ensure consistency with the policies adopted by the company. The carrying value and the net book value of the Partnership is not necessarily indicative of the amounts that would be realised in a current market exchange.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Joint arrangements – joint operations

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The reporting entity recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the financial reporting standards applicable to the particular assets, liabilities, revenues and expenses. When the reporting entity enters into a transaction with a joint operation, such as a sale or contribution of assets, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

Business combination

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standards on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Non-controlling interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

1. Financial asset classified as measured 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 fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) 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. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI). There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI). On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (e.g. equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

BUSS GLOBAL HOLDINGS PTE. LTD.

(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Derivative instruments and hedging activities

The group entered into interest rate swap contracts to hedge its risks associated with interest rate fluctuations for itself and also on behalf of a related party. The fair value changes on these derivative instruments are not subject to "hedge accounting", and the group therefore has classified them as "fair value through profit or loss".

As these derivative instruments do not qualify as a cash flow hedges, which requires (i) hedging of exposures to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or (ii) a highly probable forecast transaction that could affect the comprehensive income, the group classifies these derivative instruments as "fair value through profit or loss".

These hedges are initially recognised at fair value on the date on which they are entered into and are subsequently re-measured at fair value through profit or loss and other comprehensive income, as determined from time to time by reference to market values for similar instruments. The hedges are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Bonds payable

The group issues bonds as a form of financing. The bonds are recognised initially at fair value at cost less directly attributable transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. The bonds require the group to pay interest quarterly and to pay the face or principal amount on the date that the bonds mature.

After initial recognition, bonds are subsequently measured at amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. If the group issues a bond and receives more than the bond's face amount (excluding any accrued interest), the bond is said to have sold at a premium. This additional amount is recorded in a liability account entitled Premium on Bonds Payable or Bond Premium. If the amount received is less than the bond's face amount, the bond is said to have been sold or issued at a discount. The shortfall between the amount received (excluding accrued interest) and the bond's face amount is recorded in a contra liability account entitled Discount on Bonds Payable or Bond Discount. The premium or discount is amortised using the straight-line method over the expected life of the bonds

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

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowings

The group entered into various sales and leaseback arrangement where the substance of the arrangement is a financing arrangement whereby the group borrows cash, secured by the Equipment and repayable in instalments over the lease period and a final lump sum at the end of the lease period. The borrowings are recognised initially at fair value at cost less directly attributable transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability. An incremental cost is one that would not have been incurred if the group had not acquired, issued or disposed of the financial instrument. The borrowings require the group to pay interest quarterly and to pay the face or principal amount on the date that the borrowings mature.

After initial recognition, borrowings are subsequently measured at amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Amortization of these costs is recognised in the income statement over the expected life of the related Secured Debt Facility using the effective interest method.

Fair value measurement

The 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the period they occur.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Financial instruments such as redeemable preference shares and other puttable financial instruments which are mandatorily redeemable on a specific date, or at the option of the owners or if dividend payments are not discretionary, are classified as financial liabilities. The dividends on these preference shares classified as financial liabilities are recognised in profit or loss as finance cost.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Repurchased shares are classified as treasury shares.

When treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented in capital reserve and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful life and residual value of Equipment

The depreciable cost of the Equipment (cost minus residual value) is depreciated on a straight-line basis over each unit's estimated useful life. The group annually reviews the estimated useful lives and residual values of the Equipment, based on factors that include asset utilisation, anticipated use of the assets and anticipated market values of the assets. It is possible that results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned. Changes in the expected level of usage and technological developments could also impact the useful lives and residual values of the Equipment.

(ii) Impairment of Equipment

Equipment is reviewed for impairment whenever there is an indication that the carrying value of any of the Equipment may be impaired. An assessment is made at each reporting date whether there is any indication that a unit of Equipment may be impaired. If any such indication exists, the recoverable amount of such Equipment is estimated to ascertain the amount of impairment loss. The recoverable amount of a unit of Equipment is defined as the higher of (i) its fair value less cost to sell and (ii) its value in use. This assessment requires significant judgment. The carrying amount of the Equipment is disclosed in Note 10.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

(iii) Measurement of impairment of subsidiary

Where an investee is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is \$4,990 (2019: \$7,186).

(iv) Expected credit loss allowance on trade receivables

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates (including the impact of the Covid-19 pandemic). At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 16 on trade receivables.

(v) Leases

Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently changed unless there are changes to the contract documents. Contracts which transfer all significant risks and benefits associated with the underlying asset to the lessee are classified as finance leases. This usually applies to long-term lease contracts or where ownership is transferred to the lessee at the expiry of the lease term. All conditions in a contract are assessed and the classification depends to a certain extent on judgement based on the actual circumstances of the agreement. Uncertainty relating to the useful lives and residual values of assets and the impairment test principles is the same for assets held under finance leases as for own assets.

(vi) Fair value of financial instruments

The interest rate swaps with financial institutions are not traded in an active market. As a result, the fair value is based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

(vii) Income tax amounts

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 9.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

As at 31 December 2020, the company's ultimate controlling party is Dr Johann Killinger, a German resident. Related companies in these financial statements include the groups of entities under Dr. Johann Killinger by virtue of his controlling shareholding in the individual entities.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

3. Related party relationships and transactions (cont'd)**3A. Related party transactions: (cont'd)**

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

<u>Group</u>	<u>Related Parties</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Bond service fee expense	(462)	(461)
Management fee income	138	13
Rental income	140	195
Service fee income	234	147
Service fee expense	(231)	(293)
Sales and marketing fee	—	(147)

3B. Key Management Compensation:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Salaries and other short-term employee benefits	305	311
Director's Fees	20	15
	<u>325</u>	<u>326</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly. The above amounts for key management compensation are for certain directors and other key management personnel. The amounts above do not include compensation received by these individuals from any related parties in their capacity as directors and or executives of those related parties.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

3. Related party relationships and transactions (cont'd)**3C. Other receivables from / (payables to) related parties**

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from / (payables to) related parties are as follows:

<u>Group</u>	<u>Related Parties</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Other receivables / (payables)		
Balance at beginning of year	(1,533)	1,941
Amounts paid out and settlement of liabilities on behalf of related parties	(2,430)	(6,723)
Amounts paid in and settlement of liabilities on behalf of the company	3,596	3,249
Balance at end of year	<u>(367)</u>	<u>(1,533)</u>
Presented in the statement of financial position as follows:		
Other receivables (Note 16)	4,381	15
Other payables (Note 20)	(4,748)	(1,548)
Balance at end of year	<u>(367)</u>	<u>(1,533)</u>

4. Revenue

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Leasing revenue:		
- Transportation equipment leasing	8,520	10,616
- Equipment management fees	11	14
Non-leasing revenue:		
- Service fee	574	531
- Other income	13	11
	<u>9,118</u>	<u>11,172</u>

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

5. Other gains and (losses)

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Bad debt written off	(380)		–
Covid-19 related rent concessions from lessor	8		–
Debt issuance costs (Note 22)	(17)		–
Dividend from joint venture	–		82
Foreign exchange adjustment (loss) / gain	(1,543)		1,172
Gain from settlement of derivative financial instruments	88		–
Gain on disposal of equipment, net	595		7,509
Gain on fair value changes in derivative instruments (Note 24)	255		493
Impairment allowance on goodwill – loss	–		(164)
Impairment loss on equipment	–		(1,200)
Investment in joint venture written off	–		(77)
Loss from unwinding of derivative financial instruments	(124)		(362)
Loss on disposal of subsidiary (Note 28)	(2)		–
Loss on fair value changes in derivative instruments (Note 24)	(437)		(598)
(Loss) / gain on disposal of finance lease equipment	(129)		361
Rental income	140		195
Reversal for impairment of trade receivables	98		109
Write-off of contingent consideration receivable	–		(3,628)
Others	634		655
	<u>(814)</u>		<u>4,547</u>
Presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as:			
Other gains	1,818		10,576
Other losses	<u>(2,632)</u>		<u>(6,029)</u>
	<u>(814)</u>		<u>4,547</u>

6. Interest income

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Interest income	14		26
Net gain from finance lease	256		383
	<u>270</u>		<u>409</u>

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

7. Finance charges

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Amortisation of bond and debt issuance cost	488		1,268
Swap expenses	–		275
Interest expense	815		514
Interest expense – lease liabilities	4		–
Interest expense – secured debt (Note 22)	672		2,167
	<u>1,979</u>		<u>4,224</u>

8. Employee benefit expense

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Employee benefits expense	968		852
Contributions to defined contribution plan	28		24
Total employee benefits expense	<u>996</u>		<u>876</u>

These amounts form part of the Administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

9. Income tax**9A Components of tax (expense) income recognised in profit or loss:**

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Current tax expenses:			
Income tax expense	(13)		–
Subtotal	<u>(13)</u>		<u>–</u>
Deferred tax benefit / (expense)	84		(194)
Un-recognised deferred tax assets recognised in current year	(23)		201
Subtotal	<u>61</u>		<u>7</u>
Total income tax benefit	<u>48</u>		<u>7</u>

A subsidiary of the group was awarded the Approved Container Investment Manager (“ACIM”) status for a period of 10 years with effect from 1 March 2009. This was further extended for another 5 years from 1 March 2019. As such, the revenue from qualifying activities under Section 43ZB of the Singapore Income Tax Act and any prescribed regulations thereunder is eligible for the concessionary tax rate of 10%.

The group is also subject to United States of America (“US”) federal taxes as it is deemed to earn US sourced income on the containers that are physically present in the US.

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9. Income tax (cont'd)**9A Components of tax (expense) income recognised in profit or loss: (cont'd)**

The group's income tax expense varied from the amount of income tax expense that would have been determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit before income tax as a result of the following differences:

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Tax rate reconciliation:			
(Loss) / profit before tax	<u>(3,215)</u>		<u>2,559</u>
Income tax credit / (expense) at the above rate	547		(445)
Income subject to US Federal tax	2		5
Income not subject to tax	(448)		(448)
Non allowable items	(951)		(3,194)
Difference in tax rate	(13)		(99)
Un-recognised deferred tax asset	937		3,982
(Over) / Under adjustments to tax in respect of prior periods	(23)		201
Others	(3)		5
Total income tax benefit	<u>48</u>		<u>7</u>

9B Deferred tax income recognised in profit or loss includes:

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Excess of net book value over tax written down value #	333		4,095
Unused tax losses available	(839)		474
Unused capital allowances #	28		(3,528)
Deferred US federal tax #	28		901
Deferred tax valuation allowance	511		(1,935)
Total deferred tax expense	<u>61</u>		<u>7</u>

In connection with interest in Partnerships

9C Deferred tax balances in statement of financial position

The deferred tax amounts are as follows:

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Excess of net book value over tax written down value #	(265)		(598)
Unused tax losses available	953		1,792
Unused capital allowances #	393		365
Deferred US federal tax #	1,325		1,297
Deferred tax valuation allowance	(1,796)		(2,307)
Net deferred tax asset	<u>610</u>		<u>549</u>

In connection with interest in Partnerships

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9. Income tax (cont'd)**9C Deferred tax balances in statement of financial position (cont'd)**

The realisation of the future income tax benefits from tax loss carry forwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Presented in the Statement of Financial Position as follows:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Deferred tax liabilities	(236)	(334)
Deferred tax assets	<u>846</u>	<u>883</u>
Net balance	<u><u>610</u></u>	<u><u>549</u></u>

10. Plant and equipment

Group	<u>Containers</u>	<u>Furniture, fittings and renovations</u>	<u>Computer and office equipment</u>	<u>Capitalised software</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Cost:</u>					
At 1 January 2019	120,510	77	135	1,782	122,504
Additions	9,525	67	–	–	9,592
Disposals	(64,594)	(36)	(37)	–	(64,667)
Transfer to finance lease	(817)	–	–	–	(817)
At 31 December 2019	<u>64,624</u>	<u>108</u>	<u>98</u>	<u>1,782</u>	<u>66,612</u>
Additions	24,308	16	8	–	24,332
Disposals	(8,856)	–	(18)	–	(8,874)
Transfer to finance lease	(6,860)	–	–	–	(6,860)
At 31 December 2020	<u><u>73,216</u></u>	<u><u>124</u></u>	<u><u>88</u></u>	<u><u>1,782</u></u>	<u><u>75,210</u></u>
<u>Accumulated Depreciation:</u>					
At 1 January 2019	24,075	71	126	1,775	26,047
Depreciation for the year	4,295	6	4	6	4,311
Impairment loss	1,200	–	–	–	1,200
Disposals	(7,318)	(36)	(37)	–	(7,391)
Transfer to finance lease	(38)	–	–	–	(38)
At 31 December 2019	<u>22,214</u>	<u>41</u>	<u>93</u>	<u>1,781</u>	<u>24,129</u>
Depreciation for the year	4,565	27	3	1	4,596
Disposals	(1,816)	–	(18)	–	(1,834)
Transfer to finance lease	(51)	–	–	–	(51)
At 31 December 2020	<u><u>24,912</u></u>	<u><u>68</u></u>	<u><u>78</u></u>	<u><u>1,782</u></u>	<u><u>26,840</u></u>
<u>Carrying Value:</u>					
At 1 January 2019	<u>96,435</u>	<u>6</u>	<u>9</u>	<u>7</u>	<u>96,457</u>
At 31 December 2019	<u><u>42,410</u></u>	<u><u>67</u></u>	<u><u>5</u></u>	<u><u>1</u></u>	<u><u>42,483</u></u>
At 31 December 2020	<u><u>48,304</u></u>	<u><u>56</u></u>	<u><u>10</u></u>	<u><u>–</u></u>	<u><u>48,370</u></u>

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10. Plant and equipment (cont'd)

The depreciation expense and impairment losses are included in the following expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	<u>Cost of Sales</u> \$	<u>Administrative Expenses</u> \$	<u>Other Losses</u> \$	<u>Total</u> \$
2020	4,565	31	–	4,596
2019	4,295	16	1,200	5,511

Certain items of plant and equipment at a carrying value of \$44,460 (2019: \$35,611) are pledged as collateral for debt obligation (Note 22).

Certain items of the plant and equipment are under lease liability agreements (see Note 26).

11. Right-of-use assets

	<u>Office Premise</u> \$	<u>Building</u> \$	<u>Total</u> \$
<u>Cost:</u>			
At 1 January 2020	–	–	–
Additions	301	41	342
At 31 December 2020	301	41	342
<u>Accumulated depreciation:</u>			
At 1 January 2020	–	–	–
Depreciation for the year	100	13	113
At 31 December 2020	100	13	113
<u>Carrying value:</u>			
At 31 December 2020	201	28	229

The right-of-use assets relate to the group's lease contracts for an office premise and a building. The lease period for the office premise starts from 1 January 2020 for 3 years with extension option. The related lease liability is in Note 26. The lease period for the building starts from 1 March 2019 for 4 years. The lease had been prepaid in prior years.

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12. Investment**12a. Investment held in trust of partnership**

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Investment held in Trust:		
GCA 2016 Holdings Limited (GCA 2016H) (*)	—	—
	<u>—</u>	<u>—</u>

(*) In September 2016, Buss Container International 4 GmbH & Co. KG, Singapore Branch and BCI 4 Pte. Ltd. as partners of BCI 4 Partnership ("BCI4P") entered into a Trust Agreement with BCI4P to hold an 82.5% shareholding in GCA2016 Holdings Limited ("GCA 2016H") on its behalf in the same percentage as the equity interest each holds in BCI4P. The arrangement was undertaken as an unlimited partnership has no legal identity under Singapore law and was unable to own the shares in its own right notwithstanding.

12b. Investment in partnerships (unquoted)

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Investment in Partnerships	<u>10,203</u>	<u>16,185</u>	<u>1,106</u>	<u>1,915</u>
Unquoted equity in Partnerships, at cost	14,701	14,701	2,059	2,059
Share of profit	10,117	10,033	539	527
Return of capital from Partnerships	<u>(14,615)</u>	<u>(8,549)</u>	<u>(1,492)</u>	<u>(671)</u>
	<u>10,203</u>	<u>16,185</u>	<u>1,106</u>	<u>1,915</u>
At the beginning of the year	16,185	16,574	1,915	2,041
Additional investment	—	3,214	—	434
Share of profit	84	525	12	140
Return of capital from Partnerships	(6,066)	(3,788)	(821)	(514)
Reclassify to investment in subsidiaries	<u>—</u>	<u>(340)</u>	<u>—</u>	<u>(186)</u>
	<u>10,203</u>	<u>16,185</u>	<u>1,106</u>	<u>1,915</u>

The group does not have legal or constructive obligations on behalf of the partnerships. Hence, share of losses of partnerships exceeding the amount of the investment are not recognised as losses in the profit or loss.

The group's share of losses of a partnership not recognised was \$3,377 (2019: \$3,512). After the group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations to make payment on behalf of the partnership. If the partnership subsequently reports profits, the group resumes recognising its share of profits only after its share of the profits equals the share of losses not recognised.

The listing of and information on the partnerships are given in Note 32.

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13. Investment in subsidiaries (unquoted)

	<u>Company</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Cost at beginning of year	7,924	10,029
Additional investment	303	7,254
Return of contribution surplus	–	(7,349)
Reclassify from investment in partnership	–	186
Allowance for impairment	(1,348)	(2,196)
Disposal of investment (a)	(93)	–
Cost at end of year	<u>6,786</u>	<u>7,924</u>
 Movements in allowance for impairment:		
At beginning of the year	(2,196)	–
Impairment loss charge to profit or loss included in other losses (b)	(1,348)	(2,196)
At end of the year	<u>(3,544)</u>	<u>(2,196)</u>

The listing of and information on the subsidiaries are given in Note 33.

- (a) On 27 December 2019, the Company acquired the remaining interest in Tank Container management LP (“TCM LP”) for a net cash consideration of \$95. TCM LP filed for termination of business with the Accounting and Corporate Regulatory Authority on 30 November 2020 and the remaining investment of \$93 was written off.
- (b) During the year, the performance of subsidiary – Buss Global Direct (U.K.) Limited and Buss Global Offshore Pte. Ltd. was considered sufficient evidence to trigger the impairment test and management recorded an impairment loss of \$917 and \$431 respectively to its recoverable amount.

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14. Investment in joint operation

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Investment at cost			
GCA2016 Holdings Limited (GCA 2016H) (a)	-		-
Global Container Assets 2016 Limited (GCA 2016) (a)	-		-
Total at cost	<u>-</u>		<u>-</u>

The listing of and information on the joint arrangements is given below:

<u>Name of Joint Arrangement, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)</u>	<u>Effective Percentage of Equity Held by the company</u>	
	<u>2020</u>	<u>2019</u>
	%	%
<u>Joint operation held by Buss Global Assets 1 L.P.</u>		
GCA2016 Holdings Limited (GCA 2016H)		
Bermuda		
Investment holding	<u>17.5%^(c)</u>	<u>17.5%^(b)</u>
(Audited by RSM Chio Lim LLP)		
Global Container Assets 2016 Limited (GCA 2016)		
Bermuda		
Own and manage equipment	<u>17.5%</u>	<u>17.5%</u>
(Audited by RSM Chio Lim LLP)		

- (a) The joint operation is jointly owned by BCI 4 Partnership and Buss Global Assets 1 L.P. GCA 2016 is a wholly owned subsidiary of GCA 2016H, and is an active company engaged in acquiring, owning, operating, leasing and selling marine shipping containers and other maritime and non-maritime transportation equipment (jointly, the Equipment). The assets and liabilities relating to the arrangement are held in GCA 2016H and the joint owners have rights to the assets and obligations for the liabilities of the entity. GCA 2016H and GCA 2016 are accounted for as joint operations.
- (b) The company has no statutory requirement to prepare audited financial statements for financial year 2019. In accordance to the provisions of Section 88(1) of the Bermuda Companies Act 1981, the company has tabled for a waiver for the appointment of auditor and laying of the audited accounts for financial year ended 31 December 2019. It is consolidated as a joint operation.
- (c) Audited by RSM Chio Lim LLP, a member of RSM International with effect from financial year ended 31 December 2020 as requested by management.

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15. Receivables from finance leases

The group is the lessor of Equipment under Finance Leases. The components of the net investment in Finance Leases as of 31 December 2020 consist of the following:

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Gross finance lease receivable	6,100		5,783
Less: unearned income	<u>(2,671)</u>		<u>(3,142)</u>
Net finance lease receivable	<u>3,429</u>		<u>2,641</u>
Receivables from finance leases consists of:			
Current	180		318
Non-current	<u>3,249</u>		<u>2,323</u>
	<u>3,429</u>		<u>2,641</u>

During the year, there were disposals of equipment under finance leases with a net book value of \$6,329 (2019: \$12,836).

The following is a schedule by year of future lease payments receivable under these Finance Leases as of 31 December 2020:

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Years ending 31 December:			
2020	–		509
2021	497		1,213
2022	816		927
2023	1,163		1,040
2024	1,958		2,094
2025 and after	<u>1,666</u>		<u>–</u>
	<u>6,100</u>		<u>5,783</u>

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

16. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
<u>Non-Current</u>				
Other receivables:				
Outside party (a)	491	–	–	–
Loan to subsidiaries (Note 3) (b)	–	–	–	408
Total other receivables, non-current	<u>491</u>	<u>–</u>	<u>–</u>	<u>408</u>
<u>Current</u>				
Trade receivables:				
Outside parties	3,190	2,917	–	–
Less: Allowance for impairment	(307)	(186)	–	–
Subtotal	<u>2,883</u>	<u>2,731</u>	<u>–</u>	<u>–</u>
Other receivables:				
Subsidiaries (Note 3)	–	–	166	185
Related parties (Note 3)	4,381	15	594	16
Outside parties (c)	1,565	5,438	–	75
Loan to subsidiaries (Note 3) (b)	–	–	97	–
Loan to related party (d)	–	162	–	162
Subtotal	<u>5,946</u>	<u>5,615</u>	<u>857</u>	<u>438</u>
Total trade and other receivables, current	<u>8,829</u>	<u>8,346</u>	<u>857</u>	<u>438</u>

(a) The group had an arrangement with OEG Offshore AS (“OEG”) whereby the group would lease offshore equipment from a bank and sub-lease them to OEG. The sub-lease arrangement with OEG was terminated on 31 December 2019. OEG agreed to reimburse the group for the lease payments that were made to the bank between 2016 to 2019 and in turn, the outstanding receivables owing from OEG for the sub-lease of equipment would be written off. The total amount of lease payments to be reimbursed from OEG is \$785 which would be gradually repaid in quarterly instalments over a period of 3 years commencing 31 December 2020.

(b) Included in the amount are loans to subsidiaries as follows:

<u>Subsidiary</u>	<u>Loan Amount</u>	<u>Interest</u>	<u>Maturity date</u>
<u>2020</u>	<u>(\$'000)</u>		
Buss Global Offshore Pte. Ltd.	70	3% per annum	31 Dec 2021
PT TD Energy Services	27	1 month USD LIBOR + 2.5%	22 Apr 2021
<u>2019</u>			
Buss Global Offshore Pte. Ltd.	250	3% per annum	31 Dec 2021
PT TD Energy Services	158	1 month USD LIBOR + 2.5%	22 Apr 2021

(c) Included in the amount in 2019 is an amount of \$560 which relates to margin deposits placed with financial institutions for derivative financial instrument contracts undertaken by a subsidiary on behalf of a related party (Note 24).

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16. Trade and other receivables (cont'd)

- (d) On 31 December 2018, the group entered into a loan agreement with Marine Container Management 2 L.P. ("MCM2LP") for a total amount of US\$426 which was drawn at various intervals between October to December 2019. This loan bears interest at 5% per annum commencing from the date of the actual drawdown. The loan was fully repaid during the year.

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of 24 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates (including the impact of the Covid-19 pandemic). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The following is an ageing of trade accounts receivables:

	<u>Gross carrying amount</u>		<u>Loss allowance provision</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Up to 30 days	1,245	920	2	12
31 days to 60 days	544	709	2	3
61 days to 90 days	337	206	2	13
More than 90 days	1,064	1,082	301	158
Total ⁽¹⁾	<u>3,190</u>	<u>2,917</u>	<u>307</u>	<u>186</u>

- ⁽¹⁾ Approximately 84% of the outstanding balance of trade receivables as of 31 December 2020 were collected by 31 March 2021.

The movement in the allowance for expected credit losses of trade receivables computed based on lifetime ECL in accordance to FRS 109 is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Movements in allowance account:				
Balance at beginning of year	186	804	–	–
Reversal of trade receivables to profit or loss	(98)	(109)	–	–
Used	219	(509)	–	–
Balance at end of year	<u>307</u>	<u>186</u>	<u>–</u>	<u>–</u>

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

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16. Trade and other receivables (cont'd)

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

The Group's largest Manager comprises approximately 72% (2019: 61%) of the Group's net accounts receivable balance. The age of the accounts receivable balances is determined by the number of days from date of issuance of each invoice.

The Group's total net accounts receivable balance as of 31 December 2020 is collected in the following ways:

1. approximately 75% of the Group's total gross accounts receivable balance as of 31 December 2020 is collected on a "cash settlement" basis, whereby the Group receives cash from the managers only when the lessees make payments to these managers, and
2. approximately 25% of the Group's total gross accounts receivable balance as of 31 December 2020 is collected on an "accrual" basis, whereby the Group receives the invoiced amounts from the Managers within a 60-day period after the invoice dates, regardless of whether the lessees have paid the Manager; however, should any of these lessees default, the Managers are entitled to recover amounts previously paid on behalf of such lessees from the Group.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to non-related party trade receivable customers is in the range of 30-90 days. However, notwithstanding the agreed credit terms some lessees take a longer period to settle the amounts.

The group's top three trade receivables accounted for approximately 29% (2019: 16%) of the total trade receivables. One customer accounted for more than 17% (2019: 6%) of the group's receivables in 2020.

As of 31 December 2020, the future minimum rent receivables under Operating Leases with terms greater than twelve months (long-term leases) are as follows:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Years Ending 31 December:		
2020	–	2,496
2021	2,411	1,402
2022	1,718	872
2023	1,092	1,156
2024 and After	870	–
Total	<u>6,091</u>	<u>5,926</u>

Other receivables from outside parties can be graded as low risk individually. Other receivables from related parties normally have no fixed term and therefore there is no maturity date. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

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17. Other assets

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Deposits	39	80
Prepayments	26	90
Recoverable expense	–	1
Advances	160	–
	<u>225</u>	<u>171</u>
Presented in the statement of financial position:		
Current	65	171
Non-current	160	–
	<u>225</u>	<u>171</u>

18. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Not restricted in use	7,999	6,570	1,110	650
Restricted cash under bank facilities ⁽¹⁾	<u>1,240</u>	<u>1,203</u>	<u>–</u>	<u>–</u>
Cash at end of year	<u>9,239</u>	<u>7,773</u>	<u>1,110</u>	<u>650</u>

The cash balance did not yield a material amount of interest income during the financial year.

⁽¹⁾ Amount is categorised as restricted in use as any transfers are required to be approved by financial institutions.

18A. Cash and cash equivalents in the statement of cash flows:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Amount as shown above	9,239	7,773
Restricted cash under bank facilities	<u>(1,240)</u>	<u>(1,203)</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>7,999</u>	<u>6,570</u>

The restricted cash account is pledged by the group to the financial institutions. The group is required to maintain a sufficient amount in the restricted account to ensure it satisfies the conditions detailed in the agreements to the debt facilities (Note 22). The cash cannot be withdrawn unless the borrowings are settled in full in accordance with the agreements to the debt facilities. Whilst amounts remain outstanding under the debt facilities, the funds in the restricted account will be used to cover interest and principal shortfalls.

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19. Share capital

	<u>Number of shares issued</u>			<u>Share capital</u>			<u>Total</u>
	<u>Ordinary shares</u>	<u>Treasury share</u>	<u>Preference shares</u>	<u>Ordinary shares</u> \$	<u>Treasury shares</u> \$	<u>Preference shares</u> \$	
<u>Class A shares of no par value</u>							
Balance at beginning of year 1 January 2019, end of year 31 December 2019 and end of year 31 December 2020	10	–	–	10	–	–	10
<u>Class A1 shares of no par value</u>							
Balance at beginning of year 1 January 2019, end of year 31 December 2019 and end of year 31 December 2020	2,958	–	–	2,958	–	–	2,958
<u>Class A2 shares of no par value</u>							
Balance at beginning of year 1 January 2019, end of year 31 December 2019 and end of year 31 December 2020	2,958	81	211	2,958	81	211	3,250
<u>Class B shares of no par value:</u>							
Balance at beginning of year 1 January 2019, end of year 31 December 2019 and end of year 31 December 2020	236	–	–	236	–	–	236
<u>Class C shares of no par value:</u>							
Balance at beginning of year 1 January 2019	22	–	–	22	–	–	22
Issuance of shares	2	–	–	2	–	–	2
Balance at end of year 31 December 2019 and 31 December 2020	24	–	–	24	–	–	24
Grand total	<u>6,186</u>	<u>81</u>	<u>211</u>	<u>6,186</u>	<u>81</u>	<u>211</u>	<u>6,478</u>

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19. Share capital (cont'd)

The company had a net loss from the purchase of own shares, cancellation of treasury shares and re-issue of non-redeemable preference shares of \$120 recognised in the capital reserve.

On 25 March 2019, the company issued 2,157 non-redeemable Class C shares for a cash consideration of \$2,157.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are significant borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

20. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
<u>Non-Current</u>				
<u>Other payables:</u>				
Outside parties	2,100	2,728	–	–
Total other payables, non-current	<u>2,100</u>	<u>2,728</u>	<u>–</u>	<u>–</u>
<u>Current:</u>				
<u>Trade Payables:</u>				
Outside parties	351	582	–	–
Related parties (Note 3)	118	136	–	–
Accrued operating expenses	350	2,819	29	31
Sub-total	<u>819</u>	<u>3,537</u>	<u>29</u>	<u>31</u>
<u>Other Payables:</u>				
Subsidiaries (Note 3)		–	51	51
Related parties (Note 3) (a)	4,748	1,548	4	7
Accrued loan interest	66	174	–	–
Other payables	310	266	–	–
Sub-total	<u>5,124</u>	<u>1,988</u>	<u>55</u>	<u>58</u>
Total trade and other payables, current	<u>5,943</u>	<u>5,525</u>	<u>84</u>	<u>89</u>

- (a) The amount in 2019 includes a receivable from a related party of \$167 for fair value loss on derivative financial instrument contracts as a result of a back to back agreement and margin deposit of \$560 on derivative financial instrument contracts entered into by the group on behalf of related party.

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21. Bonds payable

During 2012, the group issued 2 bonds denominated in Euros ("Euro bond") and United States Dollars ("Dollar bond" and collectively "bonds") with maximum issued nominal amounts of up to €100,000,000 and US\$100,000,000 in total, respectively. The bonds are divided into nominal amounts of up to €5,000,000 and US\$2,500,000, respectively ("fractional bonds"). Each of the fractional bonds is issued with a premium of 11% of its nominal amount and without interest coupons. Prior to the validation date of a fractional bond, no explicit or inherent rights of any kind exist.

With respect to the Euro bond, the group has an obligation to contribute 93.25% of the nominal amount and a further amount equal to 5% of the sum of the nominal amount and respective premium, of each fractional bond, out of its own equity capital as equity in BGA1 LP. This is required to be injected within a month after the validation date of each such fractional bond. Each of these amounts received will be converted at a conversion rate of 1.20USD/€. Two fractional bonds of the Euro bond, with nominal amounts of €5,000,000 each were validated in 2012. Five fractional bonds of the Euro bond, with nominal amounts of up to €2,660,000 were validated in 2013.

With respect to the Dollar bond, the group has an obligation to contribute 97.75% of the nominal amount and a further amount equal to 5% of the sum of the nominal amount and respective premium, of each fractional bond, out of its own equity capital as equity in the BGA1 LP. This is required to be injected within a month after the validation date of each such fractional bond. Two fractional bonds of the Dollar bond, with nominal amounts of US\$2,500,000 each were validated in 2012. Nine fractional bonds of the Dollar bond, with nominal amounts of up to US\$3,500,000 were validated in 2013.

On 19 December 2018, the group entered into an Amendment Agreement with the initial investors of the Euro bond and Dollar bond to amend certain bond terms and conditions and in particular, to extend the end of the bond term from 31 December 2018 to 31 December 2021. The group is obliged to completely repay the nominal amount of all fractional bonds for the bonds by 31 December 2021, subject to certain provisions detailed in the relevant bond terms and conditions, through quarterly principal and interest repayments and a final principal and interest repayment on 31 December 2021. All repayments will be made in the currency of the issued bond.

In January 2019, the initial investors of Euro bond and Dollar bond sold part of their fractional bonds with a remaining nominal value of €1,641,215 and US\$2,113,386 respectively to BGMA Bond SPC 1 Ltd. The terms and conditions of the bonds purchased by BGMA Bond SPC 1 Ltd follow that of the Amendment Agreement executed with the initial investors on 19 December 2018.

Principal repayments for each fractional bond shall be made quarterly at the end of each calendar quarter, starting at the end of the first calendar quarter after the fractional bond is validated and ending on 30 September 2021 for all fractional bonds ("repayment quarters"). For each repayment quarter, the principal repayment amount for any fractional bond shall be no less than 0.25% of the nominal amount of the respective fractional bond.

Debt service is defined as the principal repayments and interest payments on the relevant bond for any repayment quarter. Interest payments shall be made by the group for each fractional bond in each calendar quarter, up to and including 31 December 2021. No fixed interest is due on any fractional bond. The interest payment amount for any repayment quarter is as defined and determined in the relevant bond terms and conditions. In certain circumstances, the group may be obliged to repay received premiums.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

21. Bonds payable (cont'd)

As of 31 December 2020 and 2019, the bonds payable balance was made up of the following amounts:

	<u>2020</u>	<u>Group</u>	<u>2019</u>
	\$		\$
Bonds payable			
Balance at beginning	47,760		54,437
Foreign exchange adjustments included in profit or loss	2,115		(520)
Repayment	–		(6,157)
Balance at end	<u>49,875</u>		<u>47,760</u>
Less: Principal repayment:			
Balance at beginning	(22,058)		(19,511)
Current year repayment	(6,026)		(5,552)
Foreign exchange adjustments included in profit or loss	(1,079)		166
Repayment	–		2,839
Balance at end	<u>(29,163)</u>		<u>(22,058)</u>
Bonds payable, net	<u>20,712</u>		<u>25,702</u>
Bonds payable, non-current	–		25,163
Bonds payable, current	<u>20,712</u>		<u>539</u>
Total bonds payable	<u>20,712</u>		<u>25,702</u>

As of 31 December 2020, the carrying amount for bonds payable is stated at amortised cost which is a reasonable approximation of fair value.

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22. Secured debt facilities

As of 31 December 2020, the group's debt facility balance was made up of the following amounts:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Principal outstanding	34,363	21,430
Debt issuance cost	(505)	(9,514)
Accumulated amortisation of debt issuance cost	17	9,040
Total	<u>33,875</u>	<u>20,956</u>
Presented in the statement of financial position:		
Current portion	3,891	3,444
Non-current portion	<u>29,984</u>	<u>17,512</u>
	<u>33,875</u>	<u>20,956</u>

- (a) The group entered into various sale and leaseback contracts ("SALB") with investors. Under these contracts, the investor is obligated to sell the same container equipment back to the group at the end of the lease period at a pre-agreed amount. The substance of the contract is a financing arrangement whereby the group borrows cash, which is secured by the container equipment, and makes principal and interest instalments to the investor over the lease period with a final lump sum at lease expiry.

The group had raised \$167,001 in total from such arrangements and the amount was fully secured by the equipment (Note 10) being financed under each contract. The group made full repayment of the outstanding principal from the SALB contracts amounting to \$5,695 (2019: \$54,036) during the year.

The weighted average effective interest rate was 5.89% (2019: 5.01%), resulting in an interest expense for the period of \$105 (2019: \$1,202).

The group incurred marketing fees of \$8,835 which was capitalised as debt issuance cost and amortised over the term of the contracts. The current year debt issuance cost charged to Statement of Profit and Loss is \$238 (2019: \$1,077).

- (b) On 28 September 2016, the group entered into a secured five-year term loan agreement with a group of banks to finance equipment acquired by the group. The funding provided by the loan agreement is divided into two tranches, Tranche A (Debt Facility 1) and Tranche B (Debt Facility 2). Debt Facility 1 was fully drawn on 5 October 2016. Debt Facility 2 provided that the group may draw amounts not exceeding the stipulated loan amounts at the end of each calendar quarter from 31 December 2016 to 31 March 2019 according to the loan utilisation schedule in the term loan agreement. Debt Facility 2 was fully drawn on 31 March 2019.

On 27 September 2018, the group entered into an amending and restating agreement with the same group of banks to increase the loan facility in the original loan agreement. The additional funding provided was in the form of Tranche A2 which was an extension of Debt Facility 1. Tranche A2 was fully drawn on 28 September 2018. The final maturity date of Debt Facility 1 and Debt Facility 2 is 30 June 2021. Interest on the outstanding amounts due under Debt Facility 1 and Debt Facility 2 is based on 3-month USD LIBOR plus a margin of 2.5% per annum during its term.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

22. Secured debt facilities (cont'd)

On 26 November 2020, the group re-financed all its existing debt and entered into a five-year secured term loan agreement with a group of banks (Debt Facility 3) which was fully drawn on 30 November 2020. The final maturity date of Debt Facility 3 is 30 June 2025. The funding provided by Debt Facility 3 bears interest at 3-month USD LIBOR plus a margin of 2.5% per annum during its term. The group also incurred upfront fees, structuring fees and legal fees on the loan which was paid to the lenders or their agent in the amount of \$505. These costs have been capitalised as debt issuance cost and will be amortised as debt issuance expense over the term of this facility.

Following the drawdown from the loan re-financing on 30 November 2020, the loan proceeds from Debt Facility 3 were used to fully repay the outstanding facility for Debt Facility 1 and Debt Facility 2 amounting to \$15,638 on the same day. All obligations under Debt Facility 1 and Debt Facility 2 ceased and all collateral was released on the same day (date of discharge). The remaining debt issuance costs of \$233 that were previously capitalised were fully amortised in the income statement.

As of 31 December 2020, the group had drawn \$34,363 (2019: \$Nil) from Debt Facility 3. No principal repayment on Debt Facility 3 was made during the year. The amortised debt issuance expense during the year for Debt Facility 3 was \$17 (2019: \$Nil).

The outstanding amount under Debt Facility 3 is secured by the equipment being financed under the facility (Note 10), the leases to which the respective equipment is subject and all rental revenues and other receipts arising therefrom.

The weighted average effective interest rate of Debt Facility 1 and Debt Facility 2 was 3.40% (2019: 4.55%) and the weighted average effective interest rate of the Debt Facility 3 was 2.74% (2019: Nil). Total interest expense for the year was \$567 (2019: \$1,197). The associated interest rate contracts and commitment fees for the loan facilities resulted in a net income of \$1* (2019: \$232) for the year. Both amounts are included in interest expense.

As of 31 December 2020, Debt Facility 3 is valued at its effective interest rates including the debt issuance costs. The group believes the fair value of the debt approximates the carrying value based on other available financing opportunities for debt of similar maturities.

The debt facility contains various financial and non-financial covenants which the group was in compliance as of 31 December 2020.

(*amount less than \$1,000)

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23. Long-term provisions

This amount relates to provision for dismantling and removing of plant and equipment from its leased office space and restoring the site back to its original condition.

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Movements in above provision:		
At beginning of the year	–	14
Addition	16	–
Used	–	(14)
At end of the year	<u>16</u>	<u>–</u>

The provision is based on the present value of costs to be incurred based on an estimated quotation from external contractors. The unwinding of discount and effect of change in discount rate is immaterial.

24. Derivative financial instruments**Interest rate swaps**

- (a) In 2016, the group entered into interest rate swaps with certain banks to reduce the impact on the changes in interest rates associated with the variable-rate debt under debt facilities (Note 22) by swapping 50% of its outstanding borrowings from floating rates to fixed rates. These swaps involve payments between the group and each counterparty, with 3-month USD LIBOR fixed at various rates based on amortising notional principal amounts due under the debt facilities. Following the full repayment of Debt Facility 1 and Debt Facility 2 on 30 November 2020 (Note 22), the interest rate swaps for Debt Facility 1 and Debt Facility 2 were terminated on the same day.

During the year, the company entered into an interest rate swap with a bank to reduce the impact on the group of changes in interest rates associated with the variable-rate debt incurred under Debt Facility 3 by swapping 50% of its outstanding borrowings from floating rates to fixed rates. This swap involves payments between the group and the counterparty, with 3-month USD LIBOR fixed at various rates based on amortising notional principal amounts due under Debt Facility 3.

The differential between the fixed and variable rate payments under the interest rate swap contracts, which are payable/receivable quarterly in arrears, was an income of \$4 (2019: \$232) for the period. These amounts are included in interest expense in 2020. All the derivatives entered into by the group are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price. As the fair value changes on these interest rate swap contracts are not subject to "hedge accounting", the group has classified them as "fair value through profit or loss". The fair value loss in 2020 was \$182 (2019: \$455) and the amount was charged to the statement of profit or loss and other comprehensive income and a fair value derivative liability of \$62 (2019: asset of \$120) was recognised on the statement of financial position. The fair value is regarded as a level 2 fair value measurement for financial instruments.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

24. Derivative financial instruments (cont'd)**Interest rate swaps (cont'd)**

- (b) In 2019, a subsidiary, on behalf of its related party entered into an interest rate swap with a financial institution to reduce the impact on the changes in interest rates associated with the variable-rate debt incurred by the related party in swapping its outstanding borrowings from floating rates to fixed rates. The subsidiary then entered into back to back agreements with the related party.

As the interest rate contracts do not meet the criteria for hedge accounting, the aggregate fair value adjustment loss of \$167 has been charged to profit or loss and a fair value derivative liability of \$167 was recognised on the Statement of Financial Position in 2019. The fair value is regarded as a level 2 fair value measurement for financial instruments.

As a result of the group's obligations arising from the back-to-back agreements with the related company, an offsetting fair value adjustment gain of \$167 has been charged to the profit or loss and the corresponding receivable of \$167 has been recognised as amounts receivable from the related party on the Statement of Financial Position at year end.

The following table details the notional principal amounts of the interest rate swap contract as at 31 December 2020:

<u>Effective date</u>	<u>Termination date</u>	<u>Interest rate</u>	<u>Notional amount</u> \$	<u>Fair value amount</u> \$
<u>2020</u>				
30 November 2020 ⁽²⁾	30 June 2025	0.435%	17,182	(62)
			<u>17,182</u>	<u>(62)</u>
			Current portion	<u>(43)</u>
			Non-current portion	<u>(19)</u>
<u>Effective date</u>	<u>Termination date</u>	<u>Interest rate</u>	<u>Notional amount</u> \$	<u>Fair value amount</u> \$
<u>2019</u>				
5 October 2016 ⁽²⁾	30 June 2021	1.175%	8,293	60
5 October 2016 ⁽²⁾	30 June 2021	1.175%	8,293	60
1 July 2020 ⁽¹⁾	1 July 2024	1.820%	30,000	(167)
			<u>46,586</u>	<u>(47)</u>
			Current portion	<u>(5)</u>
			Non-current portion	<u>(42)</u>

⁽¹⁾ Entered into by a subsidiary on behalf of a related party

⁽²⁾ After adjusting for the group's share of the amount

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

25. Loans payable

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
Related parties (a)	4,232	2,476
Shareholders (b)	2,808	5,952
Outside parties (c)	1,266	1,182
Total	<u>8,306</u>	<u>9,610</u>
Presented in the statement of financial position:		
Current portion	3,051	2,476
Non-current portion	5,255	7,134
	<u>8,306</u>	<u>9,610</u>

- (a) (i) During 2020 and 2019, a subsidiary obtained loans from Buss Container Finance 1 GmbH & Co KG to purchase Equipment. The terms of the loan agreements are as follows:

<u>Date of loan agreement</u>	<u>Loan Amount</u>	<u>Interest</u>	<u>Maturity Date</u>
13-Sept-2019	US\$1,270,000	8% per annum	30-Jun-2022 ⁽¹⁾
1-Nov-2019	US\$132,165	8% per annum	30-Sep-2024 ⁽²⁾
1-Nov-2019	€774,845	7% per annum	30-Jun-2022 ⁽³⁾
31-Mar-2020	US\$190,408	8% per annum	30-Jun-2022

- (1) Extended from 13 September 2020 to 30 June 2022 pursuant to a loan extension agreement dated 26 August 2020.
- (2) Extended from 1 November 2020 to 30 September 2024 pursuant to a loan extension agreement dated 26 August 2020.
- (3) Extended from 1 November 2020 to 30 June 2022 pursuant to a loan extension agreement dated 26 August 2020.

- (ii) A loan from another related party was transferred in when the group acquired 50.02% interest in PT TD Energy Services ("TD Energy") on 6 May 2015 ("Acquisition Date"). The group gained control in TD Energy on Acquisition Date. In 2008, TD Energy obtained loan for operational working capital from Better Oil Tools Ltd. This loan bears interest at 3.9% per annum starting 2009 and it is payable on demand or as agreed upon by both parties. Based on addendum of loan agreement dated 31 December 2010, Better Oil Tools Ltd. agreed that the loan is free of interest, which became effective on January 1, 2010, until the time determined by both parties. Based on agreement letter dated 16 April 2012, Better Oil Tools Ltd. agreed to transfer the right to receive the principal of the loan to Mr. Paul Douglas Colston, President Director of TD Energy. This loan is due and repayable on demand. As of 31 December 2020, the outstanding balance amounted to US\$ 205 (2019: \$205).
- (iii) On 30 April 2020, the joint operation entered into a loan agreement with Buss Container Finance 2 GmbH & Co. KG to provide a loan facility of up to EUR19,100,000 to invest in marine cargo containers. This loan can be drawn at various intervals between 30 April 2020 to 30 September 2021 and bears interest at 7.25% per annum commencing from the date of actual drawdown. Interest shall be payable quarterly in arrears, or earlier upon full repayment of this loan. The maturity date of this loan is 30 April 2024. The joint operation made the first drawdown of EUR1,210,000 on 28 December 2020.

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25. Loans payable (cont'd)

- (b) In 2019, certain shareholders advanced loans to subsidiaries of the group totalling \$6,157. The loans are unsecured and bear interest at 7% to 9% per annum. The group made principal repayments of \$3,533 (2019: \$205) during the year, resulting in an outstanding loan balance of \$2,808 (2019: \$5,952) at year-end.
- (c) In 2019, the group obtained loans from outside parties totalling \$1,346. The loans are unsecured and bear interest at 9% per annum. The group made principal repayments of \$26 (2019: \$164) during the year, resulting in an outstanding loan balance of \$1,266 (2019: \$1,182) at year-end.

26. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group 2020	<u>Group</u> <u>2019</u>
Lease liabilities, current	1,002	638
Lease liabilities, non-current	470	631
	<u>1,472</u>	<u>1,269</u>

Lease liabilities refers to leases for right-to-use asset relating to an office premise and a sales and leaseback transaction with a related party for purchasing of containers under a finance lease arrangement.

The lease contract for the office premise starts from 1 January 2020 for 3 years. The incremental borrowing rate applied to the lease liabilities recognised on office premise is 1.68% (2019: Nil) per year.

On 6 May 2015, the group acquired PT TD Energy Services ("TD Energy") and on acquisition date, recognised a sales and leaseback transaction with a related party for purchasing of Containers under finance lease arrangement. The lease has a term of 97 months commencing from 1 September 2014, with effective interest rate 6.3% per annum.

Movements of lease liabilities for the reporting year are as follows:

	<u>2020</u> \$
At beginning of the year	1,269
Additions	302
Accretion of interest	4
Lease payments – principal portion paid	(91)
Lease payments – interest portion paid	(4)
Covid-19 related rent concessions from lessor	(8)
At end of reporting year	<u>1,472</u>

The lease liabilities above do not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

26. Lease liabilities (cont'd)

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

Group	Minimum payments	Finance charges	Present value
<u>2020</u>	\$	\$	\$
Minimum lease payments payable:			
Due within one year	1,450	(448)	1,002
Due within 2 to 5 years	496	(26)	470
Total	<u>1,946</u>	<u>(474)</u>	<u>1,472</u>

Net book value of plant and equipment and right-of-use assets under finance leases	<u>416</u>
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Group	Minimum payments	Finance charges	Present value
<u>2019</u>	\$	\$	\$
Minimum lease payments payable:			
Due within one year	1,032	(394)	638
Due within 2 to 5 years	709	(78)	631
Total	<u>1,741</u>	<u>(472)</u>	<u>1,269</u>

Net book value of plant and equipment and right-of-use assets under finance leases	<u>666</u>
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Total cash outflows for leases for the year ended 31 December 2020 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

At reporting year date there were no commitments on leases which had not yet commenced.

The total for lease liabilities and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	<u>2020</u>	<u>2019</u>
Total commitment on leases not yet commenced	\$	\$
Expense relating to short-term leases included in administrative expenses	–	(309)
Expense relating to leases of low-value assets included in administrative expenses	–	(140)
Covid-19 related rent concessions from lessor	(28)	–
	<u>8</u>	<u>–</u>

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

26. Lease liabilities (cont'd)

For the Covid-19 related rent concessions, the practical expedient was applied for reflecting the adjustment in profit or loss rather than as a lease modification as permitted by the amendment to the financial reporting standard on leases. It allows lessees to account for such rent concessions as variable lease payments. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease.

27. Acquisition of subsidiaries

On 27 December 2019, the group acquired an additional partnership interest in Tank Container Management L.P. ("TCMLP") as disclosed in Note 33. As a result, the group's equity interest in TCMLP increased from 5.68% to 100% and the group gained control of TCMLP on that date. TCMLP became a subsidiary of the group (also see Note 33 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

The fair values of identifiable assets acquired and liabilities assumed shown below for TCMLP are provisional, as the hindsight period (of not more than twelve months) allowed by FRS 103 Business Combinations has not yet expired. No detailed report from an independent professional valuer on the fair values is expected due to the immateriality of the balances.

	Pre-acquisition book value under FRS <u>2019</u> \$
<u>2019: Group</u>	
Other receivables	23
Cash and cash equivalents	66
Other payables	(8)
Net assets	<u>81</u>
Cash Consideration	(245)
Less: Cash invested under investment in partnership	340
Less: Cash and cash equivalents acquired	66
Net cash inflow on acquisition	<u>(161)</u>
<u>Goodwill arising on acquisition:</u>	
The goodwill arising on acquisition is as follows:	
Consideration transferred	245
Fair value of identifiable net assets acquired	(81)
Goodwill arising on acquisition	<u>164</u>

Goodwill arising on acquisition was recognised as an impairment loss as the subsidiary is a dormant company.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

28. Disposal of subsidiary

On 30 November 2020, the company had filed for termination of business with the Accounting and Corporate Regulatory Authority for a subsidiary, Tank Container Management L.P. ("TCMLP"). The cost of investment of \$93 was written off and it resulted in loss on disposal of subsidiary (Note 5) of \$2 in the statement of profit or loss.

The losses for the reporting year from the deconsolidation of TCMLP and the results for the previous year and for the period from the beginning of the reporting year to 30 November 2020, which have been included in the consolidated financial statements, were as follows:

	<u>Group</u>	
	<u>Period Ended</u> <u>30 November</u> <u>2020</u> \$	<u>Year Ended</u> <u>2019</u> \$
Revenue	—	—
Expenses	* —	—
Profit before tax	—	—
Income tax	—	—
Profit after tax before disposal gain	—	—
Total gain on deconsolidation of subsidiary	—	—

* The amount is less than \$1,000.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

29. Financial instruments: information on financial risks**29A. Classification of financial assets and liabilities**

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
<u>Financial assets:</u>				
Financial assets at amortised cost	21,988	18,760	1,967	1,496
Financial assets at fair value through profit or loss (FVTPL)	–	–	–	–
Financial assets at fair value through other comprehensive income (FVTOCI)	10,203	16,185	1,106	1,915
At end of year	<u>32,191</u>	<u>34,945</u>	<u>3,073</u>	<u>3,411</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	72,408	65,790	84	89
Financial assets at fair value through profit or loss (FVTPL)	62	47	–	–
At end of year	<u>72,470</u>	<u>65,837</u>	<u>84</u>	<u>89</u>

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

29B. Financial risk management

The main purpose for the group to hold or issue financial instruments is for it to raise and manage the finances for its operating, investing and financing activities. There is exposure to the financial risks on the group's financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The group's management has certain procedures for the management of financial risks to be followed in order to manage such risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all transactions.
2. Maximise the use of "natural hedging", i.e., favouring as much as possible the natural offsetting of sales and costs and payables and receivables denominated in the same currency, putting in place external hedging strategies only for the excess balance, if any. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff and are carried out following standard market practices.

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29. Financial instruments: information on financial risks (cont'd)**29B. Financial risk management (cont'd)**

With regard to derivatives, the policies include the following:

1. Management carefully documents all derivatives including the relationship between them and the hedged items at their inception and throughout their life.
2. Derivatives are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curve.
3. Only high-quality financial institutions are used as counterparties for derivatives.

29C. Fair value of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

29. Financial instruments: information on financial risks (cont'd)**29E. Liquidity risk – financial liabilities maturity analysis**

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The following table analyses financial liabilities by remaining contractual maturity dates (contractual and undiscounted cash flows):

<u>Group</u>	<u>Bonds payable</u>	<u>Loans and borrowings</u>	<u>Trade and other payables</u>	<u>Total</u>
	\$	\$	\$	\$
<u>2020:</u>				
Less than 1 year	20,712	7,487	5,943	34,142
Within 2 to 5 years	–	39,085	2,100	41,185
At end of year	<u>20,712</u>	<u>46,572</u>	<u>8,043</u>	<u>75,327</u>
<u>2019:</u>				
Less than 1 year	539	6,695	5,525	9,775
Within 2 to 5 years	25,163	26,191	2,728	48,996
At end of year	<u>25,702</u>	<u>32,886</u>	<u>8,253</u>	<u>58,771</u>
<u>Company</u>	<u>Bonds payable</u>	<u>Loans and borrowings</u>	<u>Trade and other payables</u>	<u>Total</u>
	\$	\$	\$	\$
<u>2020:</u>				
Less than 1 year	–	–	84	84
At end of year	<u>–</u>	<u>–</u>	<u>84</u>	<u>84</u>
<u>2019:</u>				
Less than 1 year	–	–	89	89
At end of year	<u>–</u>	<u>–</u>	<u>89</u>	<u>89</u>

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 50 days (2019: 50 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

29. Financial instruments: information on financial risks (cont'd)**29E. Liquidity risk – financial liabilities maturity analysis (cont'd)**

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

<u>Derivative financial liabilities</u>	<u>Interest rate swaps</u> \$	<u>Total</u> \$
Net settled:		
<u>2020:</u>		
Less than 1 year	43	43
Between 1 – 3 years	19	19
At end of year	<u>62</u>	<u>62</u>
<u>2019:</u>		
Less than 1 year	167	167
At end of year	<u>167</u>	<u>167</u>

29F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> \$	<u>2019</u> \$	<u>2020</u> \$	<u>2019</u> \$
<u>Financial assets:</u>				
Fixed rates	3,429	2,641	70	412
Floating rates	9,239	7,773	1,137	808
Non-interest bearing	19,523	24,531	1,866	2,191
At end of year	<u>32,191</u>	<u>34,945</u>	<u>3,073</u>	<u>3,411</u>
<u>Financial liabilities:</u>				
Fixed rates	30,490	36,581	–	–
Floating rates	33,875	20,956	–	–
Non-interest bearing	8,105	8,300	84	89
At end of year	<u>72,470</u>	<u>65,837</u>	<u>84</u>	<u>89</u>

The interest rate risk exposure is derived from changes in interest rates relating to interest-bearing deposits with financial institutions, loan receivables from associates and bank borrowings. The interest rates are disclosed in the respective notes.

The effect of interest rate fluctuations on profit before tax is not material.

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(All currency expressed in thousands of United States Dollar (USD '000 or '\$'000), except where otherwise noted)

29. Financial instruments: information on financial risks (cont'd)**29G. Foreign currency risk**

Analysis of amounts denominated in non-functional currency at the end of the reporting year:

<u>Group</u>	<u>Euro</u> \$	Singapore <u>Dollar</u> \$	Great Britain <u>Pound</u> \$	<u>Total</u> \$
<u>2020:</u>				
Financial assets:				
Cash	171	29	5	205
Trade and other receivables	803	1	15	819
Total financial assets	974	30	20	1,024
Financial liabilities:				
Trade and other payables	(4,140)	(85)	(16)	(4,241)
Bonds payable	(11,763)	–	–	(11,763)
Loans payable	(6,507)	–	–	(6,507)
Total financial liabilities	(22,410)	(85)	(16)	(22,511)
Net financial assets/ (liabilities)	(21,436)	(55)	4	(21,487)

<u>Group</u>	<u>Euro</u> \$	Singapore <u>Dollar</u> \$	Great Britain <u>Pound</u> \$	<u>Total</u> \$
<u>2019:</u>				
Financial assets:				
Cash	430	24	14	468
Trade and other receivables	1	11	–	12
Total financial assets	431	35	14	480
Financial liabilities:				
Trade and other payables	(1,863)	(94)	(19)	(1,976)
Bonds payable	(12,335)	–	–	(12,335)
Secured debt	(4,180)	–	–	(4,180)
Loans payable	(8,003)	–	–	(8,003)
Total financial liabilities	(26,381)	(94)	(19)	(26,494)
Net financial assets/ (liabilities)	(25,950)	(59)	(5)	(26,014)

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

29. Financial instruments: information on financial risks (cont'd)**29G. Foreign currency risk (cont'd)**

<u>Company</u>	<u>Euro</u> \$	<u>Singapore Dollar</u> \$	<u>Total</u> \$
<u>2020:</u>			
Financial assets:			
Cash	32	1	33
Total financial assets	<u>32</u>	<u>1</u>	<u>33</u>
Financial liabilities:			
Trade and other payables	–	(28)	(28)
Total financial liabilities	<u>–</u>	<u>(28)</u>	<u>(28)</u>
Net financial assets / (liabilities) at end of year	<u>32</u>	<u>(27)</u>	<u>5</u>

<u>Company</u>	<u>Euro</u> \$	<u>Singapore Dollar</u> \$	<u>Total</u> \$
<u>2019:</u>			
Financial assets:			
Cash	97	5	102
Trade and other receivables	–	10	10
Total financial assets	<u>97</u>	<u>15</u>	<u>112</u>
Financial liabilities:			
Trade and other payables	–	(31)	(31)
Total financial liabilities	<u>–</u>	<u>(31)</u>	<u>(31)</u>
Net financial assets / (liabilities) at end of year	<u>97</u>	<u>(16)</u>	<u>81</u>

Foreign currency risk exposure arises as part of the group's operations but the effect of foreign currency fluctuations on profit before tax is not material.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

30. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 103	Definition of a Business – Amendments to FRS 103
FRS 1 and 8	Definition of Material – Amendments to FRS 1 and 8
FRS PS 2	FRS Practice Statement 2 Making Materiality Judgements
FRS 39,107 and 109	Interest Rate Benchmark Reform – Amendments to FRS 39, 107 and 109
FRS 116	The Conceptual Framework for Financial Reporting Covid-19 Related Rent Concessions - Amendment to FRS 116 (effective from 30 June 2020)

31. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	Classification of Liabilities as Current or Non-current – Amendments to FRS 1	1 Jan 2023
FRS 103	Definition of a Business - Reference to the Conceptual Framework – Amendments to FRS 103	1 Jan 2022
FRS 16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to FRS 16	1 Jan 2022
FRS 109	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
Various	Annual Improvements to FRSs 2018-2020	1 Jan 2022

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

32. Listing of and information on partnerships

The following shows the group's investment in a number of partnerships where the equity interest in each partnership ranges from 3% to 11.77% as follows:

Name of partnership, country of incorporation, place of operations and principal activities	Cost of investment		Effective percentage of equity held by group	
	2020	2019	2020	2019
	\$	\$	%	%
<u>Held by Buss Global Holdings Pte. Ltd.</u>				
Marine Container Management L.P. Singapore Own and manage equipment	2,059	2,059	3.88	3.88
<u>Held by Marine Container Management Services Pte. Ltd.</u>				
Marine Container Management L.P. Singapore Own and manage equipment			3.00	3.00
<u>Held by GCA2016 Holdings Limited</u>				
Marine Container Management L.P. Singapore Own and manage equipment			11.77	11.77
<u>Held by BCI 4 Pte. Ltd.</u>				
BCI 4 Partnership Singapore Own and manage equipment			7.50	7.50
<u>Held by Marine Container Management Services 2 Pte. Ltd.</u>				
Marine Container Management 2 L.P. Singapore Own and manage equipment			3.00	3.00

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32. Listing of and information on partnerships (cont'd)

- (a) The group does not have legal or constructive obligations on behalf of the Partnerships. Hence, share of losses of the Partnerships exceeding the amount of the investment are not recognised as losses in the group profit or loss. After the group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations to make payment on behalf of the Partnerships. If the Partnerships subsequently reports profits, the group resumes recognising its share of profits only after its share of the profits equals the share of losses not recognised.

The Partnerships are equity accounted based on financial statements audited by RSM Chio Lim LLP.

- (b) The financial reporting standard on financial instruments require that all investments in unquoted equity shares and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. When information about the performance and operations of the investee becomes available after the date of initial recognition and that relevant factors exist, they may indicate that cost might not be representative of fair value. In such cases, the unquoted equity shares have to be measured fair value. There are now indicators that cost might not be representative of fair value.

Management has not identified a market for these unquoted equity instruments and it has not made a decision on how and when it intends to dispose of them in the foreseeable future.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

33. Listing of and information on subsidiaries

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Effective percentage of equity held by group	
	2020	2019	2020	2019
	\$	\$	%	%
<u>Held by the company</u>				
Buss Global Assets 1 Limited (a) Bermuda Investment holding	10	10	100	100
Buss Global Management Pte. Ltd. (a) Singapore Provides fund management services to container owning entities	3,073	3,073	100	100
BCI 4 Pte. Ltd. (a) Singapore Investment holding	75	75	100	100
Buss Global Marine Assets Limited (a) Bermuda To raise equity (via profit participation loans) for the acquisition of container fleets owned by an affiliated company	3,059	2,759	100	100
Buss Global Direct (U.K.) Limited (b) United Kingdom Own and manage equipment	1,660	1,660	100	100
PT TD Energy Services (b) Indonesia Equipment leasing	132	132	50.02	50.02
Buss Global Offshore Pte. Ltd. (a) Singapore Own and manage equipment	2,320	2,320	100	100
Tank Container Management L.P. (a) (e) Singapore Own and manage equipment (Filed for termination of business on 30 November 2020)	–	91	–	100

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

33. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Effective percentage of equity held by group	
	2020	2019	2020	2019
	\$	\$	%	%
<u>Subsidiaries held by Buss Global Management Pte. Ltd.</u>				
Marine Container Management Services Pte. Ltd. (a) Singapore Investment holding			100	100
Tank Container Management Services Pte. Ltd. (a) Singapore Investment holding (Filed for liquidation on 18 December 2020)			–	100
Marine Container Management Services 2 Pte. Ltd. (a) Singapore Investment holding company			100	100
<u>Subsidiary held by Buss Global Assets 1 Limited</u>				
Buss Global Assets 1 L.P. (a) (c) Bermuda Own and manage equipment			100	100
<u>Subsidiary held by Buss Global Marine Assets Limited</u>				
BGMA Bond SPC 1 Ltd (d) Bermuda Investment holding			100	100

- (a) Audited by RSM Chio Lim LLP, a member firm of RSM International.
- (b) Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (c) The subsidiary is 100% consolidated by virtue of another 99.98% interest held by Buss Global Marine Assets Limited, a wholly owned subsidiary of the group.
- (d) The subsidiary has no statutory requirement to prepare audited financial statements for financial year 2020. In accordance to the provisions of Section 88(1) of the Bermuda Companies Act 1981, the subsidiary has tabled for a waiver for the appointment of auditor and laying of the audited accounts for financial year ended 31 December 2020.

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(All currency expressed in thousands of United States Dollar (USD '000 or \$'000), except where otherwise noted)

33. Listing of and information on subsidiaries (cont'd)

- (e) The group gained control of the subsidiary on 27 December 2019 which is 100% consolidated by virtue of another 0.62% interest held by Tank Container Management Services Pte. Ltd., a wholly owned subsidiary of the group. The investment in the subsidiary was written off during the year as it had filed for termination of business with the Accounting and Corporate Regulatory Authority on 30 November 2020.