

STS GEMS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2020
(Expressed in Hong Kong dollars)

ASSETS	Note	2020	2019
NON-CURRENT ASSETS			
Property, plant & equipment	15	1,021,812	778,409
Right-of-use asset		605,938	0
		-----	-----
		1,627,750	778,409
		-----	-----
CURRENT ASSETS			
Inventories		27,140,210	34,158,102
Trade and other receivables		17,245,471	24,157,936
Amounts due from related parties		46,533,165	52,831,907
Prepayment		1,311,273	389,432
Rental and utility deposits		409,826	361,629
Cash and bank balances		11,147,490	31,419,875
Tax refundable		792,414	659,428
		-----	-----
		104,579,849	143,978,309
		-----	-----
TOTAL ASSETS		106,207,599	144,756,718
		=====	=====
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	7	8,750,000	8,750,000
Share premium		7,950,000	7,950,000
Retained profits		52,193,646	41,076,178
		-----	-----
		68,893,646	57,776,178
		-----	-----
NON-CURRENT LIABILITIES			
Lease liability		283,463	0
		-----	-----
CURRENT LIABILITIES			
Trade and other payables		10,108,678	18,540,317
Amounts due to related parties		19,372,056	50,432,267
Amount due to parent undertaking of the company		6,573,290	14,200,854
Accrued expenses		579,941	3,454,089
Lease liability		324,959	0
Provision for taxation		71,565	353,012
		-----	-----
		37,030,489	86,980,540
		-----	-----
TOTAL EQUITY AND LIABILITIES		106,207,599	144,756,718
		=====	=====

The notes on page 7 to 16 are an integral part of these statements

Authorised for issue by the Board of Directors on
3rd July, 2020 and signed on its behalf by

Sunil Agrawal
Director

Raghuveer Patnala
Director

STS GEMS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2020
(Expressed in Hong Kong dollars)

	Note	2020	2019
TURNOVER		297,066,634	348,132,846
LESS: COST OF SALES		(258,654,033)	(303,784,872)
GROSS PROFIT		38,412,601	44,347,974
OTHER GAINS - NET	12	5,021,997	2,129,629
ADMINISTRATIVE EXPENSES		(28,463,015)	(35,938,631)
FINANCE EXPENSES	11	(734,307)	(2,384,864)
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF TRADE RECEIVABLE		(1,580,381)	0
PROFIT/(LOSS) BEFORE INCOME TAX		12,656,894	8,154,108
INCOME TAX EXPENSES	10	(1,539,427)	(1,638,185)
NET PROFIT/(LOSS) FOR THE YEAR		11,117,468	6,515,923
OTHER COMPREHENSIVE INCOME/(LOSS)		0	0
TOTAL COMPREHENSIVE INCOME/(LOSS)		11,117,468	6,515,923

The notes on page 7 to 16 are an integral part of these statements

STS GEMS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2020

(Expressed in Hong Kong dollars)

	Share capital	Share Premium	Retained profits	Total
Balance at 1/4/2018	8,750,000	7,950,000	34,560,255	51,260,255
Other comprehensive income/(loss)		0	0	0
Income/(loss) for the year	0	0	6,515,923	6,515,923
Total comprehensive income/(loss) for the year	0	0	6,515,923	6,515,923
Balance at 31/3/2019	8,750,000	7,950,000	41,076,178	57,776,178
Balance at 1/4/2019 as per above	8,750,000	7,950,000	41,076,178	57,776,178
Other comprehensive income/(loss)		0	0	0
Income/(loss) for the period	0	0	11,117,468	11,117,468
Total comprehensive income/(loss) for the period	0	0	11,117,468	11,117,468
Balance at 31/3/2020	8,750,000	7,950,000	52,193,646	68,893,646

The notes on page 7 to 16 are an integral part of these statements

STS GEMS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2020

(Expressed in Hong Kong dollars)

	2020	2019
Cash flows from operating activities		
Profit/(loss) for the year	11,117,468	6,515,923
Adjustments for:		
- Depreciation	382,777	402,614
- Depreciation (right of use asset)	55,085	0
- Interest income	(60,288)	(41,106)
- Interest paid	289,331	1,826,844
- Income tax	1,539,427	1,638,185
	-----	-----
Operating cash flows before movements in working capital	13,323,800	10,342,460
Changes in working capital		
- Inventories	7,017,891	4,007,516
- Trade and other receivables	12,241,169	(7,421,111)
- Trade and other payables	(49,385,139)	7,546,284
	-----	-----
Cash generated from/(used in) operations	(16,802,279)	14,475,149
Interest paid	(289,331)	(1,826,844)
Income tax refund/(paid)	(1,953,860)	(3,145,467)
	-----	-----
Net cash generated from/(used in) operating activities	(19,045,470)	9,502,839
	-----	-----
Cash flow from investing activities		
Purchase of plant and equipment	(626,180)	(468,049)
Interest income	60,288	41,106
Additions to right-of-use assets	(661,023)	0
	-----	-----
Net cash flow from/(used in) investing activities	(1,226,916)	(426,943)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	(20,272,386)	9,075,895
Cash and cash equivalents at beginning of year	31,419,875	22,343,980
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Cash and cash equivalents at the end of year	11,147,490	31,419,875
	=====	=====

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General information

STS Gems Limited is a limited liability company incorporated in Hong Kong. The address of its registered office as well as principal place of business is Room 506, 5/F., Hunghom Commercial Centre Tower A, No.39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong. The nature of its operations is trading and its principal activities are trading of semi-precious, precious stones and contracted manufacturing of jewellery. The ultimate parent undertaking of the group as well as the parent undertaking of the Company is Vaibhav Gems Limited, incorporated in India. The accompanying consolidated financial statements represent the operations of STS Gems Limited and PT. STS Bali and STS (Guangzhou) Trading Co. Limited (wholly owned subsidiaries of STS Gems Limited). The subsidiaries were engaged in trading.

2. Statement of compliance with Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accounts (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

3. 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. HKFRS 16 "Lease" replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases - incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The company has initially applied HKFRS 16 as from 1 April 2019. The company has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17. The company has performed an assessment on the impact of the adoption of HKFRS 16 and concluded that no adjustment to the opening balance of equity at 1 April 2019 was recognised.

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and under the historical cost convention, as modified, where applicable, by the revaluation of buildings, available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with all banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies. (continued)

3.3 Turnover

Turnover represents amounts involved to customers for goods sold net of trade discount where applicable.

3.4 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts. Revenue is recognized as follows:

Sales of goods

Sales of goods are recognized when the Company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

3.5 Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off items of property, plant and equipment, less their residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Furniture, fixtures and equipment	5 years
Buildings	40 years

The residual value and useful life of an asset are reviewed at least at each financial year-end.

The group assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the company estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in profit or loss.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out method. The cost of finished goods and work-in-progress comprises design costs, materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies. (continued)

3.8 Deferred income tax

Deferred income tax is provided in full, 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, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

3.9 Foreign currency translation

(a) Functional and presentation currency

The functional currency, being the currency of the primary economic environment in which the Company operates, is HK dollar. The presentation currency of the financial statements is also HK dollar.

(b) Transaction 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effort of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of transactions); and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies. (continued)

3.10 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (i.e. reporting entity).

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

3.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established 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 amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies. (continued)

3.12 Consolidation

The consolidated financial statements include the financial statements of the company and all its subsidiaries made up to 31 December.

Subsidiaries

Subsidiaries are those entities in which the company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

In the company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the company on the basis of dividend received and receivable.

4. The group has not early applied any of the following new and revised Standards, Amendments and interpretations which have been issue but are not yet effective for the period under report.

The directors of the Company anticipate that the application of the new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

5. Cash and cash equivalents

	2020	2019
Cash at bank	11,147,490	31,419,875
	=====	

6. Expenses by nature

Expenses included in cost of goods sold and operating expenses are analyzed as follows:

	2020	2019
Depreciation	382,777	402,614
Employee benefit expenses	17,263,510	22,236,336
Auditors' remuneration	118,788	124,000

7. Share capital

	2020	2019
Issued & paid up: 87,500 ordinary shares	8,750,000	8,750,000
	=====	

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Directors' remuneration	2020	2019
Fees	0	0
Other emoluments	0	1,040,000
	-----	-----
	0	1,040,000
	=====	=====
9. Deferred Tax		
There is no material deferred tax liability or asset not recognised in the accounts. (2019: Nil)		
10. Income Tax Expense		
Hong Kong profits tax has been provided at the rate of 8.25% on assessable profits up to \$2,000,000 and 16.5% on any part of assessable profit over \$2,000,000 (2019: 16.5%).		
Current income tax	2020	2019
- Hong Kong profits tax	1,280,132	1,368,516
Tax concessions	(20,000)	(20,000)
	-----	-----
	1,260,132	1,348,516
	=====	=====
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit as follows.		
Profit/(loss) before tax	7,979,266	6,821,637
	-----	-----
Tax calculated at domestic tax rate	1,151,578	960,569
Income not subject to tax	(48,044)	(43,325)
Expense not deductible for tax purposes	176,598	451,272
Utilisation of previously unrecognised tax losses	0	0
Tax concessions	(20,000)	(20,000)
	-----	-----
Tax expense	1,260,132	1,348,516
	=====	=====
China income tax	7,003	0
	=====	=====
Indonesia profits tax	272,290	289,669
	=====	=====
11. Finance costs	2020	2019
Bank charges	439,578	558,020
Interest paid - TR loans	289,331	1,826,844
Lease liability interest	5,399	0
	-----	-----
	734,307	2,384,864
	=====	=====
12. Other gains - net	2020	2019
Interest income	60,288	41,106
Sundry income	77,972	177,471
Exchange gain	1,833,592	185,351
Commission received	820,449	1,725,701
	-----	-----
	2,792,302	2,129,629
	=====	=====

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Capital Management

Capital comprises share capital and reserves on the consolidated statement of financial position. The group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses.

14. Investment in subsidiaries

	2020	2019
Unquoted shares, at cost	2,340,000	2,340,000

			Proportion of nominal value of issued ordinary share capital held by the company the group	
Name of company	Place of incorporation	Nominal value of issued ordinary share capital		
PT. STS Bali STS (Guangzhou)	Indonesia	USD100,000.00	100%	100%
Trading Co. Limited	PRC	USD200,000.00	100%	100%

The principal activities of the subsidiaries are general trading.

15. Property, plant and equipment

	Fixtures, Furniture & Equipment	Total
COST OR VALUATION		
At 31 March 2018	7,249,209	7,249,209
Additions	468,049	468,049
Disposals	0	0
At 31 March 2019	7,717,258	7,717,258
Additions	626,180	626,180
Disposals	0	0
At 31 March 2020	8,343,439	8,343,439
DEPRECIATION AND IMPAIRMENT		
At 31 March 2018	(6,536,235)	(6,536,235)
Provided for the year	(402,614)	(402,614)
Eliminated on disposals	0	0
At 31 March 2019	(6,938,850)	(6,938,850)
Provided for the period	(382,777)	(382,777)
Eliminated on disposals	0	0
At 31 March 2020	(7,321,627)	(7,321,627)
CARRYING AMOUNTS		
At 31 March 2020	1,021,812	1,021,812
At 31 March 2019	778,409	778,409

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Related-party transactions

The following transactions were carried out with related parties.

	2020	2019
a) Amounts due to related parties		
Beginning of the year	50,432,267	45,581,544
Amount received/(repayment) during period	(32,686,301)	4,850,723
	-----	-----
End of the period	17,745,966	50,432,267
	=====	=====
b) Amounts due from related parties		
Beginning of the period	52,831,907	41,638,918
Amounts advanced/(repayments received) during period	(6,298,742)	11,192,989
	-----	-----
End of the period	46,533,165	52,831,907
	=====	=====
c) Purchases of goods	26,430,684	46,247,387
	=====	=====
d) Sale of goods	230,722,829	291,520,124
	=====	=====

17. Financial instruments

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the group's business. These risks are limited by the consolidated financial management policies and practices, which are described below.

Foreign currency risk

The group has no significant exposure to foreign currency risk as substantially all of the group's transactions are denominated in Hong Kong dollars and US dollars (which is linked to HK dollars at the rate of 1 US\$ to 7.8 HK\$).

Credit risk

The group's principal financial assets are bank balances. The credit risk on liquid funds is limited because the counterparty is an authorized financial institution listed in the Hong Kong Stock Exchange and regulated under the Hong Kong Banking Ordinance.

Cash flow interest rate risk

The group is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The group's policy is to obtain the most favourable interest rates available for its borrowings. Except for the group's borrowings, the group has no significant interest-bearing assets and liabilities. Cash at bank earns interest rates based on daily bank deposit rates. The group does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

At report period ending date there was no estimation uncertainty that will cause material adjustment to the book values of assets and liabilities in the following year.

19. Movement in the reserves of the company	2020	2019
Retained profits/(losses)		
Balance at beginning of year	37,582,663	32,109,542
Profit/(loss) for the year	6,719,133	5,473,121
	-----	-----
Balance at end of year	44,301,796	37,582,663
	=====	=====

20. Approval of financial statements
These financial statements were authorised for issue by the board of directors on 3rd July, 2020.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. Company-level statement of financial position of the company
This statement of financial position is a separate financial statement.
Its accounting policy in respect of the investments in subsidiaries is set
out in note 3.12 to consolidated financial statements.

	2020	2019
	HK\$	HK\$
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	531,410	485,016
Investment in subsidiary	2,340,000	2,340,000
Right-of-use asset	605,938	0
	-----	-----
	3,477,348	2,825,016
	-----	-----
CURRENT ASSETS		
Inventories	27,140,210	33,902,126
Trade and other receivables	12,193,697	19,891,006
Amounts due from related parties	46,533,165	52,831,907
Amount due from a subsidiary	996,793	2,182,995
Prepayment	76,480	97,963
Rental and utility deposits	409,826	361,629
Cash and bank balances	6,895,386	28,189,091
Tax refundable	108,383	445,264
	-----	-----
	94,353,940	137,901,982
	-----	-----
TOTAL ASSETS	97,831,288	140,726,998
	=====	=====
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	8,750,000	8,750,000
Share premium	7,950,000	7,950,000
Reserves	44,301,796	37,582,663
	-----	-----
	61,001,796	54,282,663
	-----	-----
NON-CURRENT LIABILITIES		
Lease liability	283,463	0
	-----	-----
CURRENT LIABILITIES		
Trade and other payables	11,321,872	18,357,133
Amounts due to related parties	17,745,966	50,432,267
Amount due to parent undertaking of the company	6,573,290	14,200,854
Accrued expenses	579,941	3,454,081
Lease liability	324,959	0
Provision for taxation	0	0
	-----	-----
	36,546,029	86,444,336
	-----	-----
TOTAL EQUITY AND LIABILITIES	97,831,288	140,726,998
	=====	=====

On behalf of the Directors

Sunil Agrawal
Director

Raghuveer Patnala
Director

STS GEMS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

	2020	2019
TURNOVER	297,066,634	348,132,846
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COST OF SALES		
Opening inventories	34,020,710	38,165,617
Purchases	227,542,205	267,089,571
Labour charges	9,445,367	12,012,180
Design charges	0	65,837
Freight & insurance	13,752,180	19,736,567
Packing material	97,289	236,909
Moulding charges	401,789	506,704
Sample charges	80,973	0
Testing charges	21,490	0
Declarations, Licence and C.O fees	432,241	129,589
Less: Closing inventories	(27,140,210)	(34,158,102)
	<hr/>	<hr/>
	258,654,033	303,784,872
	<hr/>	
GROSS PROFIT	38,412,601	44,347,974
<hr/>		
OTHER INCOME		
Interest income	60,288	41,106
Commission received	820,449	1,725,701
Design income	2,229,695	0
Sundry income	77,972	177,471
Exchange gain	1,833,592	185,351
	<hr/>	<hr/>
	5,021,997	2,129,629
	<hr/>	
	43,434,598	46,477,603
<hr/>		
ADMINISTRATIVE EXPENSES - per schedule	28,463,015	35,938,631
FINANCE EXPENSES - per schedule	734,307	2,384,864
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF TRADE RECEIVABLES	1,580,381	0
	<hr/>	<hr/>
	30,777,704	38,323,495
<hr/>		
PROFIT/(LOSS) BEFORE TAXATION	12,656,894	8,154,108
TAXATION	(1,539,427)	(1,638,185)
<hr/>		
NET PROFIT/(LOSS) FOR THE YEAR	11,117,468	6,515,923
RETAINED PROFITS BROUGHT FORWARD	41,076,178	34,560,255
<hr/>		
RETAINED PROFITS CARRIED FORWARD	52,193,646	41,076,178
<hr/>		

STS GEMS LIMITED
SCHEDULES TO CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

ADMINISTRATIVE EXPENSES:	2020	2019
Advertisements & exhibitions	43,638	102,977
Auditors' remuneration	118,788	124,000
Agency fee	1,000	3,333
Business registration fees	250	2,250
Business entertainment	202,797	594,193
Business travelling	1,270,134	1,799,993
Computer expenses	761,590	1,006,508
Cleaning	76,333	82,781
Consulting fees	69,727	0
Commission paid	881,762	963,836
Courier charges	157,762	121,811
Donation	20,120	0
Depreciation	382,777	402,614
Depreciation - right of use asset	55,085	0
Electricity, gas & water	296,017	287,937
Exchange loss	23,221	473,070
Enterprise income tax (China factory)	404,069	400,777
ESOP cost	75,894	277,805
Insurance	740,952	268,638
Legal and professional fees	241,487	614,840
MPF contribution	1,451,294	1,651,934
MCM expenses	484,474	0
Management fee	113,863	195,170
Office refreshments	69,826	85,665
Organization costs	0	172,876
Printing and stationery	90,629	109,040
Postage & courier	280	137
Rates & rent	1,288,655	1,270,402
Repairs and maintenance	177,949	233,329
Salaries and allowances	17,263,510	22,236,336
Staff welfare & training	738,528	1,173,694
Sundry expenses	107,790	49,138
Subscription	698	658
Sample expenses	52,336	107,641
Stamp duty	31,941	27,159
Telephones and fax	288,195	346,725
Transportation	479,647	751,365
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	28,463,015	35,938,631
	=====	=====

FINANCE EXPENSES:

Bank charges	439,578	558,020
Interest paid - TR loans	289,331	1,826,844
Exchange loss	0	0
Lease liability interest	5,399	0
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	734,307	2,384,864
	=====	=====

STS GEMS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

	2020	2019
TURNOVER	237,046,947	317,302,053
<hr style="border-top: 1px dashed black;"/>		
COST OF SALES		
Opening inventories	33,902,126	37,955,298
Purchases	177,939,304	241,290,133
Labour charges	9,445,367	12,012,180
Design charges	0	65,837
Freight & insurance	13,752,180	19,736,567
Packing material	97,289	236,909
Moulding charges	401,789	506,704
Declarations, Licence and C.O fees	144,842	129,589
Less: Closing inventories	(27,140,210)	(33,902,126)
	<hr style="border-top: 1px dashed black;"/> 208,542,687	<hr style="border-top: 1px dashed black;"/> 278,031,089
GROSS PROFIT	<hr style="border-top: 1px dashed black;"/> 28,504,261	<hr style="border-top: 1px dashed black;"/> 39,270,964
<hr style="border-top: 1px dashed black;"/>		
OTHER INCOME		
Interest income	52,294	34,266
Design income	2,229,695	0
Commission received	820,449	1,725,701
Exchange gain	628,494	0
Sundry income	39,947	46,002
	<hr style="border-top: 1px dashed black;"/> 3,770,880	<hr style="border-top: 1px dashed black;"/> 1,805,968
	<hr style="border-top: 1px dashed black;"/> 32,275,141	<hr style="border-top: 1px dashed black;"/> 41,076,932
<hr style="border-top: 1px dashed black;"/>		
ADMINISTRATIVE EXPENSES - per schedule	22,006,779	31,884,264
FINANCE EXPENSES - per schedule	708,715	2,371,031
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF TRADE RECEIVABLES	1,580,381	0
	<hr style="border-top: 1px dashed black;"/> 24,295,875	<hr style="border-top: 1px dashed black;"/> 34,255,295
PROFIT/(LOSS) BEFORE TAXATION	<hr style="border-top: 1px dashed black;"/> 7,979,266	<hr style="border-top: 1px dashed black;"/> 6,821,637
TAXATION	(1,260,133)	(1,348,516)
NET PROFIT/(LOSS) FOR THE YEAR	<hr style="border-top: 1px dashed black;"/> 6,719,133	<hr style="border-top: 1px dashed black;"/> 5,473,121
RETAINED PROFITS BROUGHT FORWARD	37,582,663	32,109,542
RETAINED PROFITS/(LOSSES) CARRIED FORWARD	<hr style="border-top: 1px dashed black;"/> 44,301,796	<hr style="border-top: 1px dashed black;"/> 37,582,663
<hr style="border-top: 3px double black;"/>		

STS GEMS LIMITED
SCHEDULES TO INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

ADMINISTRATIVE EXPENSES:	2020	2019
Advertisements & exhibitions	43,638	102,977
Auditors' remuneration	106,000	124,000
Agency fee	1,000	3,333
Business registration fees	250	2,250
Business entertainment	162,239	594,085
Business travelling	783,331	1,455,639
Computer expenses	674,448	725,435
Cleaning	57,728	74,276
Commission paid	881,762	963,836
Courier charges	155,401	121,811
Donation	9,348.63	0.00
Depreciation	274,675	363,425
Depreciation - right of use asset	55,085	0
Electricity, gas & water	253,830	267,607
Exchange loss	0	226,021
Enterprise income tax (China factory)	393,429	400,777
Insurance	699,986	267,507
Legal and professional fees	177,831	497,085
MPF contribution	1,213,477	1,507,708
Management fee	113,863	195,170
Office refreshments	69,826	85,333
Printing and stationery	86,073	90,246
Postage & courier	280	35
Rates & rent	1,079,220	1,131,008
Repairs and maintenance	146,598	194,508
Salaries and allowances	13,258,375	20,266,857
Staff welfare & training	606,060	1,063,395
Sundry expenses	1,146	925
Subscription	698	658
Sample expenses	23,671	107,641
Stamp duty	14,945	27,159
Telephones and fax	205,341	296,786
Transportation	457,226	726,771
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	22,006,779	31,884,264
	=====	=====

FINANCE EXPENSES:

Bank charges	419,835	545,139
Interest paid - TR loans	283,481	1,825,892
Lease liability interest	5,399	0
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	708,715	2,371,031
	=====	=====