

STS GEMS LIMITED
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2019
 (Expressed in Hong Kong dollars)

ASSETS	Note	2019	2018
NON-CURRENT ASSETS			
Property, plant & equipment	16	778,409	712,974
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		778,409	712,974
		-----	-----
CURRENT ASSETS			
Inventories		34,158,102	38,165,617
Trade and other receivables		24,157,936	27,971,679
Amounts due from related parties		52,831,907	41,638,918
Prepayment		389,432	358,043
Rental and utility deposits		361,629	351,154
Cash and bank balances		31,419,875	22,343,980
Tax refundable		659,428	0
		-----	-----
		143,978,309	130,829,391
		-----	-----
TOTAL ASSETS		144,756,718	131,542,365
		=====	=====
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		41,076,178	34,560,255
		-----	-----
		57,776,178	51,260,255
		-----	-----
CURRENT LIABILITIES			
Trade and other payables		18,540,317	16,943,337
Amounts due to related parties		50,432,267	45,581,544
Amount due to parent undertaking of the company		14,200,854	15,688,430
Accrued expenses		3,454,089	867,932
Provision for taxation		353,012	1,200,867
		-----	-----
		86,980,540	80,282,110
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TOTAL EQUITY AND LIABILITIES		144,756,718	131,542,365
		=====	=====

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

STS GEMS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2019

(Expressed in Hong Kong dollars)

	Note	2019	2018
TURNOVER		348,132,846	270,842,575
LESS: COST OF SALES		(303,784,872)	(232,791,823)
GROSS PROFIT		44,347,974	38,050,751
OTHER GAINS - NET	13	2,129,629	2,143,910
ADMINISTRATIVE EXPENSES		(35,938,631)	(28,137,095)
FINANCE EXPENSES	11	(2,384,864)	(1,557,028)
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF TRADE RECEIVABLE		0	(41,551)
PROFIT/(LOSS) BEFORE INCOME TAX		8,154,108	10,458,987
INCOME TAX EXPENSES	10	(1,638,185)	(1,974,431)
NET PROFIT/(LOSS) FOR THE YEAR		6,515,923	8,484,557
OTHER COMPREHENSIVE INCOME/(LOSS)		0	0
TOTAL COMPREHENSIVE INCOME/(LOSS)		6,515,923	8,484,557

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, 2019

(Expressed in Hong Kong dollars)

	Share capital	Share Premium	Retained profits	Total
Balance at 1/4/2017	8,750,000	7,950,000	26,075,699	42,775,699
Other comprehensive income/(loss)		0	0	0
Income/(loss) for the year	0	0	8,484,557	8,484,557
Total comprehensive income/(loss) for the year	0	0	8,484,557	8,484,557
Balance at 31/3/2018	8,750,000	7,950,000	34,560,255	51,260,255
Balance at 1/4/2018 as per above	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

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, 2019

(Expressed in Hong Kong dollars)

	2019	2018
Cash flows from operating activities		
Profit/(loss) for the year	6,515,923	8,484,557
Adjustments for:		
- Depreciation	402,614	455,655
- Interest income	(41,106)	(19,206)
- Income tax	1,638,185	1,974,431
	-----	-----
Operating cash flows before movements in working capital	8,515,616	10,895,436
Changes in working capital		
- Inventories	4,007,516	(8,628,044)
- Trade and other receivables	(7,421,111)	(28,442,974)
- Trade and other payables	7,546,284	40,726,169
	-----	-----
Cash generated from/(used in) operations	12,648,305	14,550,588
Income tax refund/(paid)	(3,145,467)	(877,725)
	-----	-----
Net cash generated from/(used in) operating activities	9,502,839	13,672,863
	-----	-----
Cash flow from investing activities		
Purchase of plant and equipment	(468,049)	(266,493)
Interest income	41,106	19,206
	-----	-----
Net cash flow from/(used in) investing activities	(426,943)	(247,288)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	9,075,895	13,425,575
Cash and cash equivalents at beginning of year	22,343,980	8,918,405
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Cash and cash equivalents at the end of year	31,419,875	22,343,980
	=====	=====

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 general 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.

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.

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.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies. (continued)

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.

3.10 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies. (continued)

3.11 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.

3.12 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)

3.13 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

	2019	2018
Cash at bank	31,419,875	22,343,980
	=====	

6. Expenses by nature

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

	2019	2018
Depreciation	402,614	455,655
Employee benefit expenses	22,236,336	16,221,740
Auditors' remuneration	124,000	113,000

7. Share capital

	2019	2018
Issued & paid up: 87,500 ordinary shares	8,750,000	8,750,000
	=====	

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Directors' remuneration	2019	2018
Fees	0	0
Other emoluments	1,040,000	1,040,000
	-----	-----
	1,040,000	1,040,000
	=====	=====
9. Deferred Tax		
There is no material deferred tax liability or asset not recognised in the accounts. (2018: Nil)		
10. Income Tax Expense		
Hong Kong profits tax has been provided at the rate of 8.25% on estimated assessable profits up to \$2,000,000 and 16.5% on any part of estimated assessable profits over \$2,000,000 for the year. (2018: 16.5%)		
Current income tax	2019	2018
- Hong Kong profits tax	1,368,516	1,761,960
Tax concessions	(20,000)	(30,000)
	-----	-----
	1,348,516	1,731,960
	=====	=====
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	6,821,637	9,560,530
	-----	-----
Tax calculated at domestic tax rate	960,569	1,577,487
Income not subject to tax	(43,325)	(48,551)
Expense not deductible for tax purposes	451,272	429,844
Utilisation of previously unrecognised tax losses	0	(196,820)
Tax concessions	(20,000)	(30,000)
	-----	-----
Tax expense	1,348,516	1,731,960
	=====	=====
Indonesia profits tax	289,669	242,471
	=====	=====
11. Finance costs	2019	2018
Bank charges	558,020	430,955
Interest paid - TR loans	1,826,844	1,126,073
	-----	-----
	2,384,864	1,557,028
	=====	=====
12. Operating leases commitments - where the Group is the leasee		
The Group leases offices under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
	2019	2018
Not later than 1 year	0	179,200
Later than 1 year and not later than 5 years	0	0
Later than 5 years	0	0
13. Other gains - net	2019	2018
Interest income	41,106	19,206
Sundry income	177,471	2,808
Exchange gain	185,351	406,285
Commission received	1,725,701	1,715,611
	-----	-----
	2,129,629	2,143,910
	=====	=====

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. 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.

15. Investment in subsidiaries	2019	2018
Unquoted shares, at cost	3,900,000	780,000

Name of company	Place of incorporation	Nominal value of issued ordinary share capital	Proportion of nominal value of issued ordinary share capital held by the company	the group
PT. STS Bali	Indonesia	USD100,000.00	100%	100%
STS (Guangzhou) Trading Co. Limited	PRC	USD200,000	100%	100%

The principal activities of the subsidiaries are general trading.

16. Property, plant and equipment		
	Fixtures, Furniture & Equipment	Total
COST OR VALUATION		
At 31 March 2017	6,982,715	6,982,715
Additions	266,493	266,493
Disposals	0	0
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
DEPRECIATION AND IMPAIRMENT		
At 31 March 2017	(6,080,581)	(6,080,581)
Provided for the year	(455,655)	(455,655)
Eliminated on disposals	0	0
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 December 2019	(6,938,850)	(6,938,850)
CARRYING AMOUNTS		
At 31 March 2019	778,409	778,409
At 31 March 2018	712,974	712,974

STS GEMS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Related-party transactions

The following transactions were carried out with related parties.

	2019	2018
a) Amounts due to related parties		
Beginning of the year	45,581,544	19,716,277
Amount received/(repayment) during year	4,850,722	25,865,267
	-----	-----
End of the year	50,432,267	45,581,544
	=====	=====
b) Amounts due from related parties		
Beginning of the year	41,638,918	31,348,984
Amounts advanced/(repayments received) during year	11,192,989	10,289,934
	-----	-----
End of the year	52,831,907	41,638,918
	=====	=====
c) Purchases of goods	46,247,387	34,011,597
	=====	=====
d) Sale of goods	291,520,124	217,662,723
	=====	=====

18. 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

19. 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.

20. Movement in the reserves of the company	2019	2018
Retained profits/(losses)		
Balance at beginning of year	32,109,542	24,280,972
Profit/(loss) for the year	5,473,121	7,828,570
	-----	-----
Balance at end of year	37,582,663	32,109,542
	=====	=====

21. Approval of financial statements

These financial statements were authorised for issue by the board of directors on 14th May, 2019.

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 3.13 to consolidated financial statements.

	2019	2018
	HK\$	HK\$
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	485,016	658,109
Investment in subsidiaries	2,340,000	780,000
	-----	-----
	2,825,016	1,438,109
	-----	-----
CURRENT ASSETS		
Inventories	33,902,126	37,955,298
Trade and other receivables	19,891,006	23,018,066
Amounts due from related parties	52,831,907	41,638,918
Amounts due from subsidiaries	2,182,995	2,378,170
Prepayment	97,963	234,015
Rental and utility deposits	361,629	351,154
Cash and bank balances	28,189,091	21,026,303
Tax refundable	448,264	0
	-----	-----
	137,901,982	126,601,924
	-----	-----
TOTAL ASSETS	140,726,998	128,040,032
	=====	=====
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	8,750,000	8,750,000
Share premium	7,950,000	7,950,000
Reserves	37,582,663	32,109,542
	-----	-----
	54,282,663	48,809,542
	-----	-----
CURRENT LIABILITIES		
Trade and other payables	18,357,133	16,160,981
Amounts due to related parties	50,432,267	45,581,544
Amount due to parent undertaking of the company	14,200,854	15,688,430
Accrued expenses	3,454,081	867,932
Provision for taxation	0	931,603
	-----	-----
	86,444,336	79,230,490
	-----	-----
TOTAL EQUITY AND LIABILITIES	140,726,998	128,040,032
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STS GEMS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2019
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

	2019	2018
TURNOVER	348,132,846	270,842,575
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COST OF SALES		
Opening inventories	38,165,617	29,537,573
Purchases	267,089,571	215,671,699
Labour charges	12,012,180	9,115,928
Design charges	65,837	359
Freight & insurance	19,736,567	15,112,904
Packing material	236,909	401,844
Moulding charges	506,704	987,821
Declarations, Licence and C.O fees	129,589	129,313
Less: Closing inventories	(34,158,102)	(38,165,617)
	<hr/>	<hr/>
	303,784,872	232,791,823
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GROSS PROFIT	44,347,974	38,050,751
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OTHER INCOME		
Interest income	41,106	19,206
Commission received	1,725,701	1,715,611
Sundry income	177,471	2,808
Exchange gain	185,351	406,285
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	2,129,629	2,143,910
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	46,477,603	40,194,661
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ADMINISTRATIVE EXPENSES - per schedule	35,938,631	28,137,095
FINANCE EXPENSES - per schedule	2,384,864	1,557,028
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF TRADE RECEIVABLES	0	41,551
	<hr/>	<hr/>
	38,323,495	29,735,674
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PROFIT/(LOSS) BEFORE TAXATION	8,154,108	10,458,987
TAXATION	(1,638,185)	(1,974,431)
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NET PROFIT/(LOSS) FOR THE YEAR	6,515,923	8,484,557
RETAINED PROFITS BROUGHT FORWARD	34,560,255	26,075,699
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RETAINED PROFITS CARRIED FORWARD	41,076,178	34,560,255
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STS GEMS LIMITED
 SCHEDULES TO CONSOLIDATED INCOME STATEMENT
 FOR THE YEAR ENDED 31ST MARCH, 2019
 (FOR MANAGEMENT PURPOSES ONLY)
 (Expressed in Hong Kong dollars)

ADMINISTRATIVE EXPENSES:	2019	2018
Advertisements & exhibitions	102,977	57,337
Auditors' remuneration	124,000	113,000
Agency fee	3,333	0
Business registration fees	2,250	2,250
Business entertainment	594,193	215,426
Business travelling	1,799,993	1,456,982
Computer expenses	1,006,508	681,276
Cleaning	82,781	52,381
Commission paid	963,836	1,258,714
Courier charges	121,811	127,182
Depreciation	402,614	455,655
Electricity, gas & water	287,937	291,856
Exchange loss	473,070	780,536
Enterprise income tax (China factory)	400,777	418,075
ESOP cost	277,805	0
Insurance	268,638	208,244
Legal and professional fees	614,840	664,129
MPF contribution	1,651,934	1,454,408
Management fee	195,170	109,082
Office refreshments	85,665	65,311
Organization costs	172,876	0
Printing and stationery	109,040	85,872
Postage & courier	137	250
Rates & rent	1,270,402	1,129,115
Repairs and maintenance	233,329	329,138
Salaries and allowances	22,236,336	16,221,740
Staff welfare & training	1,173,694	889,544
Sundry expenses	49,138	35,765
Subscription	658	1,213
Sample expenses	107,641	16,183
Stamp duty	27,159	12,675
Telephones and fax	346,725	347,554
Transportation	751,365	656,201
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	35,938,631	28,137,095
	=====	=====
 FINANCE EXPENSES:		
Bank charges	558,020	430,955
Interest paid - TR loans	1,826,844	1,126,073
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	2,384,864	1,557,028
	=====	=====

STS GEMS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2019
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

	2019	2018
TURNOVER	317,302,053	248,350,495
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COST OF SALES		
Opening inventories	37,955,298	29,453,138
Purchases	241,290,133	194,457,041
Labour charges	12,012,180	9,115,928
Design charges	65,837	359
Freight & insurance	19,736,567	15,112,904
Packing material	236,909	401,844
Moulding charges	506,704	987,821
Declarations, Licence and C.O fees	129,589	129,313
Less: Closing inventories	(33,902,126)	(37,955,298)
	<hr/>	<hr/>
	278,031,089	211,703,049
	<hr/>	
GROSS PROFIT	39,270,964	36,647,446
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OTHER INCOME		
Interest income	34,266	322
Commission received	1,725,701	1,715,611
Exchange gain	0	0
Sundry income	46,002	2,808
	<hr/>	<hr/>
	1,805,968	1,718,741
	<hr/>	
	41,076,932	38,366,186
<hr/>		
ADMINISTRATIVE EXPENSES - per schedule	31,884,264	27,217,826
FINANCE EXPENSES - per schedule	2,371,031	1,546,280
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF TRADE RECEIVABLES	0	41,551
	<hr/>	<hr/>
	34,255,295	28,805,656
<hr/>		
PROFIT/(LOSS) BEFORE TAXATION	6,821,637	9,560,530
TAXATION	(1,348,516)	(1,731,960)
<hr/>		
NET PROFIT/(LOSS) FOR THE YEAR	5,473,121	7,828,570
RETAINED PROFITS BROUGHT FORWARD	32,109,542	24,280,972
<hr/>		
RETAINED PROFITS/(LOSSES) CARRIED FORWARD	37,582,663	32,109,542
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STS GEMS LIMITED
SCHEDULES TO INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2019
(FOR MANAGEMENT PURPOSES ONLY)
(Expressed in Hong Kong dollars)

ADMINISTRATIVE EXPENSES:	2019	2018
Advertisements & exhibitions	102,977	57,337
Auditors' remuneration	124,000	113,000
Agency fee	3,333	0
Business registration fees	2,250	2,250
Business entertainment	594,085	215,426
Business travelling	1,455,639	1,379,684
Computer expenses	725,435	654,460
Cleaning	74,276	52,381
Commission paid	963,836	1,258,714
Courier charges	121,811	127,182
Depreciation	363,425	448,993
Electricity, gas & water	267,607	285,483
Exchange loss	226,021	733,689
Enterprise income tax (China factory)	400,777	418,075
Insurance	267,507	208,244
Legal and professional fees	497,085	603,102
MPF contribution	1,507,708	1,454,408
Management fee	195,170	109,082
Office refreshments	85,333	65,311
Printing and stationery	90,246	85,872
Postage & courier	35	250
Rates & rent	1,131,008	1,073,602
Repairs and maintenance	194,508	319,598
Salaries and allowances	20,266,857	15,670,280
Staff welfare & training	1,063,395	875,706
Sundry expenses	925	3,551
Subscription	658	1,213
Sample expenses	107,641	16,183
Stamp duty	27,159	12,675
Telephones and fax	296,786	321,408
Transportation	726,771	650,663
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	31,884,264	27,217,826
	=====	=====

FINANCE EXPENSES:

Bank charges	545,139	420,207
Interest paid - TR loans	1,825,892	1,126,073
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	2,371,031	1,546,280
	=====	=====