

ASIAN STAR TRADING (HONG KONG) LIMITED

FINANCIAL STATEMENTS

FOR

THE YEAR ENDED 31ST MARCH, 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 14, which comprise the statement of financial position as at 31st March, 2021, and the statement of income and retained earnings, statement of changes in equity and statement of cash flows for the year ended 31st March, 2021 and notes to the financial statements, including a 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for PE") 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 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 comprises the information included in the annual report, 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.

Other Information (Continued)

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

Responsibilities of the 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 HKFRS for PE 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.

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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.

Simon Chong & Company
Certified Public Accountants (Practising)
Hong Kong, 29th April, 2021
Practising Certificate number: P02100
SC/4456-21

ASIAN STAR TRADING (HONG KONG) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2021
(Expressed in United States dollars)

	Note	31/03/2021 US\$	31/03/2020 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	5	7,000.00	14,000.00
CURRENT ASSETS			
Deposit		1,923.08	1,923.08
Prepayment		0.00	45,522.31
Amounts due from related company	6	0.00	12,707,125.77
Prepaid tax	9	3,477.05	807.73
Cash and cash equivalents		5,256,493.98	14,334,103.81
		5,261,894.11	27,089,482.70
CURRENT LIABILITIES			
Accrued expenses		1,025.64	1,410.26
Accounts payable		0.00	579,115.20
Amounts due to a fellow subsidiary	6	4,350,000.00	25,650,000.00
		4,351,025.64	26,230,525.46
NET CURRENT ASSETS		910,868.47	858,957.24
NET ASSETS		917,868.47	872,957.24
EQUITY			
Share capital	4	128,205.13	128,205.13
Retained earnings		789,663.34	744,752.11
TOTAL EQUITY		917,868.47	872,957.24

Approved by the board on 29th April, 2021
and signed on its behalf by

Director

Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of and should be read in conjunction with these financial statements.

ASIAN STAR TRADING (HONG KONG) LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31ST MARCH, 2021
(Expressed in United States dollars)

	Note	Year ended 31/03/2021 US\$	Year ended 31/03/2020 US\$
Sales		852,944.40	590,486.32
Cost of sales		(841,867.20)	(579,115.20)
Gross profit		11,077.20	11,371.12
Other income		51,032.21	136,970.12
Administrative expenses		(14,560.23)	(16,131.96)
Profit before taxation		47,549.18	120,838.16
Taxation	9	(2,637.95)	(3,545.22)
Profit for the year		44,911.23	117,292.94
Retained earnings at start of year		744,752.11	627,459.17
Retained earnings at end of year		789,663.34	744,752.11

The notes on pages 10 to 14 form part of these financial statements.

ASIAN STAR TRADING (HONG KONG) LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2021

(Expressed in United States dollars)

	Share capital US\$	Retained earnings US\$	Total US\$
Balance as at 1st March, 2019	128,205.13	627,459.17	755,664.30
Net profit for the year	<u>0.00</u>	<u>117,292.94</u>	<u>117,292.94</u>
Balance as at 1st March, 2020	128,205.13	744,752.11	872,957.24
Net profit for the year	<u>0.00</u>	<u>44,911.23</u>	<u>44,911.23</u>
Balance as at 31st March, 2021	<u><u>128,205.13</u></u>	<u><u>789,663.34</u></u>	<u><u>917,868.47</u></u>

ASIAN STAR TRADING (HONG KONG) LIMITED
STATEMENT OF CASH FLOWS
AS AT 31ST MARCH, 2021
(Expressed in United States dollars)

	31/03/2021	31/03/2020
	US\$	US\$
OPERATING ACTIVITIES		
Profit for the year	47,549.18	120,838.16
Adjustments for:		
Depreciation	7,000.00	7,000.00
Bank interest income	(32.21)	(74,599.00)
Operating cash inflow before movements in working capital	54,516.97	53,239.16
Movements in working capital		
Decrease in accounts receivable	0.00	1,823,254.00
(Increase) in deposit	0.00	(1,923.08)
Decrease/(increase) in prepayment	45,522.31	(45,522.31)
(Decrease)/increase in accounts payable	(579,115.20)	579,115.20
(Decrease) in accrued expenses	(384.62)	0.00
Cash generated from/(to) operations	(479,460.54)	2,408,162.97
Tax refund / (paid)	(5,307.27)	2,204.55
Net cash inflow/ from/(outflow to) operating activities	(484,767.81)	2,410,367.52
INVESTING ACTIVITIES		
Bank interest received	32.21	74,599.00
Net cash inflow from investing activities	32.21	74,599.00
FINANCING ACTIVITIES		
(Increase)/decrease in amount due from a related company	12,707,125.77	(12,685,557.76)
(Decrease)/increase in amounts due to a fellow subsidiary	(21,300,000.00)	16,900,000.00
Net cash inflow from/(outflow to) financing activities	(8,592,874.23)	4,214,442.24
Net (increase)/decrease in cash and cash equivalents	(9,077,609.83)	6,699,408.76
Cash and cash equivalents at beginning of the year	14,334,103.81	7,634,695.05
Cash and cash equivalents at end of the year	5,256,493.98	14,334,103.81
ANALYSIS OF CASH & CASH EQUIVALENTS		
Cash at bank	5,256,493.98	14,334,103.81
	5,256,493.98	14,334,103.81

ASIAN STAR TRADING (HONG KONG) LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

1. General information

Asian Star Trading (Hong Kong) Limited is a limited company incorporated in Hong Kong.

The address of its registered office is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The principal activities of the Company were engaged in trading of diamonds and investments services.

2. Basis of preparation and accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance and have been prepared under the accruals basis of accounting and on the basis that the Company is a going concern.

The Company falls within reporting exemption for the reporting period under section 359 of the Hong Kong Companies Ordinance. The directors have acknowledged that, to achieve fair presentation of the financial statements, it may be necessary for the management to provide disclosures beyond those specifically required by the Hong Kong Financial Reporting Standards for Private Entities.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:

- (i) sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer; and
- (ii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of is measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements is presented in United States Dollars, which is the Company's functional and the 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

ASIAN STAR TRADING (HONG KONG) LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

2. Basis of preparation and accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Office equipment	20%
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(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

However, the Company decides the deferred tax is not provided.

(f) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) is a member of the key management personnel of the Group and the Company or of a parent of the Group and the Company;
- (ii) has control over the Group and the Company; or
- (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

ASIAN STAR TRADING (HONG KONG) LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

2. Basis of preparation and accounting policies (continued)

- (f) Related parties (continued)
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Group and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either 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 Group and the Company or an entity related to the Group and the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.

3. Capital risk management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balances.

The capital structure of the Company consists of bank balances and cash, amounts due to a director / a related company share capital and reserve.

The management of the Company reviews the capital structure periodically. As a part of this review, the management of the Company considers costs of capital and the risks associated with issued share capital. Based on the recommendations of the management of the Company, the Company will balance its overall capital structure through the payment of dividends to shareholders.

The Company is not subject to any internally or externally imposed capital requirement.

4. Share capital

	31/03/2021	31/03/2020
	US\$	US\$
Issued and fully paid up: 10,000 ordinary shares	128,205.13	128,205.13
During the year under review, there was no change in the share capital.		

ASIAN STAR TRADING (HONG KONG) LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

5. Property, plant & equipment

	Office equipment
	US\$
Cost	
1st April, 2020	35,000.00
Additions	0.00
31st March, 2021	35,000.00
Accumulated depreciation and impairment	
1st April, 2020	21,000.00
Annual depreciation	7,000.00
31st March, 2021	28,000.00
Carrying amount	
31st March, 2021	7,000.00
31st March, 2020	14,000.00

6. Other related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties:

	31/03/2021	31/03/2020
	US\$	US\$
Service income received from related company	51,000	51,000
Year end balance with related parties:		

	31/03/2021	31/03/2020
	US\$	US\$
Amounts due from a related company	0.00	12,707,125.77
Amounts due to a fellow subsidiary	(4,350,000.00)	(25,650,000.00)

The amounts due from/(to) related companies/parties are unsecured, interest free and has no fixed term of repayment.

7. Profit before tax

The following items have been recognised as expenses / (income) in determining profit before tax:

	31/03/2021	31/03/2020
	US\$	US\$
Audit fee	1,025.64	1,410.26

8. Director's remuneration

No fees or other emoluments was paid or payable to any directors for services rendered during the year. (2019/20: Nil)

ASIAN STAR TRADING (HONG KONG) LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2021

9. Taxation

Hong Kong profits tax is provided at the two tiered tax rate of 8.25% (2019/20: 8.25%) based on the estimated assessable profits for the year. However, the tax has been fully reduced by the tax allowance.

	31/03/2021	31/03/2020
	US\$	US\$
(a) Taxation in the income statement		
Accounts represents:-		
A liability to Hong Kong profits tax	2,637.95	3,545.22
Under/(Over) provision in respect of previous year	0.00	0.00
	<u>2,637.95</u>	<u>3,545.22</u>
(b) Taxation in the statement of financial position		
Represents:-		
Estimated liability to profits tax for the year	2,637.95	3,545.22
Under/(Over) provision in respect of previous year	0.00	0.00
Balance brought forward	(807.73)	6,557.00
Tax refund/(paid) during the year	(5,307.27)	(10,909.95)
	<u>(3,477.05)</u>	<u>(807.73)</u>

10. Ultimate holding company

The directors of the Company consider Asian Star Company Limited, a company incorporated in the India, its ultimate holding company.

11. Comparative figures

Certain comparative figures have been reclassified in order to conform with current year's presentation.

12. Approval of financial statements

These financial statements were authorized for issue by the Company's Board of Directors on 29th April, 2021.