

KIL INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019

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KIL INTERNATIONAL LIMITED
REPORT OF THE SOLE DIRECTOR

The sole director has pleasure to present his report and the audited financial statements for the year ended 31st March, 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company was engaged in trading in diamond, rough diamond and diamond jewelry.

RESULTS AND APPROPRIATIONS

The results for the year ended 31st March, 2019 and the state of affairs of the Company at that date are set out in the financial statements on pages 4 to 10.

The sole director does not recommend the payment of any dividend. (2018 : Nil)

SOLE DIRECTOR

The sole director who held office during the year was:

Harshil Premji KANANI

In accordance with the Company's Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

AUDITORS

The financial statements have been audited by Messrs. Alan Chan & Company, Certified Public Accountants who retires and, being eligible, offers itself for re-appointment.

On behalf of the Board

Chairman

Hong Kong

陳維漢會計師事務所
Alan Chan & Company *Certified Public Accountants*

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INDEPENDENT AUDITORS' REPORT
TO THE SOLE SHAREHOLDER OF
KIL INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)

Report on the financial statements

We have audited the financial statements of Kil International Limited set out on pages 4 to 8, which comprise the statement of financial position as at 31st March, 2019 and the statement of comprehensive income for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's responsibility for the financial statements

The sole director is responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, Section 141D of the Companies Ordinance requires that the statement of financial position together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN900 (Clarified) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE SOLE SHAREHOLDER OF
KIL INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)

Auditors' responsibility (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company for the year ended 31st March, 2019 are prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the statement of financial position together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st March, 2019 according to the best of our information and explanations given to us, and as shown by the books of the Company.

Report on other matters under Section 141D of the Hong Kong Companies Ordinance

We report that we have obtained all the information and explanations which we have required.

Alan Chan & Company
Certified Public Accountants
Room 2502, 25/F.,
148 Electric Road, North Point,
Hong Kong.

KIL INTERNATIONAL LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST MARCH, 2019

	Note	2019 HK\$	2018 HK\$
REVENUE	3	301,543,854	365,186,485
COST OF SALES		<u>(299,284,611)</u>	<u>(362,862,523)</u>
GROSS PROFIT		2,259,243	2,323,962
OTHER REVENUE	3	60	56
ADMINISTRATIVE EXPENSES		(103,050)	(103,050)
OTHER OPERATING EXPENSES		(1,384,942)	(1,565,900)
FINANCE COSTS	4	<u>(240,204)</u>	<u>(240,204)</u>
COMPREHENSIVE INCOME BEFORE TAXATION	5	531,107	414,864
TAXATION	7	<u>(23,811)</u>	<u>(48,443)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>507,296</u></u>	<u><u>366,421</u></u>

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

KIL INTERNATIONAL LIMITED
 STATEMENT OF FINANCIAL POSITION
 AS AT 31ST MARCH, 2019

	Note	2019 HK\$	2018 HK\$
CURRENT ASSETS			
Inventories	8	20,436,187	23,545,035
Accounts receivable		68,576,174	90,264,254
Deposits and other receivables		24,000	24,000
Cash and bank balances		254,624	78,654
		<u>89,290,985</u>	<u>113,911,943</u>
CURRENT LIABILITIES			
Accounts payable		46,265,254	71,368,876
Accrual		21,000	21,000
Bank loans		7,362,500	7,362,500
Provision for taxation		23,811	48,443
		<u>53,672,565</u>	<u>78,800,819</u>
NET CURRENT ASSETS			
		<u>35,618,420</u>	<u>35,111,124</u>
EQUITY			
Share capital			
Issued and fully paid :			
32,000,000 ordinary shares	9	32,000,000	32,000,000
Retained earnings	10	3,618,420	3,111,124
TOTAL EQUITY		<u>35,618,420</u>	<u>35,111,124</u>

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

1. Reporting entity

Kil International Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office was located at Room No. 1502, 15/F, Rise Commercial Building, No. 5-11, Granville Circuit, Tsim Sha Tsui, Kowloon, Hong Kong. The principal activity of the Company was trading in diamond, rough diamond and diamond jewelry.

2. Basis of preparation and accounting policies

The Company qualifies under the Companies Ordinance to prepare and present its financial statements in accordance with Section 141D of that Ordinance. The Company's shareholder has unanimously agreed in writing to apply Section 141D with respect to the Company's financial statements for the year ended at 31st March, 2019.

These financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(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 base:

Revenue from sale of goods is recognised when goods are delivered and the significant risk and rewards of ownership of the goods have been transferred to the buyer.

Bank interest income is recognised on receipt basis.

(b) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is not provided.

(c) Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

KIL INTERNATIONAL LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST MARCH, 2019

2. Basis of preparation and accounting policies (Cont'd)

(d) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the statement of comprehensive income.

(e) Related parties

For the purpose of these financial statements, parties are considered to be related if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

3. Revenue

An analysis of the Company's revenue is as follows:

	2019 HK\$	2018 HK\$
Turnover		
Sale of goods	301,543,854	365,186,485
Other revenue		
Bank interest income	60	56
	<u>301,543,914</u>	<u>365,186,541</u>

4. Finance costs

	2019 HK\$	2018 HK\$
Bank interest expenses	<u>240,204</u>	<u>240,204</u>

5. Comprehensive income before taxation for the year

Comprehensive income before taxation for the year is arrived at after charging/(crediting) the following :

	Note	2019 HK\$	2018 HK\$
Auditors' remuneration		8,400	8,400
Bank interest income		(60)	(56)
Cost of sales		299,284,611	362,862,523
Key management personnel's remuneration	6	<u>-</u>	<u>-</u>

KIL INTERNATIONAL LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST MARCH, 2019

6. Director's emoluments

The director did not receive any emolument during the year. (2018: Nil)

7. Taxation

Hong Kong Profits Tax has been provided at the rate of 8.25% (2018: 16.5%) on the estimated assessable profit for the year.

	2019 HK\$	2018 HK\$
Tax charge for the year	43,811	68,443
Less: one-time off rebate	<u>(20,000)</u>	<u>(20,000)</u>
	<u>23,811</u>	<u>48,443</u>

8. Inventories

Inventories comprise entirely of diamonds and jewelry.

9. Share capital

	2019 HK\$	2018 HK\$
Issued and fully paid: 32,000,000 ordinary shares	<u>32,000,000</u>	<u>32,000,000</u>

10. Changes in equity

	Share capital HK\$	Retained earnings HK\$	Total HK\$
Balance as at 31.3.2018	32,000,000	3,111,124	35,111,124
Profit for the year	<u>-</u>	<u>507,296</u>	<u>507,296</u>
Balance as at 31.3.2019	<u>32,000,000</u>	<u>3,618,420</u>	<u>35,618,420</u>

11. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Director on

KIL INTERNATIONAL LIMITED
 DETAILED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST MARCH, 2019
 (For management information purposes only)

	2019 HK\$	2018 HK\$
SALES	<u>301,543,854</u>	<u>365,186,485</u>
LESS: COST OF SALES		
Opening inventories	23,545,035	21,902,551
Purchases	295,654,631	363,879,025
Certificates and declaration	60,648	65,240
Freight and transportation	<u>460,484</u>	<u>560,742</u>
	319,720,798	386,407,558
Less: closing inventories	<u>20,436,187</u>	<u>23,545,035</u>
	<u>299,284,611</u>	<u>362,862,523</u>
GROSS PROFIT	2,259,243	2,323,962
OTHER REVENUE		
Bank interest income	60	56
	<u>2,259,303</u>	<u>2,324,018</u>
ADMINISTRATIVE EXPENSES (P.10)	103,050	103,050
OTHER OPERATING EXPENSES (P.10)	1,384,942	1,565,900
FINANCE COSTS (P.10)	<u>240,204</u>	<u>240,204</u>
	<u>1,728,196</u>	<u>1,909,154</u>
COMPREHENSIVE INCOME BEFORE TAXATION	<u>531,107</u>	<u>414,864</u>

KIL INTERNATIONAL LIMITED
 DETAILED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 ST MARCH, 2019
 (For management information purposes only)

	2019	2018
	HK\$	HK\$
ADMINISTRATIVE EXPENSES		
Auditors' remuneration	8,400	8,400
Business registration fee	2,250	2,250
Rent and rates	92,400	92,400
	<u>103,050</u>	<u>103,050</u>
OTHER OPERATING EXPENSES		
Accounting fee	12,600	12,600
Bank charges	20,684	17,847
Director's quarter expenses	192,000	192,000
Entertainment	42,875	36,784
Exhibition fee	90,428	84,528
Postage and courier	30,741	24,637
Printing and stationery	32,597	27,147
Mandatory Provident Fund	6,000	6,000
Salaries	864,000	1,080,000
Sundry expenses	40,612	35,742
Telecommunications	27,263	25,845
Travelling - Local	12,698	12,310
Travelling - Overseas	12,444	10,460
	<u>1,384,942</u>	<u>1,565,900</u>
FINANCE COSTS		
Bank interest	<u>240,204</u>	<u>240,204</u>