



Sumitomo Corporation Capital Asia Pte Ltd
Unique Entity Number: 199508404N

Annual Report
Year ended 31 March 2021

Directors' statement

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

In our opinion:

- (a) the financial statements set out on pages FS1 to FS33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Wong May Tzuin
 Kawate Tetsuya
 Murata Kenryo

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<i>Kawate Tetsuya</i>		
Sumitomo Corporation		
- ordinary shares registered in Employee Stock Holding Association	1,000	1,000
<i>Murata Kenryo</i>		
Sumitomo Corporation		
- ordinary shares registered in Employee Stock Holding Association	5,765	5,765

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning of the financial year or at the end of the financial year.

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

Share options

During the financial year, there were:

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

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

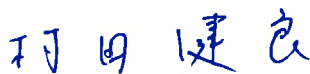
Auditors

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

On behalf of the Board of Directors



Kawate Tetsuya
Director



Murata Kenryo
Director

15 June 2021



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Sumitomo Corporation Capital Asia Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sumitomo Corporation Capital Asia Pte Ltd (the "Company"), which comprise the statement of financial position as at 31 March 2021, 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, as set out on pages FS1 to FS33.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

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

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

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



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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.


KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
15 June 2021

Statement of financial position
As at 31 March 2021

	Note	2021 US\$	2020 US\$
Non-current assets			
Plant and equipment	4	75,739	59,294
Loans receivables	5	39,618,876	62,853,845
		<u>39,694,615</u>	<u>62,913,139</u>
Current assets			
Loans receivables	5	197,801,574	328,151,862
Other receivables	6	737,977	1,976,585
Cash and cash equivalents	7	249,375,355	172,640,565
		<u>447,914,906</u>	<u>502,769,012</u>
Total assets		<u>487,609,521</u>	<u>565,682,151</u>
Equity			
Share capital	8	65,000,000	65,000,000
Accumulated profits		13,717,990	13,756,476
Total equity		<u>78,717,990</u>	<u>78,756,476</u>
Non-current liability			
Bank loans	9	160,000,000	160,000,000
		<u>160,000,000</u>	<u>160,000,000</u>
Current liabilities			
Bank loans	9	–	127,362,392
Loans payables	10	247,017,824	196,467,045
Other liabilities	11	1,705,521	2,740,273
Current tax payable		168,186	355,965
		<u>248,891,531</u>	<u>326,925,675</u>
Total liabilities		<u>408,891,531</u>	<u>486,925,675</u>
Total equity and liabilities		<u>487,609,521</u>	<u>565,682,151</u>

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

Statement of comprehensive income
Year ended 31 March 2021

	Note	2021 US\$	2020 US\$
Interest income	12	5,864,637	20,223,094
Interest expense	12	(3,581,072)	(15,509,513)
Net interest income		<u>2,283,565</u>	<u>4,713,581</u>
Other operating income		431,437	496,585
Net foreign exchange gain		55,952	358,118
Staff costs		(1,602,477)	(1,700,509)
Depreciation of plant and equipment		(23,305)	(4,238)
Other operating expenses		<u>(1,080,146)</u>	<u>(1,175,137)</u>
Profit before income tax		65,026	2,688,400
Income tax expense	14	<u>(103,512)</u>	<u>(430,513)</u>
(Loss)/Profit for the year/total comprehensive income for the year	13	<u><u>(38,486)</u></u>	<u><u>2,257,887</u></u>

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

Statement of changes in equity
Year ended 31 March 2021

	Share capital US\$	Accumulated profits US\$	Total US\$
At 1 April 2019	65,000,000	11,498,589	76,498,589
Total comprehensive income for the year			
Profit for the year	–	2,257,887	2,257,887
Total comprehensive income for the year	–	2,257,887	2,257,887
At 31 March 2020	65,000,000	13,756,476	78,756,476
At 1 April 2020	65,000,000	13,756,476	78,756,476
Total comprehensive income for the year			
Loss for the year	–	(38,486)	(38,486)
Total comprehensive income for the year	–	(38,486)	(38,486)
At 31 March 2021	65,000,000	13,717,990	78,717,990

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

Statement of cash flows
Year ended 31 March 2021

	Note	2021 US\$	2020 US\$
Cash flows from operating activities			
(Loss)/Profit for the year		(38,486)	2,257,887
Adjustments for:			
Interest income	12	(5,864,637)	(20,223,094)
Interest expense	12	3,581,072	15,509,513
Depreciation of plant and equipment	4	23,305	4,238
Income tax expense		103,512	430,513
		<u>(2,195,234)</u>	<u>(2,020,943)</u>
Changes in working capital:			
Loans receivables		153,585,257	51,721,118
Other receivables		185,167	659,805
Bank loans		(127,362,392)	(38,104,548)
Loans payables		50,550,779	(40,663,946)
Medium term notes		–	(10,000,000)
Other liabilities		(630,973)	45,319
Cash generated from/(used in) operations		<u>74,132,604</u>	<u>(38,363,195)</u>
Interest received		6,918,078	21,138,706
Interest paid		(3,984,851)	(15,936,032)
Income tax paid		<u>(291,291)</u>	<u>(475,790)</u>
Net cash from/(used in) operating activities		<u>76,774,540</u>	<u>(33,636,311)</u>
Cash flows from investing activity			
Acquisition of plant and equipment	4	<u>(39,750)</u>	<u>(63,532)</u>
Net cash used in investing activity		<u>(39,750)</u>	<u>(63,532)</u>
Net increase/(decrease) in cash and cash equivalents		76,734,790	(33,699,843)
Cash and cash equivalents at beginning of year		<u>172,640,565</u>	<u>206,340,408</u>
Cash and cash equivalents at end of year	7	<u>249,375,355</u>	<u>172,640,565</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 June 2021.

1 Domicile and activities

Sumitomo Corporation Capital Asia Pte Ltd (the “Company”) is incorporated in the Republic of Singapore and has its registered office at 182 Cecil Street, #22-01 Frasers Tower, Singapore 069547.

The principal activities of the Company are those relating to a financing arm for the group of companies within the Sumitomo Corporation group. The Company raises its funding either from related companies or external parties and the directors believe that such funding for the group will be available to enable the Company to continue its financing activities for the group of companies within the Sumitomo Corporation group.

The immediate and ultimate holding companies during the financial year were Sumitomo Corporation Asia & Oceania Pte. Ltd. and Sumitomo Corporation, incorporated in the Republic of Singapore and Japan, respectively.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of critical judgement in the application of the accounting policies that have a significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 16 – financial risk management.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2021:

- Amendments to References to Conceptual Framework in FRS Standards
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39 and FRS 107)

Other than the interest rate benchmark reform, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Company applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 April 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss accumulated in the cash flow hedging reserves in the OCI that existed at 1 April 2020. The details of the accounting policies are disclosed in Note 3.2(vi). See also Note 15 for related disclosures about risks and hedging accounting.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Foreign currency

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

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

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Loan receivables and bank borrowings are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

Financial assets at amortised cost

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

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

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

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(vi) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Company assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Company assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Company assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Company will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Company will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Cash flow hedges

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located and the capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Software in-construction is not depreciated.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	3 years
Office equipment	3 years
Software	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

3.4 Impairment

(i) Non-derivative financial assets and contract assets

The Company recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised costs.

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

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

Simplified approach

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

General approach

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, if no impairment loss had been recognised.

3.5 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.7 Income recognition

Interest income and expense

Interest income and expense are recognised using the effective interest method.

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

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

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

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

3.8 Income tax expense

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

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

Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.9 New standards and interpretations not adopted

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

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*

4 Plant and equipment

	Furniture and fittings US\$	Office equipment US\$	Software US\$	Total US\$
Cost				
At 1 April 2019	90,247	54,466	834,794	979,507
Additions	–	–	63,532	63,532
At 31 March 2020	90,247	54,466	898,326	1,043,039
Additions	–	–	39,750	39,750
Disposals	(55,516)	–	–	(55,516)
At 31 March 2021	34,731	54,466	938,076	1,027,273
Accumulated depreciation				
At 1 April 2019	90,247	54,466	834,794	979,507
Depreciation charge for the year	–	–	4,238	4,238
At 31 March 2020	90,247	54,466	839,032	983,745
Depreciation charge for the year	–	–	23,305	23,305
Disposals	(55,516)	–	–	(55,516)
At 31 March 2021	34,731	54,466	862,337	951,534
Carrying amounts				
At 1 April 2019	–	–	–	–
At 31 March 2020	–	–	59,294	59,294
At 31 March 2021	–	–	75,739	75,739

5 Loans receivables

	2021 US\$	2020 US\$
Non-current portion	39,618,876	62,853,845
Current portion	197,801,574	328,151,862
	<u>237,420,450</u>	<u>391,005,707</u>
Loans receivables from:		
- immediate holding company	57,583,326	152,635,324
- related corporations	179,837,124	238,370,383
	<u>237,420,450</u>	<u>391,005,707</u>

The loans are receivable from immediate holding company and related corporations and are secured by letters of guarantee from the immediate or ultimate holding company. There is no allowance for doubtful debts arising from these outstanding balances.

Terms and debt repayment schedule

Terms and conditions of loans receivable are as follows:

	Currency	Nominal interest rate Per annum	Year of maturity	Face value US\$	Carrying amount US\$
2021					
Secured loan receivable from immediate holding company	USD	0.92%	2021	57,583,326	57,583,326
Secured loan receivable from related corporations	JPY	0.64–3.13%	2021–2025	21,503,245	21,503,245
Secured loan receivable from related corporations	SGD	1.08%	2021	48,938,066	48,938,066
Secured loan receivable from related corporations	USD	0.92–4.28%	2021–2024	109,395,813	109,395,813
				<u>237,420,450</u>	<u>237,420,450</u>
2020					
Secured loan receivable from immediate holding company	USD	2.18–3.11%	2020–2021	152,635,324	152,635,324
Secured loan receivable from related corporations	JPY	0.63–3.13%	2020–2027	40,196,107	40,196,107
Secured loan receivable from related corporations	SGD	2.44%	2020	929,546	929,546
Secured loan receivable from related corporations	USD	1.62–4.28%	2020–2024	197,244,730	197,244,730
				<u>391,005,707</u>	<u>391,005,707</u>

Included in loans receivables are loans under a fair value hedge with notional amount of US\$21,022,695 (2020: US\$29,539,519) and fair value hedge gain of US\$1,038,470 (2020: gain of US\$1,612,922).

6 Other receivables

	Note	2021 US\$	2020 US\$
Interest receivables from:			
- immediate holding company		45,546	428,635
- related corporations		387,392	987,734
- third parties		82,013	152,023
Other receivables from:			
- immediate holding company		72,807	82,023
- related corporations		34,512	38,893
- third parties		13,199	16,046
Other receivables measured at amortised cost		<u>635,469</u>	<u>1,705,354</u>
Gain arising from revaluation of derivative financial instruments	15	–	93,916
Prepayments		<u>102,508</u>	<u>177,315</u>
		<u>737,977</u>	<u>1,976,585</u>

7 Cash and cash equivalents

	2021 US\$	2020 US\$
Cash at bank	229,375,355	147,640,565
Fixed deposits	20,000,000	25,000,000
	<u>249,375,355</u>	<u>172,640,565</u>

The weighted average effective interest rates per annum relating to fixed deposits at the reporting date for the Company is 0.31% (2020: 2.25%).

8 Share capital

	2021 No. of shares	2020 No. of shares
Issued and fully paid ordinary shares, with no par value		
At the beginning and end of the year	<u>65,000,000</u>	<u>65,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Capital management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the provisions of the Singapore Companies Act.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

9 Bank loans

	2021 US\$	2020 US\$
Non-current portion	160,000,000	160,000,000
Current portion	–	127,362,392
	<u>160,000,000</u>	<u>287,362,392</u>

Terms and debt repayment schedule

Terms and conditions of loans payable are as follows:

	Currency	Nominal interest rate Per annum	Year of maturity	Face value US\$	Carrying amount US\$
2021					
Unsecured bank loans	USD	0.45–0.84%	2022–2025	160,000,000	160,000,000
2020					
Unsecured bank loans	USD	0.30–2.26%	2020–2025	287,362,392	287,362,392

Included in bank loans are loans under a fair value hedge with notional amount of US\$Nil (2020: US\$50,000,000) and fair value hedge adjustment of US\$Nil (2020: gain of US\$20,014).

10 Loans payables

	2021 US\$	2020 US\$
Loans payable to:		
- immediate holding company	14,095,925	1,746,373
- related corporations	232,921,899	194,720,672
	<u>247,017,824</u>	<u>196,467,045</u>

The short-term loans are unsecured and payable to the immediate holding company and related corporations.

Terms and debt repayment schedule

Terms and conditions of loans payable are as follows:

	Nominal interest rate Per annum	Year of maturity	Face value US\$	Carrying amount US\$
2021				
Unsecured loans payable to:				
- immediate holding company (JPY)	0.00%	2021	680,891	680,891
- immediate holding company (SGD)	0.16%	2021	1,077,951	1,077,951
- immediate holding company (USD)	0.12%	2021	12,337,083	12,337,083
- related corporations (JPY)	0.00-0.14%	2021	20,329,185	20,329,185
- related corporations (SGD)	0.16%	2021	2,708,248	2,708,248
- related corporations (USD)	0.12-0.20%	2021	209,884,466	209,884,466
			<u>247,017,824</u>	<u>247,017,824</u>

	Nominal interest rate Per annum	Year of maturity	Face value US\$	Carrying amount US\$
2020				
Unsecured loans payable to:				
- immediate holding company (JPY)	0.00%	2020	276,415	276,415
- immediate holding company (SGD)	1.52%	2020	1,469,958	1,469,958
- related corporations (JPY)	0.00%	2020	124,797	124,797
- related corporations (SGD)	1.52-1.58%	2020	1,431,738	1,431,738
- related corporations (USD)	0.96-1.84%	2020	193,164,137	193,164,137
			<u>196,467,045</u>	<u>196,467,045</u>

11 Other liabilities

	Note	2021 US\$	2020 US\$
Interest payable to:			
- immediate holding company		811	1,432
- related corporations		25,186	245,265
- third parties		101,339	284,418
Other payables to:			
- ultimate holding company		283,216	308,620
- immediate holding company		131,999	132,401
- third parties		—	40,679
Others		<u>113,862</u>	<u>114,536</u>
		656,413	1,127,351
Deficit arising from revaluation of derivative financial instruments	15	<u>1,049,108</u>	<u>1,612,922</u>
		<u>1,705,521</u>	<u>2,740,273</u>

Other payables to the immediate and ultimate holding companies and related corporations are unsecured, interest free and repayable on demand.

12 Interest income and expense

	2021 US\$	2020 US\$
Interest income from:		
- immediate holding company	1,256,037	6,443,860
- related corporations	3,366,525	7,298,890
- third parties	<u>1,242,075</u>	<u>6,480,344</u>
	<u>5,864,637</u>	<u>20,223,094</u>
Interest expense to:		
- immediate holding company	(5,305)	(31,289)
- related corporations	(501,839)	(3,962,107)
- third parties	<u>(3,073,928)</u>	<u>(11,516,117)</u>
	<u>(3,581,072)</u>	<u>(15,509,513)</u>

Included in the total interest income above is interest income arising from financial assets which have been hedged of US\$1,075,992 (2020: US\$2,700,881). Included in the total interest expense above is interest expense arising from financial liabilities which have been hedged of US\$635,308 (2020: US\$1,126,661). Refer to Note 15 for details on the fair value hedging relationships.

13 Profit for the year

The following items have been included in arriving at profit for the year:

	2021 US\$	2020 US\$
Staff costs		
Salaries and bonus (including directors' remuneration)	(1,106,960)	(1,241,090)
Contributions to defined contribution plans	(101,493)	(106,249)
Rental expense for expatriate housing	(159,871)	(165,605)
Other benefits	(234,153)	(187,565)
	<u>(1,602,477)</u>	<u>(1,700,509)</u>
Other operating income and expenses		
Foreign exchange gain/(loss)	<u>55,952</u>	<u>358,118</u>

14 Income tax expense

	2021 US\$	2020 US\$
Current tax		
Current year	<u>103,512</u>	<u>430,513</u>
	<u>103,512</u>	<u>430,513</u>
Reconciliation of effective tax rate		
(Loss)/Profit for the year	(38,486)	2,257,887
Income tax expense	<u>103,512</u>	<u>430,513</u>
Profit before income tax	<u>65,026</u>	<u>2,688,400</u>
Income tax using Singapore tax rate at 17% (2020: 17%)	11,054	457,028
Effects of concessionary tax rate	(7,910)	(197,180)
Expenses not deductible for tax purposes	14,094	5,857
Withholding tax suffered overseas, net of tax credit	96,863	177,487
Income not subject to tax	<u>(10,589)</u>	<u>(12,679)</u>
	<u>103,512</u>	<u>430,513</u>

The Company has been granted Approved Financial and Treasury Centre status by the Economic Development Board (EDB) to perform treasury, financing and other financial services for their own account, and for companies in their group. Under the terms of the Approved Financial and Treasury Centre status granted, income derived from qualifying activities is subject to a concessionary tax rate of 8% for a period of 5 years from 1 April 2017.

Income from non-qualifying activities is subject to tax at statutory rates.

15 Derivative financial instruments

The table below sets out the notional principal amounts and the positive and negative fair value of the Company's outstanding derivative financial instruments at the reporting date, including derivative financial instruments designated as hedging instruments under a fair value hedge. Positive and negative fair value represent the mark-to-market values of the derivative contracts.

	Notional principal amount US\$	Positive fair value US\$	Negative fair value US\$
2021			
Forward foreign exchange contracts	47,816,837	–	10,638
Interest rate and cross currency interest rate swaps	21,022,695	–	1,038,470
	<u>68,839,532</u>	<u>–</u>	<u>1,049,108</u>
2020			
Forward foreign exchange contracts	40,695,523	73,902	–
Interest rate and cross currency interest rate swaps	79,539,520	20,014	1,612,922
	<u>120,235,043</u>	<u>93,916</u>	<u>1,612,922</u>

Positive and negative fair value of derivative financial instruments are recognised in other receivables and other liabilities in the statement of financial position respectively.

Fair value hedging relationships

The company provides fixed-rate loans to its related companies with borrowings from financial institutions at floating rate. To hedge the risk of interest rate fluctuation, the company enter into interest rate and cross currency interest rate swaps with financial institutions, with notional amount and tenor matching the hedged item, to swap the interest receivable at fixed rate with interest at floating rate. The company also enters into hedging relationships to swap the interest basis for bank loans.

Included within profit or loss from fair value hedges are fair value gain of US\$554,438 (2020: fair value losses of US\$399,608) on derivatives held in qualifying fair value hedging relationships (hedging instruments), and a decrease in the fair value of US\$554,438 (2020: increase in the fair value of US\$399,608) of certain loan receivables and bank loans (hedged items), attributable to the hedged interest rate risk.

There is no hedge ineffectiveness as the notional amounts of the hedging instruments match the hedged items.

16 Financial risk management

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans receivables from immediate holding company and related corporations.

At the reporting date, except for amounts due from immediate holding company and related corporations, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Amounts due from immediate holding company and related corporations are secured by letters of guarantee from the ultimate holding company. The Company's most significant borrower, the immediate holding company, accounts for US\$57,583,326 (2020: US\$152,635,324) of the loans receivables carrying amount at 31 March 2021.

The ageing of loans and other receivables (excluding cash and cash equivalents, prepayments and gains arising from the revaluations of derivative financial instruments) at the reporting date was:

	Gross	Impairment	Gross	Impairment
	2021	losses	2020	losses
	US\$	US\$	US\$	US\$
Not past due	238,055,919	–	392,711,060	–

No expected credit losses are recognised as the risk of default is not significant.

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Company's statements of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statements of financial position.

The Company's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition, the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements:

	Gross amounts of recognised financial instruments US\$	Gross amounts of recognised financial instruments offset in the statement of financial position US\$	Net amounts of financial instruments presented in the statement of financial position US\$	Related amounts not offset in the statement of financial positions US\$	Net amount US\$
2021					
Financial liabilities					
Forward foreign exchange contracts	10,638	–	10,638	–	10,638
Interest rate and cross currency interest rate swaps	1,038,470	–	1,038,470	–	1,038,470
Total	1,049,108	–	1,049,108	–	1,049,108
2020					
Financial assets					
Forward foreign exchange contracts	73,902	–	73,902	–	73,902
Interest rate and cross currency interest rate swaps	20,014	–	20,014	(20,014)	–
Total	93,916	–	93,916	(20,014)	73,902
Financial liabilities					
Interest rate and cross currency interest rate swaps	1,612,922	–	1,612,922	(20,014)	1,592,908

Liquidity risk

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

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount US\$	Gross nominal inflow/ (outflow) US\$	Less than 1 year US\$	1 to 5 years US\$	More than 5 years US\$
2021					
Non-derivative financial liabilities					
Bank loans	160,000,000	(162,623,013)	(1,068,790)	(161,554,223)	—
Loans payables	247,017,824	(247,041,910)	(247,041,910)	—	—
Other liabilities*	529,077	(529,077)	(529,077)	—	—
	<u>407,546,901</u>	<u>(410,194,000)</u>	<u>(248,639,777)</u>	<u>(161,554,223)</u>	<u>—</u>
Derivative liabilities					
Forward foreign exchange contracts (Gross-settled)					
- Outflow	10,638	(47,827,475)	(47,827,475)	—	—
- Inflow	—	47,816,837	47,816,837	—	—
Interest rate and cross currency interest rate swaps (Net-settled)	1,038,470	(1,059,092)	(392,615)	(666,477)	—
	<u>1,049,108</u>	<u>(1,069,730)</u>	<u>(403,253)</u>	<u>(666,477)</u>	<u>—</u>
2020					
Non-derivative financial liabilities					
Bank loans	287,362,392	(297,952,789)	(130,730,717)	(167,222,072)	—
Loans payables	196,467,045	(196,545,590)	(196,545,590)	—	—
Other liabilities*	596,236	(596,236)	(596,236)	—	—
	<u>484,425,673</u>	<u>(495,094,615)</u>	<u>(327,872,543)</u>	<u>(167,222,072)</u>	<u>—</u>
Derivative liabilities					
Interest rate and cross currency interest rate swaps (Net-settled)	1,612,922	(1,321,292)	(423,759)	(876,758)	(20,775)

* Excludes interest payable as they are included under bank loans and loans payable

Interest rate risk

Interest rate risk refers to the risk that volatility in interest rates would result in losses to the Company. The Company is exposed to interest rate risk through the impact of interest rate changes on interest bearing assets and liabilities. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Where necessary, the Company enters into interest rate and cross currency swaps to manage its interest rate risk exposure.

If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Company assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks*Overview*

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Company has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Company operates in. The Company anticipates that IBOR reform will impact its risk management and hedge accounting. Management monitors and manages the Company's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Derivatives

The Company holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to LIBOR. The Company's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

The company would monitor and manage the transition to alternative interest rate indicators. The company has identified agreements related to LIBOR then the company plans to promote communication with counterparties regarding the reform of major interest rate benchmarks.

Hedge accounting

The Company has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 March 2021. The Company's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual. The Company's LIBOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments after accounting for the effects of hedging instruments was as follows:

	2021	2020
	US\$	US\$
Fixed rate instruments		
Financial assets	91,259,574	51,649,981
Financial liabilities	(48,842,183)	(16,000,000)
	<u>42,417,391</u>	<u>35,649,981</u>
Variable rate instruments		
Financial assets	184,234,373	470,258,549
Financial liabilities	(358,175,640)	(467,829,437)
	<u>(173,941,267)</u>	<u>2,429,112</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial instruments at fair value through profit or loss except for fixed rate loans that are accounted for under a fair value hedge. Therefore a change in interest rates at the reporting date would not affect profit or loss, as any fair value gain/loss in the fixed rate loans will be offset by the fair value loss/gain in the hedging instrument.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit before tax	
	100 bp	100 bp
	increase	decrease
	US\$	US\$
2021		
Variable rate instruments	<u>(1,532,439)</u>	<u>(382,615)</u>
2020		
Variable rate instruments	<u>393,857</u>	<u>693,216</u>

Foreign currency risk

The foreign currency risk is the potential adverse impact on the Company's earnings and economic value due to adverse currency rate movement.

The Company's foreign currency exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies. Where necessary, the Company enters into forward foreign exchange contracts and cross currency interest rate swaps to manage its foreign exchange exposure.

Exposure to currency risk

The Company's exposure to foreign currency was as follows based on notional amounts:

	Japanese yen US\$	Singapore dollar US\$
2021		
Loans receivables	20,744,165	48,938,066
Other receivables	33,089	14,647
Cash and cash equivalents	275,347	2,704,106
Loans payables	(21,010,076)	(3,786,199)
Other liabilities	(22,820)	(114,456)
Gross exposure	19,705	47,756,164
Forward exchange contracts	(9,417)	(47,807,420)
Net currency exposure	10,288	(51,256)
2020		
Loans receivables	39,074,349	929,546
Other receivables	44,747	18,966
Cash and cash equivalents	1,891,081	1,972,200
Loans payables	(401,212)	(2,901,696)
Other liabilities	(30,239)	(116,668)
Gross exposure	40,578,726	(97,652)
Forward exchange contracts	(40,695,523)	–
Net currency exposure	(116,797)	(97,652)

Sensitivity analysis

A 10% strengthening of the following currencies against the US dollar at the reporting date would have decreased profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit before tax 2021 US\$	2020 US\$
Japanese yen	1,029	(11,680)
Singapore dollar	(5,126)	(9,765)

A 10% weakening of the above currencies against US dollars at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

Derivatives

The fair value of interest rate derivatives and forward foreign exchange contracts is based on quotes from banks.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities (including loans receivables, other receivables, cash and cash equivalents, other liabilities, loan payables, other payables and medium term notes) are assumed to approximate their fair values, because of the short period to maturity or repricing of their interest rates.

For financial assets and liabilities with fixed interest rates and maturity of more than one year, the Company enters into interest rate derivatives to hedge its interest rate risk through fair value hedges. The carrying amounts of these financial assets and liabilities are assumed to approximate their fair values as the carrying amounts are adjusted to reflect changes in its fair value in respect of the risk being hedged.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Accounting classifications and fair values

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

	Carrying amount					Fair value			
	Fair value – hedging instruments US\$	Fair value – hedged items US\$	Financial assets at amortised cost US\$	Financial liabilities at amortised cost US\$	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
31 March 2021									
Financial assets measured at fair value									
Loans receivables	–	22,061,165	–	–	22,061,165	–	22,061,165	–	22,061,165
Financial assets not measured at fair value									
Loans receivables	–	–	215,359,285	–	215,359,285				
Other receivables	–	–	635,469	–	635,469				
Cash and cash equivalents	–	–	249,375,355	–	249,375,355				
	–	–	465,370,109	–	465,370,109				
Financial liabilities measured at fair value									
Forward foreign exchange contracts	10,638	–	–	–	10,638	–	10,638	–	10,638
Interest rate and cross currency interest rate swaps	1,038,470	–	–	–	1,038,470	–	1,038,470	–	1,038,470
	1,049,108	–	–	–	1,049,108				
Financial liabilities not measured at fair value									
Bank loans	–	–	–	160,000,000	160,000,000				
Loans payables	–	–	–	247,017,824	247,017,824				
Other liabilities	–	–	–	656,413	656,413				
	–	–	–	407,674,237	407,674,237				

	Carrying amount					Fair value			
	Fair value – hedging instruments US\$	Fair value – hedged items US\$	Financial assets at amortised cost US\$	Financial liabilities at amortised cost US\$	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
31 March 2020									
Financial assets measured at fair value									
Loans receivables	–	31,152,442	–	–	31,152,442	–	31,152,442	–	31,152,442
Forward foreign exchange contracts	73,902	–	–	–	73,902	–	73,902	–	73,902
Interest rate and cross currency interest rate swaps	20,014	–	–	–	20,014	–	20,014	–	20,014
	<u>93,916</u>	<u>31,152,442</u>	<u>–</u>	<u>–</u>	<u>31,246,358</u>				
Financial assets not measured at fair value									
Loans receivables	–	–	359,853,264	–	359,853,264				
Other receivables	–	–	1,705,354	–	1,705,354				
Cash and cash equivalents	–	–	172,640,565	–	172,640,565				
	<u>–</u>	<u>–</u>	<u>534,199,183</u>	<u>–</u>	<u>534,199,183</u>				
Financial liabilities measured at fair value									
Interest rate and cross currency interest rate swaps	1,612,922	–	–	–	1,612,922	–	1,612,922	–	1,612,922
Bank loans	–	50,020,014	–	–	50,020,014	–	50,020,014	–	50,020,014
	<u>1,612,922</u>	<u>50,020,014</u>	<u>–</u>	<u>–</u>	<u>51,632,936</u>				
Financial liabilities not measured at fair value									
Bank loans	–	–	–	237,342,378	237,342,378				
Loans payables	–	–	–	196,467,045	196,467,045				
Other liabilities	–	–	–	1,127,351	1,127,351				
	<u>–</u>	<u>–</u>	<u>–</u>	<u>434,936,774</u>	<u>434,936,774</u>				

There have been no transfers from Level 1 to Level 2 and from Level 2 to Level 1 respectively.

17 Related parties

Transactions with related parties

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2021 US\$	2020 US\$
Service fee income		
- Immediate holding company	288,098	348,484
- Related corporations	143,339	148,101
	431,437	496,585

Key management personnel compensation

Compensation payable to key management personnel comprise:

	2021 US\$	2020 US\$
Short-term employee benefits	367,474	220,301

The director's remuneration is paid by the immediate holding company and subsequently recharged to the Company.

18 Commitments

As at the reporting date, the Company has contractual commitments relating to office space and residential premises of expatriates for US\$122,103 for the next financial year (2020: US\$253,079).