


TS ASIA (HONG KONG) LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 APRIL 2021 TO 31 DECEMBER 2021

CERTIFIED TRUE COPY


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PricewaterhouseCoopers
Certified Public Accountants
Date: 6/4/2022

TS ASIA (HONG KONG) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the period from 1 April 2021 to 31 December 2021 (the “Period”).

Principal activity

The principal activity of TS Asia (Hong Kong) Limited (the “Company”) is trading of ferro alloys and minerals products.

Results and appropriations

The results of the Company for the Period are set out in the statement of comprehensive income on page 7.

Interim dividends of US\$2.80986 and US\$0.15735 per ordinary share amounting to US\$25,000,000 and US\$1,400,000 were paid on 29 September 2021 and 30 December 2021 respectively, see note 10. The directors do not recommend the payment of any final dividend in respect of the year.

Business review

In accordance with section 388(3) of the Hong Kong Companies Ordinance, the Company is itself a wholly owned subsidiary of another body corporate in the Period and therefore exempt from preparing business review in the directors’ report as required by Schedule 5 of the Hong Kong Companies Ordinance.

Directors

The directors of the Company during the Period and up to the date of this report were:

Maliackal Cherian THOMAS (resigned on 30 November 2021)

Raghav SUD

Sundara Ramam DWARAKA BHAMIDIPATI

The Company’s Articles of Association do not provide for the mandatory retirement of directors and, accordingly, all directors continue in office.

Directors’ material interests in transactions, arrangements and contracts that are significant in relation to the Company’s business

No transactions, arrangements and contracts of significance in relation to the Company’s business to which the Company, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

Directors’ rights to acquire shares or debentures

At 31 December 2021, none of the directors nor their associates had an interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

TS ASIA (HONG KONG) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

Permitted indemnity provisions

At no time during the Period and up to the date of this Report of the Directors, there was or is, any permitted indemnity provisions being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retires and, being eligible offers itself for re-appointment.

On behalf of the Board



Raghav SUD
Director

Hong Kong, 31 March 2022



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF TS ASIA (HONG KONG) LIMITED**
(Incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of TS Asia (Hong Kong) Limited (the "Company"), which are set out on pages 7 to 26, comprise:

- the statement of comprehensive income for the period from 1 April 2021 to 31 December 2021;
- the statement of financial position as at 31 December 2021;
- the statement of changes in equity for the period from 1 April 2021 to 31 December 2021;
- the statement of cash flows for the period from 1 April 2021 to 31 December 2021; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the period from 1 April 2021 to 31 December 2021 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF TS ASIA (HONG KONG) LIMITED (CONTINUED)**
(Incorporated in Hong Kong with limited liability)

Emphasis of Matter

We draw attention to Note 2(a) to these financial statements, which refers to the approval of an application for deregistration by the Company's shareholder on 28 January 2022. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, but does not include the financial statements and our auditor's report thereon.

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

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 Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. See Note 2(a) to the financial statements, which refers to that the Company ceased to carry on business or operation since 31 December 2021, approved by the Company's shareholder on 28 January 2022.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF TS ASIA (HONG KONG) LIMITED (CONTINUED)**
(Incorporated in Hong Kong with limited liability)

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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF TS ASIA (HONG KONG) LIMITED (CONTINUED)**
(Incorporated in Hong Kong with limited liability)

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

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2022

TS ASIA (HONG KONG) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 DECEMBER 2021 (DATE OF BUSINESS
CEASED OPERATION)**

	Note	Period from 1 April 2021 to 31 December 2021 (date of business ceased operation) US\$	Year ended 31 March 2021 US\$
Revenue	5	21,282	123,585,671
Cost of sales		(20,671)	(121,953,030)
Gross profit		611	1,632,641
Other income	6	1,077,481	791,588
Selling and distribution costs		-	(632,781)
Other operating expenses		-	(80,581)
Administrative expenses		(899,961)	(1,305,089)
Operating profit		178,131	405,778
Finance costs	7	-	(642)
Profit before taxation	8	178,131	405,136
Taxation	9	4,814	(66,848)
Profit and total comprehensive income for the period/year		182,945	338,288

The notes on pages 12 to 26 are integral part of these financial statements.

TS ASIA (HONG KONG) LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (DATE OF BUSINESS CEASED OPERATION)**

	Note	As at 31 December 2021 (date of business ceased operation) US\$	As at 31 March 2021 US\$
Non-current assets			
Property, plant and equipment	12	-	9,600
Current assets			
Account receivables, deposits and prepayments	13	19,745	349,245
Amount due from ultimate holding company	16	-	87,555
Amounts due from fellow subsidiaries	14	-	10,652,935
Advance payment to a fellow subsidiary	15	-	14,000,000
Income tax recoverable		137,170	371,955
Cash and cash equivalents		654,494	16,117,796
		<u>811,409</u>	<u>41,579,486</u>
Current liabilities			
Account payables and accruals	17	129,778	678,357
Amounts due to a fellow subsidiary	14	-	12,043
Loan from a fellow subsidiary	14	-	14,000,000
		<u>129,778</u>	<u>14,690,400</u>
Net current assets		<u>681,631</u>	<u>26,889,086</u>
Net assets		<u>681,631</u>	<u>26,898,686</u>
EQUITY			
Share capital	18	1,140,668	1,140,668
Retained profits/(accumulated losses)		(459,037)	25,758,018
Total equity		<u>681,631</u>	<u>26,898,686</u>

The financial statements on pages 7 to 26 were approved by the Board of Directors on 31 March 2022 and were signed on its behalf:



Raghav SUD
Director



Sundara Ramam DWARAKA BHAMIDIPATI
Director

The notes on pages 12 to 26 are integral part of these financial statements.

TS ASIA (HONG KONG) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 DECEMBER 2021 (DATE OF BUSINESS
CEASED OPERATION)**

	Note	Share capital US\$	Retained profits/ (Accumulated losses) US\$	Total US\$
Balance at 1 April 2020		1,140,668	25,419,730	26,560,398
Profit and total comprehensive income for the year		-	338,288	338,288
Balance at 31 March 2021		1,140,668	25,758,018	26,898,686
Profit and total comprehensive income for the period		-	182,945	182,945
Dividends	10	-	(26,400,000)	(26,400,000)
Balance at 31 December 2021 (date of business ceased operation)		1,140,668	(459,037)	681,631

The notes on pages 12 to 26 are integral part of these financial statements.

TS ASIA (HONG KONG) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 DECEMBER 2021 (DATE OF BUSINESS
CEASED OPERATION)**

	Period from 1 April 2021 to 31 December 2021 (date of business ceased operation) US\$	Year ended 31 March 2021 US\$
Cash flows from operating activities		
Profit before taxation	178,131	405,136
Depreciation on property, plant and equipment	3,876	8,864
Loss on disposal of property, plant and equipment	5,724	
Interest expense	-	642
Interest income	(22,772)	(15,061)
	<hr/>	<hr/>
Operating profit before changes in working capital	164,959	399,581
Decrease in account receivables, deposits and prepayments	329,500	15,482,299
Decrease/(increase) in amounts due from fellow subsidiaries	10,652,935	(6,372,615)
Decrease/(increase) in amount due from ultimate holding company	87,555	(87,555)
Decrease in account payables and accruals	(548,579)	(1,064,572)
Decrease in amount due to ultimate holding company	-	(1,174,548)
Decrease in amount due to a fellow subsidiary	(12,043)	(5,359)
	<hr/>	<hr/>
Cash generated from operations	10,674,327	7,177,231
Income tax received/(paid)	239,599	(171,866)
	<hr/>	<hr/>
Net cash generated from operating activities	10,913,926	7,005,365
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Cash flows from investing activities		
Decrease in loan to a fellow subsidiary	-	8,662,229
Purchase of property, plant and equipment	-	(2,706)
Interest received	22,772	15,061
	<hr/>	<hr/>
Net cash generated from investing activities	22,772	8,674,584
	<hr/>	<hr/>
Cash flows from financing activity		
Interest paid	-	(642)
Dividends paid	(26,400,000)	-
	<hr/>	<hr/>
Net cash used in financing activity	(26,400,000)	(642)
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The notes on pages 12 to 26 are integral part of these financial statements

TS ASIA (HONG KONG) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 DECEMBER 2021 (DATE OF BUSINESS
CEASED OPERATION) (CONTINUED)**

	Period from 1 April 2021 to 31 December 2021 (date of business ceased operation) US\$	Year ended 31 March 2021 US\$
Net (decrease)/increase in cash and cash equivalents	(15,463,302)	15,679,307
Cash and cash equivalents at the beginning of the period/year	16,117,796	438,489
Cash and cash equivalents at the end of the period/year	<u>654,494</u>	<u>16,117,796</u>

There is significant non-cash transaction which is decrease in advance payment to a fellow subsidiary and decrease in loan from a fellow subsidiary, by US\$14,000,000 respectively.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 General information

TS Asia (Hong Kong) Limited (the “Company”) is a private limited liability company incorporated in Hong Kong. Its parent company is T S Global Procurement Company Pte Ltd., a limited liability company incorporated in Singapore. The directors consider that the Company’s ultimate holding company is Tata Steel Limited, a limited liability company incorporated in India with its shares listed on BSE Limited and National Stock Exchange of India Limited. The address of the registered office and principal place of business of the Company is at Room 807, 8th Floor, Enterprise Square Tower III, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activity of the Company is trading of ferro alloys and minerals products.

The financial statements are presented in United States dollars, unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance (Cap. 622).

The Company applied for Notice of No Objection to Inland Revenue Department on 28 January 2022 and ceased operation on 31 December 2021. On 28 January 2022, the Company’s shareholder approved that an application for deregistration can be made by the Company to the Registrar of Companies. These financial statements have therefore been prepared on the liquidation basis of accounting. All assets have been written down to their recoverable amounts and additional liabilities that may crystallise in winding up have been recognised in the financial statements in order to reflect the fact that the company is required to realise its assets or to extinguish its liabilities other than in the normal course of business.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(i) Amendments to existing standards adopted by the Company

The Company has adopted the following amendments to existing standards for the first time for its financial period beginning 1 April 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The adoption of such amendments to existing standards did not have material impact on the financial statements.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, amendment to existing standards and interpretations not yet adopted

Certain new standards, amendment to existing standards and interpretations have been published that are mandatory for the Company's accounting periods beginning on or after 1 April 2022 or later periods are as follows:

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ¹
Annual improvements project	Annual Improvements to HKFRSs 2018-2020 ¹
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³

Note:

(1) *Effective for annual periods beginning on or after 1 January 2022*

(2) *Effective for annual periods beginning on or after 1 January 2023*

(3) *To be determined*

The Company is in the process of making an assessment of the impact of these new standards, amendments to existing standards and new interpretations in the period of initial application. In addition to the above, there are a number of minor amendments to HKAS/HKFRS under the annual improvement project of HKICPA. The Company has analysed these amendments and these amendments are not likely to have a significant impact on the Company's financial statements.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in United States dollars, which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off of assets over their estimated useful lives, using the straight-line method at below rates per annum:

Office equipment	33.33%
Furniture and equipment and leasehold improvements	33.33%

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Financial assets

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(d) Financial assets (Continued)

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iv) Impairment

Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(f) Account receivables

Account receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all classified as current.

Account receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the account receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 13 for further information about the group's accounting for trade receivables and note 2(d) for a description of the company's impairment policies.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(h) Share capital

Ordinary shares are classified as equity.

(i) Financial liabilities

(i) Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities 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. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(j) Account payables

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(l) Borrowing costs

Borrowing costs are accounted for on the accrual basis and charged to the statement of comprehensive income in the period in which they are incurred, except for costs related to funding of construction or acquisition of qualifying assets which are capitalised as part of the cost of that asset during the construction period and up to the date of completion of construction.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(m) Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date in the jurisdictions where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution plan

The Company operates defined contribution plans and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as staff cost when they are due.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(n) Employee benefits (Continued)

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses when the Company has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(o) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Revenue recognition

Revenue from sales of goods is recognised at a point in time when performance obligation under the terms of a contract is satisfied, which generally occurs with transfer of control of the Company's goods.

Management fee and service income are recognised over time when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3 Financial risk management

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management under the supervision of the board of directors. The Company's management identifies, evaluates and manages significant financial risks in the Company's individual operating units. The board of directors provides guidance for overall financial risk management.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk

The carrying amounts of accounts receivables, amounts due from fellow subsidiaries, advance payment to a fellow subsidiary, loan to a fellow subsidiary and cash and cash equivalents represent the Company's maximum exposure to credit risk in relation to financial assets. The Company reviews the recoverable amount on a regular basis and at the end of each reporting period and an allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The Company applies the HKFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the debtors to settle the outstanding balance.

Management considered the credit risk of amounts due from fellow subsidiaries, advance payment to a fellow subsidiary and loan to a fellow subsidiary as low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Company has assessed that the expected credit losses for these amounts due from fellow subsidiaries, advance payment to a fellow subsidiary and loan to a fellow subsidiary were nil under 12 months expected losses method and no provision was recognised.

The credit risk on cash and cash equivalents is limited as they are placed in a bank with high credit ranking.

(ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its current obligations when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The Company aims to maintain flexibility in funding by keeping credit lines available through its ultimate holding company, a fellow subsidiary and bank borrowings.

The following tables detail the contractual maturity of the Company for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

	Within 1 year or on demand US\$
At 31 March 2021	
Creditors	75,525
Accruals	342,665
Amount due to a fellow subsidiary	12,043
Loan from a fellow subsidiary	14,000,000
	<u>14,430,233</u>

(b) Capital risk management

For the year ended 31 March 2021, the Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the loan and equity balance.

The directors of the Company regularly monitor the capital structure, which consists of the total equity as disclosed in the statement of financial position. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as drawdown and repayment of borrowings.

(c) Fair value estimation

The carrying amounts of the Company's financial assets and liabilities approximate their fair value due to their short-term maturities.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Tax

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may not equal the related actual results. Management assessed and determined that there is no critical accounting estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 Revenue

Revenue recognised during the period/year is as follows:

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
Sales of goods	<u>21,282</u>	<u>123,585,671</u>

6 Other income

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
Interest income from bank deposit	189	9,679
Interest income from a fellow subsidiary	22,583	5,382
Management fee income from ultimate holding company	412,243	566,367
Service income from a fellow subsidiary	497,115	210,160
Reversal of provisions made in prior year	145,351	-
	<u>1,077,481</u>	<u>791,588</u>

7 Finance costs

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
Interest on bank borrowings	<u>-</u>	<u>642</u>

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 Profit before taxation

Profit before taxation has been arrived at after charging:

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
Auditor's remuneration – audit services	20,918	33,830
Depreciation on property, plant and equipment	3,876	8,864
Loss on disposal of PPE	5,724	-
Rental expenses under short-term leases	56,762	81,764
Staff costs		
- Salaries and other allowances	690,681	915,637
- Contributions to defined contribution retirement benefit schemes	9,183	11,999
	<u>9,183</u>	<u>11,999</u>

9 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (Year ended 31 March 2021: 16.5%) on the estimated assessable profit for the period/year.

The amount of taxation charged to the statement of comprehensive income represents:

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
Hong Kong profits tax		
- Current year	29,392	66,848
- Over-provision in prior year	(34,206)	-
	<u>(4,814)</u>	<u>66,848</u>

The income tax expense on the Company's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	Period from 1 April 2021 31 December 2021 US\$	Year end 31 March 2021 US\$
Profit before taxation	178,131	405,136
Calculated at taxation rate of 16.5% (Year ended 31 March 2021: 16.5%)	29,392	66,848
Income not subject to taxation	(208)	(1,597)
Expenses not deductible for taxation purpose	944	95
Temporary difference not recognised	(736)	1,502
Over-provision in prior year	(34,206)	-
Taxation	<u>(4,814)</u>	<u>66,848</u>

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 Dividends

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
First Interim dividend of US\$2.80986 per share	25,000,000	-
Second Interim dividend of US\$0.15735 per share	1,400,000	-
	<u>26,400,000</u>	<u>-</u>

11 Benefits and interests of directors

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Companies Ordinance Cap. 622 and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622G:

- (a) During the period, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (Year ended 31 March 2021: Nil). No consideration was provided to or receivable by third parties for making available directors' services (Year ended 31 March 2021: Nil).
- (b) There are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (Year ended 31 March 2021: None).
- (c) During the period and at the period end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party (Year ended 31 March 2021: Nil).
- (d) The directors of the Company received emoluments from the intermediate holding company amounting to Nil (Year ended 31 March 2021: Nil), part of which is in respect of their services to the intermediate holding company and the Company. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services to the intermediate holding company and the Company.

TS ASIA (HONG KONG) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

	Furniture and fixtures US\$	Office equipment US\$	Total US\$
At 1 April 2020			
Cost	93,454	23,796	117,250
Accumulated depreciation	(82,194)	(19,298)	(101,492)
	<u>11,260</u>	<u>4,498</u>	<u>15,758</u>
Year ended 31 March 2021			
Opening net book amount	11,260	4,498	15,758
Additions	2,706	-	2,706
Depreciation charge	(6,141)	(2,723)	(8,864)
Closing net book amount	<u>7,825</u>	<u>1,775</u>	<u>9,600</u>
At 31 March 2021			
Cost	96,160	23,796	119,956
Accumulated depreciation	(88,335)	(22,021)	(110,356)
	<u>7,825</u>	<u>1,775</u>	<u>9,600</u>
Period ended 31 December 2021			
Opening net book amount	7,825	1,775	9,600
Disposals	(5,054)	(670)	(5,724)
Depreciation charge	(2,771)	(1,105)	(3,876)
Closing net book amount	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021			
Cost	91,106	23,127	114,233
Accumulated depreciation	(91,106)	(23,127)	(114,233)
	<u>-</u>	<u>-</u>	<u>-</u>

13 Account receivables, deposits and prepayments

	As at 31 December 2021 US\$	As at 31 March 2020 US\$
Trade debtors	-	65,739
Deposits and prepayments	19,745	283,506
	<u>19,745</u>	<u>349,245</u>

The carrying amounts of accounts receivable approximate their fair value.

TS ASIA (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 Account receivables, deposits and prepayments (Continued)

The Company maintains defined credit policies and applies those appropriate to the particular business circumstances of the Company. It normally allows an average credit period of 30 days to its trade customers. It has a policy in place to evaluate customers' credit risk by considering their current financial position and past repayment history. Management monitors overdue accounts to identify and resolve collection issues. Trade receivables are written off when there is no reasonable expectation of recovery.

The impairment of trade receivables as of 31 December 2021 and 31 March 2021 was determined using the forward looking expected credit loss method, resulting in the expected loss rate below:

	As at 31 December 2021 US\$	As at 31 March 2021 US\$
Within 30 days	0%	0%

The trade receivables and deposits do not contain impaired asset. Hence, the management assessed that the ECL provision is minimal and no provision was recognised as of 31 December 2021 and 31 March 2021.

14 Amounts due from/to fellow subsidiaries and loan from a fellow subsidiary

The amounts are unsecured, interest-free and repayable on demand as at 31 March 2021.

15 Advance payment to a fellow subsidiary

The balance as at 31 March 2021 is unsecured, interest-free and repayable on demand. It represents amount due from Tata Steel (KZN) Pty Ltd. S. Africa., a fellow subsidiary of the Company. Tata Steel Global Holding Pte. Ltds, intermediate holding company of the Company agreed to waive the Company's liability if Tata Steel (KZN) Pty Ltd. S. Africa is not able to settle the intercompany loan on demand.

For the period ended 31 December 2021, there is significant non-cash transaction which is decrease in advance payment to a fellow subsidiary and decrease in loan from a fellow subsidiary, by US\$14,000,000 respectively.

16 Amount due from ultimate holding company

The amount is unsecured, interest-free and repayable within 60 days after the dates of invoices as at 31 March 2021.

17 Account payables and accruals

	As at 31 December 2021 US\$	As at 31 March 2021 US\$
Other creditors	-	51,262
Accruals	129,778	1,691,667
	<u>129,778</u>	<u>1,742,929</u>

TS ASIA (HONG KONG) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

18 Share capital

	As at 31 December 2021 US\$	As at 31 March 2021 US\$
Issued and fully paid: 8,879,211 shares	1,140,668	1,140,668
	<u>1,140,668</u>	<u>1,140,668</u>

19 Related party transactions

Except as disclosed elsewhere in the financial statements, the Company had the following related party transactions in the normal course of business during the period/year:

	Period from 1 April 2021 to 31 December 2021 US\$	Year end 31 March 2021 US\$
Management fee income from ultimate holding company (note a)	412,243	566,367
Management fee income from a fellow subsidiary (note a)	497,115	210,160
Sales of goods to a fellow subsidiary (note b)	-	652,070
Interest income from a fellow subsidiary (note 14)	22,583	9,278
Purchases from ultimate holding company (note c)	-	(119,047,400)
Address commission on freight from ultimate holding company (note d)	-	(14,391)
Staff costs to a fellow subsidiary (note e)	(137,498)	(150,181)
Insurance premium expenses to a fellow subsidiary (note f)	-	(550)
	<u> </u>	<u> </u>

Notes:

- (a) Management fee income was charged in accordance with the terms of contracts signed between the parties involved.
- (b) Sales of goods were charged according to the terms as agreed by the parties involved.
- (c) Purchases were conducted in accordance with the terms agreed between the parties involved.
- (d) Address commission on freight and freight charges were paid in accordance with the terms of contracts signed between the parties involved.
- (e) Staff costs were charged according to the terms as agreed by the parties involved.
- (f) Insurance premium expenses were charged according to the terms as agreed by the parties involved.