

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)
(Company reg no: ARBN 622 412 186)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
30 JUNE 2021**

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)
(Company reg no: ARBN 622 412 186)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTHS ENDED 30 JUNE 2021**

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CTG FIBERSWAY INTERNATIONAL LIMITED

STATEMENT BY DIRECTOR

I, SHENG, ZEJUN, the Director of CTG FIBERSWAY INTERNATIONAL LIMITED, state that, in my opinion, the financial statements set out on pages 3 to 16 are drawn up in accordance with IAS 34 Interim Financial Reporting so as to give a true and fair view of the financial position of the Group as at 30 June 2021 and of financial performance and cash flows of the Group for the financial period ended on that date.

Signed on behalf of the Board of the Director,

SHENG, ZEJUN
Director



People's Republic of China
7 September 2021

**INDEPENDENT AUDITORS' REPORT ON
REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
TO THE MEMBERS OF
CTG FIBERSWAY INTERNATIONAL LIMITED**
(Company reg no: ARBN 622 412 186)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of CTG FIBERSWAY INTERNATIONAL LIMITED as at 30 June 2021, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and notes to the interim financial statements ("condensed consolidated interim financial statements"). The Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six months ended 30 June 2021 are not presented fairly, in all material aspects, in accordance with IAS 34 Interim Financial Reporting.



HML & CO.
AF 1325
Chartered Accountants
Kuala Lumpur, Malaysia
7 September 2021

CTG FIBERSWAY INTERNATIONAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		Group	
	Note	30.6.2021	31.12.2020
		A\$	A\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,310,732	2,317,434
Intangible assets	7	1,745,535	1,681,108
Goodwill	8	2,941,122	2,982,382
		<u>6,997,389</u>	<u>6,980,924</u>
CURRENT ASSETS			
Inventories	9	1,793,092	1,465,909
Trade receivables	10	5,919,322	4,966,250
Other receivables and advance payments	11	11,971,262	14,643,957
Other assets		11,266	10,850
Fixed deposits with bank		1,686,697	1,624,441
Cash and bank balances		73,002	98,930
		<u>21,454,641</u>	<u>22,810,337</u>
TOTAL ASSETS		<u>28,452,030</u>	<u>29,791,261</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	4,500,000	4,500,000
Foreign currency translation reserve		26,884	38,006
Accumulated losses		(2,429,122)	(1,610,435)
TOTAL EQUITY		<u>2,097,762</u>	<u>2,927,571</u>
NON-CURRENT LIABILITY			
Other payable	13	139,116	263,972
CURRENT LIABILITIES			
Trade payables		12,498,162	12,927,104
Other payables, deposit received and accruals	13	1,352,612	1,267,386
Borrowings	14	8,398,306	8,118,646
Amount owing to a Director	15	3,958,204	4,279,004
Tax payables		7,868	7,578
		<u>26,215,152</u>	<u>26,599,718</u>
TOTAL LIABILITIES		<u>26,354,268</u>	<u>26,863,690</u>
TOTAL EQUITY AND LIABILITIES		<u>28,452,030</u>	<u>29,791,261</u>

The accompanying notes form an integral part of the financial statements

CTG FIBERSWAY INTERNATIONAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

	Group	
	Six months ended 30.6.2021 A\$	Six months ended 31.5.2020 A\$
Revenue	5,439,977	12,282,423
Cost of sales	<u>(5,193,457)</u>	<u>(10,828,460)</u>
Gross profit	246,520	1,453,963
Other operating income	57,954	228,832
Administration expenses	(622,737)	(1,370,771)
Sales and marketing expenses	(203,808)	(298,005)
Other operating expenses	<u>-</u>	<u>(3,689)</u>
(Loss)/Profit from operations	(522,071)	10,330
Finance expenses	<u>(296,616)</u>	<u>(177,470)</u>
Loss before tax	(818,687)	(167,140)
Income tax expenses	<u>-</u>	<u>-</u>
Loss for the period	<u><u>(818,687)</u></u>	<u><u>(167,140)</u></u>
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	<u>(11,122)</u>	<u>(289,363)</u>
Total comprehensive loss for the period	<u><u>(829,809)</u></u>	<u><u>(456,503)</u></u>
Loss per share:		
Basic - cents per share	<u><u>(0.41)</u></u>	<u><u>(0.08)</u></u>

The accompanying notes form an integral part of the financial statements

CTG FIBERSWAY INTERNATIONAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

	Share capital	Accumulated	Foreign currency	
	A\$	losses	translation	Total
	A\$	A\$	reverse	A\$
As at 1 January 2021	4,500,000	(1,610,435)	38,006	2,927,571
Loss and total comprehensive loss for the period	-	(818,687)	(11,122)	(829,809)
As at 30 June 2021	<u>4,500,000</u>	<u>(2,429,122)</u>	<u>26,884</u>	<u>2,097,762</u>

	Share capital	Accumulated	Foreign currency	
	A\$	losses	translation	Total
	A\$	A\$	reverse	A\$
As at 1 January 2020	4,500,000	(361,584)	303,826	4,442,242
Loss and total comprehensive loss for the period	-	(167,140)	(289,363)	(456,503)
As at 31 May 2020	<u>4,500,000</u>	<u>(528,724)</u>	<u>14,463</u>	<u>3,985,739</u>

The accompanying notes form an integral part of the financial statements

CTG FIBERSWAY INTERNATIONAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

	Group	
	Six months ended 30.6.2021 A\$	Six months ended 31.5.2020 A\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(818,687)	(167,140)
Adjustment for:		
Depreciation of property, plant and equipment	92,689	182,517
Bad debts written off	8,996	-
Interest expenses	296,616	177,470
Interest income	<u>(12,002)</u>	<u>(653)</u>
Operating (loss)/profit before working capital changes	(432,388)	192,194
(Increase)/Decrease in inventories	(327,183)	45,660
(Increase)/Decrease in trade receivables	(962,068)	426,264
Decrease/(Increase) in other receivables and advance payments	2,672,695	(1,055,765)
(Increase)/Decrease in other assets	(416)	52
Decrease in trade payables	(428,942)	(359,881)
Increase in other payables, deposit received and accruals	85,226	1,537,688
Decrease in amount owing to a Director	<u>(320,800)</u>	<u>(85,154)</u>
Cash from operations	286,124	701,058
Interest paid	(296,616)	(177,470)
Interest received	12,002	653
Tax paid	<u>-</u>	<u>(1,004)</u>
Net cash from operating activities	<u>1,510</u>	<u>523,237</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>-</u>	<u>(224,042)</u>
Net cash used in investing activity	<u>-</u>	<u>(224,042)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from other payable	(124,856)	-
Repayment of borrowings	<u>(31,481)</u>	<u>(433,098)</u>
Net cash used in financing activities	<u>(156,337)</u>	<u>(433,098)</u>
Net decrease in cash and cash equivalents	(154,827)	(133,903)
Cash and cash equivalents at beginning of the period	1,524,541	227,034
Effect of exchange rate changes on cash and cash equivalents	<u>183,535</u>	<u>21,760</u>
Cash and cash equivalents at end of the period	<u>1,553,249</u>	<u>114,891</u>

The accompanying notes form an integral part of the financial statements

CTG FIBERSWAY INTERNATIONAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

	Group	
	Six months ended 30.6.2021 A\$	Six months ended 31.5.2020 A\$
Cash and cash equivalents comprise:		
Fixed deposits with bank	1,686,697	242,417
Cash and bank balances	<u>73,002</u>	<u>81,454</u>
	1,759,699	323,871
Less: Fixed deposits pledge with bank	<u>(206,450)</u>	<u>(208,980)</u>
	<u><u>1,553,249</u></u>	<u><u>114,891</u></u>

The accompanying notes form an integral part of the financial statements

CTG FIBERSWAY INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

1 GENERAL INFORMATION

The Company is a public limited liability company incorporated in Cayman Islands, registered in Australia and listed in National Stock Exchange of Australia ("NSX").

The Group principally engaged in manufacturing and sale of networking cables, optic fibre cables and ancillary products and services. There have been no significant changes in the nature of these activities during the period.

2 BASIS OF PREPARATION

2.1 BASIS OF PRESENTATION CURRENCY AND COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as "the Group") and are presented in Australian Dollars. They have been prepared in accordance with *IAS 34 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and were authorised for issue in accordance with the resolution of the Directors on the date of this statement.

These interim financial statements are intended to provide users with an update on the annual financial statements of CTG FIBERSWAY INTERNATIONAL LIMITED. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report to be read in conjunction with the last annual financial statements of the Group as at and for the period ended 31 December 2020.

2.2 GOING CONCERN BASIS

The Group incurred a net loss of A\$818,687 during the interim period ended 30 June 2021. Also the Company's current liabilities exceeded its current assets by A\$4,760,511. Accordingly, the ability of the Group to meet its obligations is therefore dependent on the viable operations existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than the amounts at which they are currently recorded in the financial position. In addition, the Group may have to provide for further liabilities that might arise. The financial statements do not included such adjustment, as the Directors are optimistic that the Group will operate in a profitable manner in the foreseeable future, and accordingly they believe that it is appropriate for the financial statements of the Company to be prepared on the going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (“IASB”).

3.1 Adoption Of New And Amended Standards

During the period, the Group have adopted all the amendments to IFRS that are mandatory for the current period. The adoption of the amendments to IFRS did not have any significant impact on the financial statements of the Group.

IFRSs, IFRICs and amendments to IFRSs effective for annual periods beginning on or after 1 January 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities

3.2 Standards Issued But Are Not Yet Effective

The Group did not adopt an earlier application of the following new and revised IFRSs which have been issued by the IASB but are not yet effective for current period ended 30 June 2021.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 16, Property, Plant and Equipment
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018 – 2020

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2023:

- IFRS 17, Insurance Contracts
- Amendments to IFRS 17, Insurance Contracts
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current

IFRSs, IFRIC and amendments effective for annual periods beginning on or after a date yet to be confirmed:

- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Group will adopt the above IFRSs in the respective financial years when they become effective. The initial application of the above-mentioned IFRSs are not expected to have any significant impacts on the financial statements of the Group.

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4 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The Group has reviewed its exposure to climate-related and other emerging business risk but has not identified any risk that could impact the financial performance or position of the Group as at 30 June 2021. It has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities.

The financial position and performance of the Group was particular affected by the following events and transactions during the six month to 30 June 2021:

- (a) a significant decrease in revenue from sale of networking cables, optic fibre cables and ancillary products and services, from A\$12,282,423 to A\$5,439,977.
- (b) a significant increase in closing inventories, from A\$1,465,909 to A\$1,793,092 (see note 9).

The above situation are caused by global market conditions of the COVID-19 pandemic which have affected market confidence and consumer spending patterns.

5 ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS DUE TO THE COVID-19 PANDEMIC

When preparing these interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Due to the currently unforeseeable global consequences of the COVID-19 pandemic, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on the Interim Consolidated Financial Statements.

6 PROPERTY, PLANT AND EQUIPMENT

	As at 1 January 2021 A\$	Additions A\$	Exchange differences A\$	As at 30 June 2021 A\$
<u>Cost</u>				
Leasehold land	681,967	-	26,136	708,103
Building	1,227,799	-	47,054	1,274,853
Computer and software	43,235	-	1,657	44,892
Electrical equipment	23,381	-	896	24,277
Furniture and fittings	86,726	-	3,323	90,049
Motor vehicles	178,290	-	6,833	185,123
Office equipment	68,383	-	2,621	71,004
Plant and machinery	1,706,388	-	65,396	1,771,784
Renovation	241,174	-	9,243	250,417
	4,257,343	-	163,159	4,420,502

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	As at 1 January 2021 A\$	Charges for the period A\$	Exchange differences A\$	As at 30 June 2021 A\$
<u>Accumulated Depreciation</u>				
Leasehold land	145,486	6,871	5,785	158,142
Building	351,679	27,835	14,327	393,841
Computer and software	43,235	-	1,657	44,892
Electrical equipment	20,844	607	817	22,268
Furniture and fittings	69,665	3,317	2,771	75,753
Motor vehicles	172,344	-	6,605	178,949
Office equipment	43,463	122	1,669	45,254
Plant and machinery	852,019	53,937	34,298	940,254
Renovation	241,174	-	9,243	250,417
	<u>1,939,909</u>	<u>92,689</u>	<u>77,172</u>	<u>2,109,770</u>

	30.6.2021 A\$	31.12.2020 A\$
<u>Carrying Amounts</u>		
Leasehold land	549,961	536,481
Building	881,012	876,120
Computer and software	-	-
Electrical equipment	2,009	2,537
Furniture and fittings	14,296	17,061
Motor vehicles	6,174	5,946
Office equipment	25,750	24,920
Plant and machinery	831,530	854,369
Renovation	-	-
	<u>2,310,732</u>	<u>2,317,434</u>

The costs of fully depreciated property, plant and equipment of the Group are as follows:

	Group	
	30.6.2021 A\$	31.12.2020 A\$
Computer and software	67,707	43,235
Furniture and fittings	54,068	52,073
Motor vehicles	185,123	178,290
Office equipment	10,723	10,327
Plant and machinery	618,600	509,302
Renovation	250,417	241,174
	<u>1,186,638</u>	<u>1,034,401</u>

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The carrying amounts of following property, plant and equipment were pledged as securities for bank borrowings granted to the Group as disclosure in Note 14:

	Group	
	30.6.2021	31.12.2020
	A\$	A\$
Leasehold land	549,961	536,481
Building	881,012	876,120
Plant and machinery	18,802	434,513
	<u>1,449,775</u>	<u>1,847,114</u>

7 INTANGIBLE ASSETS

Group	Trademark	Total
	A\$	A\$
<u>Cost</u>		
At beginning of the period	1,681,108	1,681,108
Exchange difference	64,427	64,427
At end of the period	<u>1,745,535</u>	<u>1,745,535</u>
<u>Carrying amounts</u>		
As at 30 June 2021	<u>1,745,535</u>	<u>1,745,535</u>
As at 31 December 2020	<u>1,681,108</u>	<u>1,681,108</u>

The Group's intangible assets are assessed to have indefinite useful life due to the trademark registration in People's Republic of China being indefinite and hence no amortisation is charged.

8 GOODWILL ON CONSOLIDATION

	Group	
	30.6.2021	31.12.2020
	A\$	A\$
At beginning of the period/year	2,982,382	3,194,627
Exchange difference	(41,260)	(212,245)
At end of the period/year	<u>2,941,122</u>	<u>2,982,382</u>

9 INVENTORIES

	Group	
	30.6.2021	31.12.2020
	A\$	A\$
Raw material	350,068	431,992
Work-in-progress	909,334	495,162
Finished goods	533,690	538,755
	<u>1,793,092</u>	<u>1,465,509</u>

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10 TRADE RECEIVABLES

Included in trade receivables of the Group are amount of A\$5,007,612 (31.12.2020: A\$2,442,007) owing from a company in which one of the Directors of the Company has interest.

11 OTHER RECEIVABLES AND ADVANCE PAYMENTS

	Group	
	30.6.2021	31.12.2020
	A\$	A\$
Other receivables	10,950,395	14,521,519
Advance payments	<u>1,020,867</u>	<u>122,438</u>
	<u>11,971,262</u>	<u>14,643,957</u>

Included in other receivables of the Group are amount of A\$4,424,435 (31.12.2020: A\$6,960,963) owing from a company in which one of the Directors of the Company has interest.

12 CAPITAL AND RESERVES

12.1 SHARE CAPITAL

	Group	
	30.6.2021	31.12.2020
Number of shares (units)	<u>200,000,000</u>	<u>200,000,000</u>
Issued and Paid-up (A\$)		
At beginning/end of the period	<u>4,500,000</u>	<u>4,500,000</u>

12.2 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from translation of the financial statements of the Group and foreign operations with different functional currencies from that of the Group's presentation currency.

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13 OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUALS

	Group	
	30.6.2021	31.12.2020
	A\$	A\$
Non-current		
Other payable	139,116	263,972
Current		
Other payables	1,114,640	995,186
Deposit received	70,463	167,566
Accruals	165,940	104,634
	<u>1,351,043</u>	<u>1,267,386</u>
	<u>1,490,159</u>	<u>1,531,358</u>

- (a) Included in other payable is amount of A\$435,729 (31.12.2020: A\$573,164) advance by a third party and the interest is charge at the rate of 19% per annum, repayable over 36 months with a monthly repayment term. The advance is secured by the Group's certain plant and machinery as disclosed in Note 5.

14 BORROWINGS

	Group	
	30.6.2021	31.12.2020
	A\$	A\$
Secured:		
- Bankers' acceptance	621,335	397,660
- Revolving loan	1,011,605	3,354,262
- Short-term loans	<u>6,765,366</u>	<u>4,366,724</u>
	<u>8,398,306</u>	<u>8,118,646</u>

Interest charged in the current year range from 5.50% to 10.44% (31.12.2020: 5.50% to 10.44%) per annum.

As at 30 June 2021, the borrowings are secured by:

- the Group's leasehold land, building and certain plant and machinery as disclosed in Note 5;
- fixed deposits with bank;
- guarantee by one of the Directors of the Company;
- guarantee by related companies and a company which one of the Directors of the Company has interest; and
- guarantee by key management personnel.

15 AMOUNT OWING TO A DIRECTOR

These amounts are unsecured, interest free and repayable on demand.

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16 RELATED PARTY DISCLOSURE

16.1 COMPENSATION OF KEY THE BOARD OF DIRECTORS PERSONNEL

	1.1.2021 to 30.6.2021 A\$	1.12.2019 to 31.5.2020 A\$
Short term benefits	<u>53,977</u>	<u>71,499</u>

Key management personnel comprise Directors of the Group and other persons in the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

16.2 OTHER RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at term agreed between the parties during the financial period.

During the period, the Group has entered into the following transactions with the related parties:

	1.1.2021 to 30.6.2021 A\$	1.12.2019 to 31.5.2020 A\$
Sales of goods to a company controlled by a Director of the company	1,297,473	878,956
Purchase of goods from a company controlled by a Director of the company	2,239,158	1,462,149
Repayment from Directors	(320,800)	(1,065,091)
Advances from/(to) a company controlled by a Director of the company	<u>2,536,528</u>	<u>(121,882)</u>

17 SEGMENT INFORMATION

(a) Business segment

The Group's activities are primarily in one industry segment of manufacturing and sale of networking cables, optic fibre cables and ancillary products and services.

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(b) Geographical information

Sale to external customers disclosed in the geographical information is based on the geographical locations of the customers.

Revenue information based on the geographical location of customers:

	1.1.2021 to 30.6.2021 A\$	1.12.2019 to 31.5.2020 A\$
China	1,382,756	1,614,623
Overseas	<u>4,057,221</u>	<u>10,667,800</u>
	<u>5,439,977</u>	<u>12,282,423</u>

18 SEASONAL/CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors.

19 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior year that have a material effect in the six months ended 30 June 2021.

20 DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayments of debt and equity securities during the six months ended 30 June 2021.

21 DIVIDEND PAID

No dividend paid during the reporting period.