

ASIAN STAR TRADING (HONG KONG) LIMITED

FINANCIAL STATEMENTS

FOR

THE YEAR ENDED 31ST MARCH, 2020

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ASIAN STAR TRADING (HONG KONG) LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of ASIAN STAR TRADING (HONG KONG) LIMITED ("the Company") set out on pages 6 to 18, which comprise the statement of financial position as at 31st March, 2020, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st March, 2020, and of its financial performance and its cash flows for the year then ended 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 ("HKSAs") issued by 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report set out on page 1 & 2 and detailed income statement set out on page 19, 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 on the other information obtained prior to the date of this auditor's report, 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 and those charged with governance 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our responsibility is to express an opinion on these financial statements based on our audit and to 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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix after this auditor's report. This description, which is located at page 5, forms part of our auditor's report.

C. K. LIU & COMPANY
Certified Public Accountants

HONG KONG: 23rd June, 2020
LCK/may/3823-20

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Further description of auditor's responsibilities for the audit of financial statements

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism 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. 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 those charged with governance 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.

ASIAN STAR TRADING (HONG KONG) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in United States dollars unless otherwise stated)

	Note	2020	2019
Revenue	11	590,486.32	4,176,956
Cost of sales		(579,115.20)	(4,116,411)
Gross profit		11,371.12	60,545
Other income	12	125,599.00	118,890
Administrative and other operating expenses	13	(13,517.35)	(61,771)
Operating profit		123,452.77	117,664
Finance costs	14	(2,614.61)	(2,030)
Profit before income tax		120,838.16	115,634
Income tax expenses	16	(3,545.22)	(1,780)
Profit for the year		117,292.94	113,854
Other comprehensive income/(loss)		0.00	0
Total comprehensive		117,292.94	113,854

The notes on pages 10 to 18 are an integral part of these financial statements.

ASIAN STAR TRADING (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2020

(All amounts in United States dollars unless otherwise stated)

	Note	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,000.00	21,000
		-----	-----
		14,000.00	21,000
		-----	-----
Current assets			
Trade and other receivables	7	12,754,571.16	1,844,822
Bank balances and cash		14,334,103.81	7,634,695
Current income tax assets		807.73	6,557
		-----	-----
		27,089,482.70	9,486,074
		-----	-----
Total assets		27,103,482.70	9,507,074
		=====	=====
EQUITY			
Capital and reserves attributable to the company's equity holder			
Share capital	6	128,205.13	128,205
Retained earnings		744,752.11	627,459
		-----	-----
Total equity		872,957.24	755,664
		-----	-----
LIABILITIES			
Current liabilities			
Trade and other payables	9	26,230,525.46	8,751,410
		-----	-----
		26,230,525.46	8,751,410
		-----	-----
Total liabilities		26,230,525.46	8,751,410
		-----	-----
Total equity and liabilities		27,103,482.70	9,507,074
		=====	=====

 Saumil Shailesh SHAH
 Director

 Jatin Pravinchandra SHAH
 Director

The notes on pages 10 to 18 are an integral part of these financial statements.

ASIAN STAR TRADING (HONG KONG) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in United States dollars unless otherwise stated)

	Attributable to the equity holder of the company		
	Share capital	Retained earnings	Total
Balance at 1st April, 2018	128,205.13	513,604.88	641,810.01
Profit for the year	0.00	113,854.29	113,854.29
Other comprehensive income/(loss) for year ended 2019	0.00	0.00	0.00
Balance at 31st March, 2019	128,205.13	627,459.17	755,664.30
Balance at 1st April, 2019	128,205.13	627,459.17	755,664.30
Profit for the year	0.00	117,292.94	117,292.94
Other comprehensive income/(loss) for year ended 2020	0.00	0.00	0.00
Balance at 31st March, 2020	128,205.13	744,752.11	872,957.24

The notes on pages 10 to 18 are an integral part of these financial statements.

ASIAN STAR TRADING (HONG KONG) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in United States dollars unless otherwise stated)

	2020	2019
Cash flows from operating activities		
Profit for the year	120,838.16	115,634
Adjustments for:		
- Depreciation	7,000.00	7,000
- Bank interest received	(74,599.00)	(67,890)
	-----	-----
	(67,599.00)	(60,890)
	-----	-----
Operating cash flows before movements in working capital:	53,239.16	54,744
Changes in working capital		
- Trade and other receivables	(10,909,749.15)	(844,822)
- Trade and other payables	17,479,115.20	(15,556,288)
	-----	-----
Cash generated from/(used in) operations	6,622,605.21	(16,346,366)
Income tax refunded/(paid)	2,204.55	(1,515)
	-----	-----
Net cash generated from/(used in) operating activities	6,624,809.76	(16,347,881)
	-----	-----
Cash flow from investing activities		
- Purchase of fixed asset	0.00	0
- Bank interest received	74,599.00	67,890
	-----	-----
Net cash generated from investing activities	74,599.00	67,890
	-----	-----
Increase/(Decrease) in cash and cash equivalents	6,699,408.76	(16,279,991)
Cash and cash equivalents at the beginning of year	7,634,695.05	23,914,686
	-----	-----
Cash and cash equivalents at the end of year	14,334,103.81	7,634,695
	=====	=====

The notes on pages 10 to 18 are an integral part of these financial statements.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

1. General information

Asian Star Trading (Hong Kong) Limited (the "company") is engaged in trading of diamonds and investments services.

The company is a limited liability company incorporated in Hong Kong. The address of its registered office is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The parent undertaking of the company as well as the ultimate parent undertaking of the group is Asian Star Company Limited, incorporated in India.

These financial statements are presented in United States dollars unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 23rd June, 2020.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Company has not early applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective.

The directors of the Company anticipate that the application of new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

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.

3.1 Basis of preparation of the financial statements

The financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards (HKFRS) and under the historical cost convention, as modified 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.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

3. Summary of significant accounting policies (continued)

3.2 Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts less their residual values over their estimated useful lives, as follows:

Office equipment	5 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each report period ending date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

3.3 Trade and other receivables

Trade and other receivables are recognised 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 recognised in the income statement.

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:

(a) 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.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

(c) Services income

Services income is recognised upon issue of debit notes, which are issued when services concerned have been rendered and legal entitlement to receipt of handling income has arisen.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

3. Summary of significant accounting policies (continued)

3.5 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, if any.

3.6 Trade and other payables

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

3.7 Income tax

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arise from a transaction or event which is recognised directly in equity. In the case if the tax relates to items that are recognised directly to equity, current tax and deferred tax are also recognised directly to equity.

Current tax liabilities and assets are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the report period ending date. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a year.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

At each report period ending date, the company reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the period ending date. Deferred tax assets and liabilities are not discounted.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

3. Summary of significant accounting policies (continued)

3.8 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- (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.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

3. Summary of significant accounting policies (continued)

3.9 Foreign currency translation

(a) Functional and presentation currency

The currency of the primary economic environment in which the company operates is Hong Kong dollar ("the functional currency"). Items included in the financial statements of the company are presented using United States dollars ("the presentation currency").

(b) 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3.10 Financial risk management

The company is exposed to a variety of financial risks including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. However, in the opinion of directors, these risks are not significant to the company.

(a) Market risk

(i) Foreign exchange risk

The company has minimal exposure to foreign currency exchange rate risk as transactions are mainly denominated in United States dollars and Hong Kong dollars for which the exchange rates are stable and pegged under a Linked Exchange Rate System.

(ii) Cash flow and fair value interest rate risks

The company has no significant interest-bearing assets other than bank deposits, as such, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

The company's exposure to credit risk is low as the bank balances of the company are deposited with major financial institutions and the company has policies in place to ensure that credit is only granted to creditworthy customers.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the company's liquidity needs are financed by its working capital and the availability of banking facilities.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

4. Critical accounting judgements and key sources of estimation uncertainty
 In the application of the Company'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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years

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

5. Property, plant and equipment

	Office Equipment	Total
Cost:		
At 31st March, 2019	35,000.00	35,000.00
At 31st March, 2020	35,000.00	35,000.00
Accumulated depreciation :		
At 31st March, 2019	14,000.00	14,000.00
Depreciation for the year	7,000.00	7,000.00
At 31st March, 2020	21,000.00	21,000.00
Net book value		
At 31st March, 2020	14,000.00	14,000.00
At 31st March, 2019	21,000.00	21,000.00

6. Share capital

	2020	2019
Issued & fully paid:		
10,000 ordinary shares	HK\$1,000,000.00	HK\$1,000,000
equivalent to	US\$128,205.13	US\$128,205.13

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

7. Trade and other receivables

	2020	2019
Trade receivables	0.00	1,823,254
Other receivables	12,707,125.77	21,568
Deposit	1,923.08	0
Prepayment	45,522.31	0
	-----	-----
	12,754,571.16	1,844,822
	=====	=====

The carrying amounts of trade and other receivables approximate their fair values.

8. Amounts due from related parties
under trade and other receivable

	2020	2019
Total amount	12,707,125.77	21,568
	=====	=====

The amount due from related parties are unsecured, interest free and repayable on demand.

9. Trade and other payables

	2020	2019
Trade payables	579,115.20	0
Other payables	25,650,000.00	8,750,000
Accrued expenses	1,410.26	1,410
	-----	-----
	26,230,525.46	8,751,410
	=====	=====

The carrying amounts of trade and other payables approximate their fair values.

10. Amounts due to related parties
under trade and other payables

	2020	2019
Total amount	26,229,115.20	8,750,000
	=====	=====

The amounts due to related parties are unsecured, interest free and repayable on demand.

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

11. Revenue

Revenue and turnover recognised during the year represented invoiced sales of diamond.

12. Other income

	2020	2019
Bank interest received	74,599.00	67,890
Service income	51,000.00	51,000
	-----	-----
	125,599.00	118,890
	=====	=====

13. Expenses by nature

	2020	2019
Auditors' remuneration	1,410.26	1,410
Business registration fee	64.10	42
Company secretary fee	1,885.26	4,784
Conveyance expenses	138.45	278
Courier & postage charges	1,431.77	1,202
Depreciation	7,000.00	7,000
Discount	58.00	25
Exhibition & fair expenses	0.00	45,366
Exchange difference	8.86	3
Import/Export declaration	550.14	128
Legal & professional fee	593.08	929
Stationery expenses	83.33	164
Subscription fee	84.36	0
Telephone expenses	209.74	440
	-----	-----
Total administrative and other operating expenses	13,517.35	61,771
	=====	=====

14. Finance costs

	2020	2019
Bank charges	2,614.61	2,030
	-----	-----
	2,614.61	2,030
	=====	=====

15. Directors' remuneration

Director's remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	2020	2019
Fees	0.00	0
Other emoluments	0.00	0
	-----	-----
	0.00	0
	=====	=====

ASIAN STAR TRADING (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in United States dollars unless otherwise stated)

16. Income tax expense

Hong Kong income tax has been provided at the rate of 8.25% (2018/19: 8.25%) on the estimated assessable profit for the year.

	2020	2019
Hong Kong income tax	3,545.22	1,780

Income tax expense	3,545.22	1,780
	=====	

The tax on the company's profit before income tax differs from the theoretical amount that would arise as follows:

	2020	2019
Profit before taxation	120,838.16	115,634
	=====	
Calculated at a taxation rate of 8.25% (2018: 16.5%)	9,969.15	9,540
Tax effect of income that are not subject to tax	(4,293.56)	(5,601)
Tax effect of expenses that are not deductible in determining taxable profit	577.50	577
Tax effect of allowances not included in income statement	(147.84)	(185)
Tax reduction, capped at HK\$20,000 (2019: HK\$20,000)	(2,560.03)	(2,551)

Income tax expense	3,545.22	1,780
	=====	

There was no material unprovided deferred taxation for the year and at the year end.

17. Related-party transactions

Other than those transactions or balances disclosed elsewhere in the financial statements, the following transactions were carried out with related parties during the year :

Related companies

	2020	2019
Purchase of goods		
Total amount	579,115.20	4,116,411
	=====	