

*Director's Statement and
Audited Financial Statements*

Param Mitra Resources Pte. Ltd.

(Co. Reg. No. 200913799M)

For the year ended 31 March 2022

Param Mitra Resources Pte. Ltd.
(Co. Reg. No. 200913799M)

General Information

Director

Dev Sindhu

Secretaries

Kwan Mun Yee	(Appointed on 30 July 2021)
Reeja Prathiban	(Appointed on 30 July 2021)
Khoong Lai Kheng	(Resigned on 30 July 2021)

Independent Auditor

Sashi Kala Devi Associates

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Param Mitra Resources Pte. Ltd.

(Co. Reg. No. 200913799M)

Director's Statement

The director is pleased to present the statement to the members together with the audited financial statements of Param Mitra Resources Pte. Ltd. (the "Company") for the financial year ended 31 March 2022.

1. OPINION OF DIRECTOR

In the opinion of the director,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) at the date of this statement, the ability of the Company to pay its debts as and when they fall due depends on the continuing financial support from its holding company and the director, and the amount due to its holding company is not subject to recall within the next twelve months.

2. DIRECTOR

The director of the Company in office at the date of this statement is:

Dev Sindhu

3. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTOR'S INTERESTS IN SHARES AND DEBENTURES

The following director, who held office at the end of the financial reporting year, had, according to the register of director's shareholdings required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and its holding company as stated below:

Name of director	Ordinary shares held in the name of director		Ordinary shares in which director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<i>The holding company</i>				
<i>Sindhu Trade Links Limited</i>				
Dev Sindhu	2,908,840	2,908,840	1,063,280	1,063,280
<i>The Company</i>				
Dev Sindhu	242,500	242,500	150,000	150,000

Param Mitra Resources Pte. Ltd.
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Director's Statement - continued

5. SHARE OPTIONS

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

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

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

6. INDEPENDENT AUDITOR

The independent auditor, Sashi Kala Devi Associates, has expressed its willingness to accept reappointment as auditor.



Dev Sindhu
Director

23 December 2022

SASHI KALA DEVI ASSOCIATES

Independent Auditor's Report
to the members of Param Mitra Resources Pte. Ltd.
(Co. Reg. No. 200913799M)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Param Mitra Resources Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of US\$748,808 during the year ended 31 March 2022 and, as of that date, the Company's current liabilities exceeded its current assets by US\$24,795,648. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement 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.

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SASHI KALA DEVI ASSOCIATES

Independent Auditor's Report to the members of Param Mitra Resources Pte. Ltd. – continued (Co. Reg. No. 200913799M)

Other Information (continued)

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Independent Auditor's Report to the members of Param Mitra Resources Pte. Ltd. – continued (Co. Reg. No. 200913799M)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

SASHI KALA DEVI ASSOCIATES

Sashi Kala Devi Associates
Public Accountants and
Chartered Accountants

Singapore
23 December 2022

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Param Mitra Resources Pte. Ltd.
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Statement of Financial Position as at 31 March 2022

	Note	2022 US\$	2021 US\$
Non-current assets			
Investment in subsidiaries	5	105,039,840	107,637,868
Other investment	6	1,000	1,000
		105,040,840	107,638,868
Current assets			
Amount due from a subsidiary	7	19,311	19,311
Amounts due from related companies	8	16,236	–
Cash and cash equivalents		1,815	1,645
		37,362	20,956
Current liabilities			
Other payables	9	8,604,475	8,494,176
Amounts due to subsidiaries	7	20,986	25,752
Amount due to holding company	10	12,207,549	8,556,171
Interest-bearing loan	11	4,000,000	3,000,000
		24,833,010	20,076,099
Net current liabilities		(24,795,648)	(20,055,143)
Non-current liabilities			
Amount due to holding company	10	12,182,451	16,193,829
Interest-bearing loan	11	5,000,000	10,000,000
		17,182,451	26,193,829
Net assets		63,062,741	61,389,896
Equity attributable to owners of the Company			
Share capital	12	81,908,014	74,040,925
Share application monies	13	1,798,374	7,243,810
Accumulated losses		(20,643,647)	(19,894,839)
Total equity		63,062,741	61,389,896

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

Statement of Comprehensive Income for the financial year ended 31 March 2022

	Note	2022 US\$	2021 US\$
Revenue	14	506,623	–
Cost of sales		(334,369)	–
Gross profit		172,254	–
Administrative expenses		(198,189)	(46,682)
Other credit/(charges)	15	9	(50,006)
Finance costs	16	(722,882)	(3,582,776)
Loss before tax		(748,808)	(3,679,464)
Income tax expense	17	–	–
Loss for the year		(748,808)	(3,679,464)
Other comprehensive income		–	–
Total comprehensive loss for the year		(748,808)	(3,679,464)

Statement of Changes in Equity for the financial year ended 31 March 2022

	Share capital US\$	Share application monies US\$	Accumulated losses US\$	Total US\$
Balance at 1 April 2020	74,040,925	–	(16,215,375)	57,825,550
Share application monies received	–	7,243,810	–	7,243,810
Total comprehensive loss for the year	–	–	(3,679,464)	(3,679,464)
Balance at 31 March 2021	74,040,925	7,243,810	(19,894,839)	61,389,896
Share application monies received	–	2,421,653	–	2,421,653
Issuance of ordinary shares	7,867,089	(7,867,089)	–	–
Total comprehensive loss for the year	–	–	(748,808)	(748,808)
Balance at 31 March 2022	81,908,014	1,798,374	(20,643,647)	63,062,741

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

Statement of Cash Flows for the financial year ended 31 March 2022

	2022	2021
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(748,808)	(3,679,464)
Adjustments for:		
Loss on sale of investment in a subsidiary	-	50,000
Interest expense on		
- amount due to holding company	-	2,665,676
- bank loan	722,882	917,100
Operating loss before working capital changes	(25,926)	(46,688)
Increase in other payables	110,299	993
Cash generated from/(used in) operations	84,373	(45,695)
Interest paid		
- bank loan	(722,882)	(917,100)
Net cash flows used in operating activities	(638,509)	(962,795)
CASH FLOWS FROM INVESTING ACTIVITY		
Decrease/(increase) in loan to a subsidiary	2,598,028	(2,699,403)
Net cash flows from/(used in) investing activity	2,598,028	(2,699,403)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share application monies received	2,421,653	7,243,810
Repayment of interest-bearing loan	(4,000,000)	(3,000,000)
(Decrease)/increase in amount due to a subsidiary	(4,766)	5,935
Increase in amounts due from related companies	(16,236)	-
Decrease in amounts due from related parties	-	(586,241)
Decrease in amount due to holding company	(360,000)	-
Net cash flows (used in)/from financing activities	(1,959,349)	3,663,504
Net increase in cash and cash equivalents	170	1,306
Cash and cash equivalents at beginning of year	1,645	339
Cash and cash equivalents at end of year	1,815	1,645

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

Notes to the Financial Statements - 31 March 2022

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. FUNDAMENTAL ACCOUNTING CONCEPT

The Company incurred a net loss of US\$748,808 during the financial year ended 31 March 2022 and as at that date, the Company's current liabilities exceeded its current assets by US\$24,795,648. The current liabilities constitute, amount due to holding company amounted US\$12,207,549 and interest payable to holding company amounted US\$8,014,377. The amount due to holding company should be considered as equivalent to equity capital. In addition, the management is under negotiation with its holding company to convert the amount due into capital. The director has prepared these financial statements on a going concern basis as the director is of the view that the Company's holding company and the director will continue to provide the financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. CORPORATE INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in Singapore. Its holding company is Sindhu Trade Links Limited, a company incorporated in India.

The registered office and principal place of business of the Company is located at 1 Phillip Street #11-01 Royal One Phillip Singapore 048692.

The principal activities of the Company are those relating to investment holding companies and wholesale trade to a variety of goods without a dominant product (coal trading, mine acquisition and other minerals).

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

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

The financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in United States Dollar (USD or US\$), which is the Company's functional currency and all values are rounded to the nearest one-dollar, except when otherwise indicated.

Notes to the Financial Statements - 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year; the Company has adopted all applicable new and amended standards that are relevant to its operations and effective for the current financial year. The adoption of these standards did not have any material effect on the financial position or performance of the Company for the current or prior financial years.

The following standards and interpretations are effective for the annual period beginning on or after 1 January 2021:

	(Effective for annual periods beginning on or after)
Amendments to FRS109, FRS 39, FRS 107, FRS104, FRS 116: <i>Interest rate benchmark reform- phase 2</i>	1 January 2021

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

Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that are potentially relevant to the Company that has been issued but not yet effective:

	(Effective for annual periods beginning on or after)
Amendments to FRS 37: <i>Onerous Contracts Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSs 2018 – 2021 FRS 101: <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2022
Amendment to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS1 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendment to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendment to FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transactions</i>	1 January 2023

The director expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements - 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Consolidated Financial Statements

The financial statements of the subsidiaries have not been consolidated with the Company's financial statements as the Company is a subsidiary of Sindhu Trade Links Limited, a company incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

The registered address of Sindhu Trade Links Limited is 129 Transport Centre Rohtak Road Punjabi Bagh New Delhi – 110035 India.

Investment in subsidiaries in the financial statements of the Company are stated at cost, less any impairment in recoverable value.

(b) *Functional and foreign currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

Foreign currency transactions

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

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

(c) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

(d) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Initial recognition and measurement (continued)

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

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

Subsequent measurement

Investments in debt instruments

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

▪ *Amortised cost*

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

▪ *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Notes to the Financial Statements - 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Subsequent measurement (continued)

Investments in debt instruments (continued)

▪ *Fair value through profit or loss*

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

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

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

(ii) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) *Impairment of financial assets*

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

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

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Impairment of financial assets (continued)*

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (i) significant financial difficulty of the issuer or the borrower;
- (ii) a breach of contract, such as a default or past due event;
- (iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (v) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

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

(f) *Impairment of non-financial assets*

The Company assesses at the end of each reporting period whether there is an indication that a non-financial asset may be impaired. If any such an indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generation unit to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

(h) *Other payables*

Other payables are non-interest bearing and have an average term of six months.

(i) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, and when it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability, when discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(j) *Borrowing costs*

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs are expensed in the period they occur except to the extent that they are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

(k) *Revenue*

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

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

Sale of coal

The Company is in the business of mine trading.

Revenue is recognised at a point in time when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Revenue (continued)*

Sale of coal (continued)

The amount of revenue recognised is based on agreed transaction price. Based on the Company's experience with similar types of contracts, there have been no returns or volume discounts granted to their customers.

(l) *Taxes*

(i) *Current income tax*

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

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

(ii) *Deferred tax*

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

Notes to the Financial Statements - 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Taxes (continued)*

(ii) *Deferred tax (continued)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(m) *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
- (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Notes to the Financial Statements - 31 March 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Investment in subsidiaries

In determining whether investments in subsidiaries are impaired requires an estimation of the fair value less cost to sell and value in use of investments. The process requires the Company to estimate the future cash flows expected from cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of its investment based on such estimates and is confident that the allowance for impairment, where necessary is adequate. The carrying amount of investment in subsidiaries in the Company's financial statements at the end of the reporting period was US\$105,039,840 (2021: US\$107,637,868).

(b) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

5. INVESTMENT IN SUBSIDIARIES

	2022	2021
	US\$	US\$
Unquoted equity shares, at cost	18,072,000	18,072,000
Loan to a subsidiary	86,967,840	89,565,868
	<u>105,039,840</u>	<u>107,637,868</u>

The loan to a subsidiary is unsecured, interest-free and was intended to be a long-term source of additional capital.

Details of the subsidiaries as at 31 March 2022 are as follows:

Name and principal activities	Country of incorporation	Cost of investment		Proportion of ownership interest	
		2022	2021	2022	2021
		US\$	US\$	%	%
Param Mitra Coal Resources Pte. Limited ⁽¹⁾ (Coal trading and investment holding)	Singapore	18,000,000	18,000,000	60	60

Notes to the Financial Statements - 31 March 2022

5. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries as at 31 March 2022 are as follows:

Name and principal activities	Country of incorporation	Cost of investment		Proportion of ownership interest	
		2022	2021	2022	2021
		US\$	US\$	%	%
Oceania Resources Pty. Limited ⁽¹⁾ (Coal mine operations and management)	Australia	65,000	65,000	65	65
Param Mitra Power Pte Ltd ⁽¹⁾ (Dormant)	Singapore	7,000	7,000	70	70
		18,072,000	18,072,000		

Name and principal activities	Country of incorporation	Proportion of ownership interest	
		2022	2021
		%	%
<i>Held through subsidiary, Param Mitra Coal Resources Pte. Limited</i>			
Param Mitra Coal Resources One Pte. Limited ⁽¹⁾ (Investment holding)	Singapore	100	100
Param Mitra Coal Resources Two Pte. Limited ⁽¹⁾ (Investment holding)	Singapore	100	100
<i>Held through subsidiary, Param Mitra Coal Resources Pte. Limited (continued)</i>			
Dragon Power Investments Ltd ⁽²⁾ (Investment holding)	SAR Hong Kong	100	100
Unity Holding Business Singapore Pte. Limited ⁽¹⁾ (Import and export coal trading and investment holding)	Singapore	100	100
<i>Held through sub-subsidiary, Param Mitra Coal Resources One Pte. Limited</i>			
PT Param Mitra Coal Movers ⁽¹⁾ (Mining, investment & coal trading)	Indonesia	99	99
<i>Held through sub-subsidiary, Param Mitra Coal Resources Two Pte. Limited</i>			
PT Rencana Mulia Baratama ⁽¹⁾ (Mining and coal trading)	Indonesia	93.80	93.80

Notes to the Financial Statements - 31 March 2022

5. INVESTMENT IN SUBSIDIARIES (continued)

Name and principal activities	Country of incorporation	Proportion of ownership interest	
		2022 %	2021 %
<i>Held through sub-subsidiary, Unity Holding Business Singapore Pte. Limited</i>			
PT Param Mitra Coal Resources ⁽¹⁾ (Investment and coal trading)	Indonesia	99	99
<i>Held through sub-subsidiary, Dragon Power Investments Ltd</i>			
PT Global Bumi Lumbang Indonesia ⁽¹⁾ (Trading, services and mining)	Indonesia	99.55	99.55
PT Jaya Jasamandiri ⁽¹⁾ (Trading, services and mining)	Indonesia	99.99	99.99
PT Indo Borneo Pratama ⁽¹⁾ (Trading, services and mining)	Indonesia	99.90	99.90
<i>Held through sub-subsidiary, PT Param Mitra Coal Movers</i>			
PT Krida Makmur Bersama ⁽¹⁾ (Trading, services and mining)	Indonesia	99.99	99.99
PT Brilian Alam Sejahtera ⁽¹⁾ (Trading, services and mining)	Indonesia	99.99	99.99

⁽¹⁾ Audited by other firms

⁽²⁾ Not required to be audited by law in the country of incorporation

6. OTHER INVESTMENT

	2022 US\$	2021 US\$
<i>Fair value through other comprehensive income</i>		
Unquoted equity shares, at cost	<u>1,000</u>	<u>1,000</u>

The unquoted investment does not have quoted market prices in an active market nor are there other methods readily available which can reasonably estimate their fair value. Hence, it is not practicable to determine its fair value with sufficient reliability without incurring excessive costs.

Notes to the Financial Statements - 31 March 2022

7. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due are non-trade related, unsecured, interest-free, repayable upon demand and are to be settled in cash.

8. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due are non-trade related, unsecured, interest-free, repayable upon demand and are to be settled in cash.

9. OTHER PAYABLES

	2022 US\$	2021 US\$
Accrued liabilities	180,135	21,066
Interest payable on		
- amount due to holding company	8,014,377	8,014,377
- bank loan	409,963	458,733
	<u>8,604,475</u>	<u>8,494,176</u>

10. AMOUNT DUE TO HOLDING COMPANY

Current	12,207,549	8,556,171
Non-current	12,182,451	16,193,829
	<u>24,390,000</u>	<u>24,750,000</u>

The amount due is non-trade related, unsecured and bears interest at an interest rate of 10.8% (2021: 10.8%) per annum calculated on a quarterly-reducing basis. The amount due is repayable over 24 quarterly instalments commencing from various periods of which the earliest repayment period is from December 2018.

The holding company has waived the interest due for the financial year ended 31 March 2022.

11. INTEREST-BEARING LOAN

Current	4,000,000	3,000,000
Non-current	5,000,000	10,000,000
	<u>9,000,000</u>	<u>13,000,000</u>

Bank loan

The bank loan is secured by a standby letter of credit from Industrial Bank Limited on behalf by its holding company. Interest is charged at 6.75% (2021: 6.10%) per annum, calculated on six-monthly basis. The loan is repayable by six-yearly instalments, commencing from 2020.

One of the terms for the interest-bearing loan is that the Company shall not:

- (i) create or permit to subsist any security and any of its assets;
- (ii) sell, transfer or otherwise dispose of any of its assets;
- (iii) sell, transfer or otherwise dispose of any of its receivables on resources terms; and
- (iv) create or permit to subsist any title retention arrangement.

Notes to the Financial Statements - 31 March 2022

12. SHARE CAPITAL

	2022		2021	
	Number of shares	US\$	Number of shares	US\$
Issued and fully paid ordinary shares				
At the beginning of the year	74,040,925	74,040,925	74,040,925	74,040,925
Issuance during the year	<u>7,867,089</u>	<u>7,867,089</u>	<u>–</u>	<u>–</u>
At end of year	<u>81,908,014</u>	<u>81,908,014</u>	<u>74,040,925</u>	<u>74,040,925</u>

During the year, 7,867,089 ordinary shares were allotted and issued for cash consideration of US\$7,867,089. The proceeds were used for working capital purpose.

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

51% of the ordinary shares of the Company have been pledged to a bank as security for banker's guarantee for working capital facilities by the holding company in the normal course of the Company's business.

13. SHARE APPLICATION MONIES

This amount represents amounts received from the shareholders for subscription of additional shares in the Company pending the completion formalities to allot shares in the Company. The amounts are unsecured and interest-free.

14. REVENUE

Revenue represents the sales of goods in the normal course of business. The timing of the transferred goods is at a point in time when the performance obligation is satisfied.

The Company does not have any amount of unsatisfied performance obligation as at the end of the reporting period.

15. OTHER (CREDITS)/CHARGES

	2022 US\$	2021 US\$
Foreign exchange adjustments, (gain)/loss	(9)	6
Loss on sale of investment in a subsidiary	<u>–</u>	<u>50,000</u>
	<u>(9)</u>	<u>50,006</u>

16. FINANCE COSTS

Interest expense on		
- amount due to holding company	–	2,665,676
- bank loan	<u>722,882</u>	<u>917,100</u>
	<u>722,882</u>	<u>3,582,776</u>

Notes to the Financial Statements - 31 March 2022

17. INCOME TAX EXPENSE

(i) Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2022 and 2021 are:

	2022 US\$	2021 US\$
Statement of comprehensive income		
Current tax	—	—

(ii) Relationship between tax expense and accounting loss

The reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the years ended 31 March 2022 and 2021 are as follows:

Loss before tax	748,808	3,679,464
Tax benefit on loss before tax at 17%	(127,297)	(625,509)
Adjustment:		
Non-deductible expenses	30,851	625,509
Deferred tax assets not recognised for current year	96,446	—
Total tax expense	—	—

The Company has unabsorbed tax losses of approximately US\$567,000 (2021: US\$ Nil) that are available for offset against future taxable profits of the Company in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these tax losses is subject to the agreement with the Income Tax Authorities.

18. RELATED PARTY DISCLOSURES

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

Significant related party transactions

Holding company

Interest expense on amount due to	—	2,665,676
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19. CONTINGENT LIABILITIES

Corporate guarantee

- (i) One of its subsidiaries, Oceania Resources Pty. Limited, signed a facility agreement (the “loan 1”) with a bank for a facility of US\$60,000,000. The Company has acted as a guarantor for the facility.

19. CONTINGENT LIABILITIES (continued)

Corporate guarantee (continued)

- (ii) In February 2017, one of its subsidiaries, Param Mitra Coal Resources Pte. Limited, signed a facility agreement (the "loan 2") with third parties for a facility of US\$5,000,000. The Company has acted as a guarantor for the facility.
- (iii) On 8 June 2018, one of its subsidiaries, Param Mitra Coal Resources Pte. Limited ("PMCR"), signed a facility agreement (the "loan 3") with a third party for facility of US\$30,000,000. The loan was secured by the following:
- The Company's shareholding in PMCR;
 - The Company's other indirect shareholdings through SIS Holdings Pte Limited ("SIS");
 - Other shareholding held by its related companies; and
 - Corporate guarantee by the Company and its related companies.
- (iv) On 15 November 2019, one of its subsidiaries, Param Mitra Coal Resources Pte. Limited ("PMCR"), signed a prepayment facilities agreement (the "agreement 1") with a third party for sale of coal of US\$15,000,000. The agreement 1 is secured by the Company's share holding in PMCR.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Company. The Company does not have any written financial risk management policies and guidelines and there has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from amounts due from a subsidiary and related companies. For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with reputable and well-established local foreign banks.

In order to minimise credit risk, the Company has developed and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly-available financial information and the Company's own trading records to rate its major customers and other debtors. The Company exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes to the Financial Statements - 31 March 2022

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL- not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL- credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
2022						
Amount due from a subsidiary	7	Performing	12-month ECL	19,311	—	19,311
Amounts due from related companies	8	Performing	12-month ECL	16,236	—	16,236
2021						
Amount due from a subsidiary	7	Performing	12-month ECL	19,311	—	19,311

▪ Exposure to credit risk

As at the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) *Credit risk (continued)*

▪ *Credit risk concentration profile*

As at the end of the reporting period, there was no significant concentration of credit risks.

▪ *Financial assets that are neither past due nor impaired*

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

▪ *Financial assets that are either past due or impaired*

No financial assets that are either past due or impaired as at the end of the reporting period.

(ii) *Interest rate risk*

Interest rate risk is the risk that fair value or future cash flows of the Company's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their interest-bearing loans and amount due to holding company.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its borrowings on a short-term basis.

Sensitivity analysis for interest rate risk

Movements in interest rates will have an impact on the Company's loans and borrowings. A change of 50 basis points (bp) in interest rates at the reporting date would change equity and profit before tax by US\$166,950 (2021: US\$188,750). This analysis assumes that all other variables remain constant.

(iii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through funding from its holding company.

The Company's liquidity risk management policy is to monitor its working capital projections, taking into account the available banking and other borrowings facilities of the Company, and ensuring that the Company has adequate working capital to meet obligations and commitments due.

Notes to the Financial Statements - 31 March 2022

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) *Liquidity risk (continued)*

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Company's financial assets and liabilities as at the end of reporting period, based on contractual undiscounted repayment obligations.

	Total US\$	Within one year US\$	Within two to five years US\$	More than five years US\$
2022				
<i>Financial assets</i>				
Amount due from a subsidiary	19,311	19,311	–	–
Amounts due from related companies	16,236	16,236	–	–
Cash and cash equivalents	1,815	1,815	–	–
Total undiscounted financial assets	<u>37,362</u>	<u>37,362</u>	<u>–</u>	<u>–</u>
<i>Financial liabilities</i>				
Other payables	8,604,475	8,604,475	–	–
Amounts due to subsidiaries	20,986	20,986	–	–
Amount due to holding company	32,497,848	17,980,728	14,476,367	40,753
Interest-bearing loan	9,000,000	4,000,000	5,000,000	–
Total undiscounted financial liabilities	<u>50,123,309</u>	<u>30,606,189</u>	<u>19,476,367</u>	<u>40,753</u>
Total net undiscounted financial liabilities	<u>50,085,947</u>	<u>30,568,827</u>	<u>19,476,367</u>	<u>40,753</u>
2021				
<i>Financial assets</i>				
Amount due from a subsidiary	19,311	19,311	–	–
Cash and cash equivalents	1,645	1,645	–	–
Total undiscounted financial assets	<u>20,956</u>	<u>20,956</u>	<u>–</u>	<u>–</u>

Notes to the Financial Statements - 31 March 2022

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) *Liquidity risk (continued)*

Analysis of financial instruments by remaining contractual maturities (continued)

	Total US\$	Within one year US\$	Within two to five years US\$	More than five years US\$
2021				
<i>Financial liabilities</i>				
Other payables	8,494,176	8,494,176	–	–
Amounts due to subsidiaries	25,752	25,752	–	–
Amount due to holding company	33,045,727	12,961,156	18,316,032	1,768,539
Interest-bearing loans	13,000,000	3,000,000	10,000,000	–
Total undiscounted financial liabilities	<u>54,565,655</u>	<u>24,481,084</u>	<u>28,316,032</u>	<u>1,768,539</u>
Total net undiscounted financial liabilities	<u>54,544,699</u>	<u>24,460,128</u>	<u>28,316,032</u>	<u>1,768,539</u>

21. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts of financial assets and liabilities recorded as at the end of the reporting period by FRS 109 categories:

	2022 US\$	2021 US\$
<i>Financial assets at fair value through other comprehensive income</i>		
Other investment	<u>1,000</u>	<u>1,000</u>
<i>Financial assets at amortised cost</i>		
Amount due from a subsidiary	19,311	19,311
Amounts due from related companies	16,236	–
Cash and cash equivalents	<u>1,815</u>	<u>1,645</u>
	<u>37,362</u>	<u>20,956</u>
<i>Financial liabilities at amortised cost</i>		
Other payables	8,604,475	8,494,176
Amounts due to subsidiaries	20,986	25,752
Amount due to holding company	24,390,000	24,750,000
Interest-bearing loan	<u>9,000,000</u>	<u>13,000,000</u>
	<u>42,015,461</u>	<u>46,269,928</u>

Notes to the Financial Statements - 31 March 2022

22. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument 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.

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

Fair value hierarchy

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

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

Current trade and other receivables and payable and amount due from/(to) holding company, subsidiaries and related companies

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

It is not practicable to determine, with sufficient reliability without incurring excessive costs, the fair value of amounts receivable and payable to related companies, subsidiaries and immediate holding company due to the absence of agreed repayment terms between the parties involved.

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

	2022 US\$		2021 US\$	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Unquoted equity shares (Note 6)	1,000	*	1,000	*

* Investment in equity carried at cost

Fair value information has not been disclosed for the investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity and debt securities represent shares and promissory note respectively in start-up companies, as company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is insignificant. The Company does not intend to dispose of this investment in the foreseeable future.

Notes to the Financial Statements - 31 March 2022

23. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain optimal capital structure so as to maximise shareholders value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, obtain new borrowings or acquire further funding from its holding company and its director. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 2021.

The Company is not subjected to externally-imposed capital requirements.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 50%. The Company includes within net debt, interest-bearing loans, other payables, amounts due to subsidiaries, amounts due to related companies, amounts due to related parties and amount due to holding company less cash and short-term deposits excluding discontinued operations. Capital includes convertible redeemable preference shares, equity attributable to the owners of the Company less the fair value adjustment reserve and the abovementioned restricted statutory reserve fund.

	2022 US\$	2021 US\$
Interest-bearing loan	9,000,000	13,000,000
Other payables	8,604,475	8,494,176
Amounts due to subsidiaries	20,986	25,752
Amount due to holding company	24,390,000	24,750,000
Less: Cash and cash equivalents	(1,815)	(1,645)
Net debt	<u>42,013,646</u>	<u>46,268,283</u>
Equity attributable to the equity holders of the Company	<u>63,062,741</u>	<u>61,389,896</u>
Total capital	<u>63,062,741</u>	<u>61,389,896</u>
Capital and net debt	<u>105,076,387</u>	<u>107,658,179</u>
Gearing ratio	<u>40%</u>	<u>43%</u>

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) *COVID-19 Pandemic*

With respect to the COVID-19 Pandemic implications, the management acknowledges that, although vaccine shots have been developed and approved for worldwide use, and the Company taking precautionary measures in accordance with guidelines provided by the Government, there are still uncertainties on both the possibility of a further escalation of the crisis and the extent of the impact on the international economy. The extent to which pandemic will impact the Company's operations will depend on such future developments of the COVID-19 outbreak in the coming months especially recently emergence of Omicron coronavirus variant. The advent of pandemic did not alter the management's conclusion in relation to the Going Concern assessment and it is believed that the steps and initiatives taken to date are sufficient to safeguard the Company's financial position.

Notes to the Financial Statements - 31 March 2022

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

(i) *COVID-19 Pandemic (continued)*

Management continues to monitor any effects of the said event on the Company's results, operations and liquidity. Management does not consider that any adjustments to or further disclosures in the financial statements are required at this stage.

(ii) *Interest waiver and moratorium of principal repayment of amount due to holding company*

On 29 August 2022, the holding company approved the

(a) interest waiver on the amount due for the financial year ended 31 March 2022, and

(b) moratorium of principal payment of the amount due to it for a period of two years from 1 April 2021 to 31 March 2023.

25. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the director on 23 December 2022.