

Haodex Ltd and Controlled Entities

ACN 623 392 325

Financial Statements

For the Half-Year Ended 31 December 2020

Haodex Ltd and Controlled Entities

ACN 623 392 325

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For the Half-Year Ended 31 December 2020

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Directors' Report

31 December 2020

The directors present their report, together with the financial statements of the Group, being the company and its controlled entity, for the half-year ended 31 December 2020.

1. General information

Information on directors

The names of each person who has been a director during the half-year and to the date of this report are:

Frank Huang

Bin Chen

Anne Huang

Directors have been in office since the start of the half-year to the date of this report.

Principal activities

The principal activities of the Group during the half-year were to invest in technology which offers a platform to buy and sell goods and services throughout China.

During the half-year the Group ceased to offer selling its software for trading platforms.

No other significant change in the nature of these activities occurred during the half-year.

2. Operating results and review of operations for the half-year

Operating results

The consolidated loss of the Group amounted to \$263,313 (2019: profit \$468,615).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the half-year.

Matters or circumstances arising after the end of the half-year

No matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

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Directors' Report

31 December 2020

3. Other items

Environmental matters

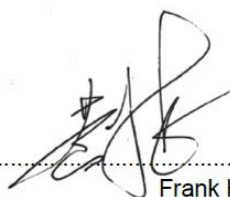
The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the half-year, for any person who is or has been an officer or auditor of Haodex Ltd and Controlled Entities.

Signed in accordance with a resolution of the Board of Directors:

Director



Frank Huang

Dated 7 May 2021

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Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2020

		31 December 2020	31 December 2019
	Note	\$	\$
Revenue	2	642,395	1,140,864
Finance income	2	398	676
Other income	2	106,222	-
Cost of sales		(20,696)	(39,855)
Employee benefits expense		(371,252)	(167,453)
Depreciation, amortisation and impairment expense		(477,486)	(41,074)
Finance expenses		(1,267)	(2,807)
Other expenses		(234,143)	(243,985)
Profit (loss) before income tax		(355,829)	646,366
Income tax expense (benefit)	3	92,516	(177,751)
Profit (loss) for the half-year		(263,313)	468,615
Other comprehensive income, net of income tax		-	-
Total comprehensive income (loss) for the half-year		(263,313)	468,615
Profit (loss) attributable to:			
Members of the parent entity		(255,265)	486,360
Non-controlling interest		(8,048)	(17,745)
		(263,313)	468,615
Total comprehensive income (loss) attributable to:			
Members of the parent entity		(255,265)	486,360
Non-controlling interest		(8,048)	(17,745)
		(263,313)	468,615

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 31 December 2020

		31 December 2020	30 June 2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	394,251	17,780
Trade and other receivables	5	2,187,573	2,100,242
Inventories		56,985	51,984
Other assets	8	1,417,927	1,682,036
TOTAL CURRENT ASSETS		4,056,736	3,852,042
NON-CURRENT ASSETS			
Plant and equipment	6	37,730	81,816
Deferred tax assets	10	94,784	2,268
Intangible assets	7	386,797	1,386,812
TOTAL NON-CURRENT ASSETS		519,311	1,470,896
TOTAL ASSETS		4,576,047	5,322,938
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	137,885	161,723
Current tax liabilities	10	563,628	563,628
Lease liabilities		37,730	74,102
Other liabilities	11	473,254	-
Employee benefits	12	8,150	8,150
TOTAL CURRENT LIABILITIES		1,220,647	807,603
NON-CURRENT LIABILITIES			
Trade and other payables	9	-	896,622
TOTAL NON-CURRENT LIABILITIES		-	896,622
TOTAL LIABILITIES		1,220,647	1,704,225
NET ASSETS		3,355,400	3,618,713
EQUITY			
Issued capital	13	2,217,862	2,217,862
Reserves	14	202,935	202,935
Retained earnings		843,169	1,098,434
Non-controlling interest		91,434	99,482
TOTAL EQUITY		3,355,400	3,618,713

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Half-Year Ended 31 December 2020

	Issued Capital	Retained Earnings	Share Based Payment Reserve	Non-controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	2,217,862	1,098,434	202,935	99,482	3,618,713
Loss for the half-year	-	(255,265)	-	(8,048)	(263,313)
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 December 2020	2,217,862	843,169	202,935	91,434	3,355,400

	Issued Capital	Retained Earnings	Share Based Payment Reserve	Non-controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,217,862	746,440	202,935	164,347	3,331,584
Profit (loss) for the half-year	-	486,360	-	(17,745)	468,615
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 December 2019	2,217,862	1,232,800	202,935	146,602	3,800,199

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Half-Year Ended 31 December 2020

	31 December 2020	30 June 2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	248,023	620,111
Payments to suppliers and employees	(384,613)	(1,257,370)
Interest received	398	713
Interest paid	(1,267)	(4,831)
Receipt from grants	94,268	62,615
Net cash provided by/(used in) operating activities	(43,191)	(578,762)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share buy-back payment	444,080	-
Payment of lease liabilities	(24,418)	(83,902)
Net cash provided by/(used in) financing activities	419,662	(83,902)
Net increase/(decrease) in cash and cash equivalents held	376,471	(662,664)
Cash and cash equivalents at beginning of half-year	17,780	680,444
Cash and cash equivalents at end of financial half-year	4 394,251	17,780

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

The financial report covers Haodex Ltd ("the Company") and its controlled entities ("the Group"). The Company is a for-profit company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 29 April 2021.

Comparatives are consistent with prior periods, unless otherwise stated.

1 Basis of Preparation

This condensed interim financial report for the half-year ended 31 December 2020 has been prepared in accordance with the requirements of the Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of Haodex Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within Haodex Ltd. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of Haodex Ltd for the year ended 30 June 2020.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

2 Revenue and Other Income

	31 December 2020	31 December 2019
	\$	\$
- sale of goods	40,136	69,133
- provision of services	602,259	1,071,731
	642,395	1,140,864
- interest received	398	676
- government grant	106,222	-
	106,620	676

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Notes to the Financial Statements For the Half-Year Ended 31 December 2020

3 Income Tax Expense

Reconciliation of income tax to accounting profit:

	31 December 2020	31 December 2019
	\$	\$
Profit (loss)	(355,829)	646,366
Tax	26.00%	27.50%
Income tax expense (benefit)	(92,516)	177,751

4 Cash and Cash Equivalents

	31 December 2020	30 June 2020
	\$	\$
Cash at bank and in hand	394,251	17,780
	394,251	17,780

5 Trade and Other Receivables

	31 December 2020	30 June 2020
	\$	\$
CURRENT		
Amount due from related party - Oilvest Pty Ltd	2,097,331	2,100,000
Other receivables	90,242	242
	2,187,573	2,100,242

6 Plant and equipment

	31 December 2020	30 June 2020
	\$	\$
Right-of-Use - Plant and Equipment		
At cost	263,926	263,926
Accumulated depreciation	(226,196)	(182,110)
	37,730	81,816

Haodex Ltd and Controlled Entities

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Notes to the Financial Statements For the Half-Year Ended 31 December 2020

7 Intangible Assets

	31 December 2020	30 June 2020
	\$	\$
Computer software		
Computer software	1,306,003	2,080,158
Accumulated amortisation and impairment	(919,206)	(693,346)
	<u>386,797</u>	<u>1,386,812</u>

8 Other Assets

	31 December 2020	30 June 2020
	\$	\$
CURRENT		
Prepayments	1,417,927	1,682,036
	<u>1,417,927</u>	<u>1,682,036</u>

9 Trade and Other Payables

	31 December 2020	30 June 2020
	\$	\$
CURRENT		
Trade payables	19,941	18,954
Other payables	117,944	142,769
	<u>137,885</u>	<u>161,723</u>

Payables to shareholders are short-term, interest free and are unsecured.

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

	31 December 2020	30 June 2020
	\$	\$
NON-CURRENT		
Payable to shareholders	-	896,622
	<u>-</u>	<u>896,622</u>

During half-year the amount payable to the shareholder was offset against the amount due from related party Oilvest Pty Ltd.

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Notes to the Financial Statements For the Half-Year Ended 31 December 2020

10 Tax assets and liabilities

	31 December 2020	30 June 2020
	\$	\$
Income tax payable	563,628	563,628
	<u>563,628</u>	<u>563,628</u>

	Opening Balance \$	Charged to Income \$	Closing Balance \$
Deferred tax assets			
Employee entitlements	15,362	(13,094)	2,268
Balance at 30 June 2020	<u>15,362</u>	<u>(13,094)</u>	<u>2,268</u>
Employee entitlements	2,268	-	2,268
Tax losses	-	92,516	92,516
Balance at 31 December 2020	<u>2,268</u>	<u>92,516</u>	<u>94,784</u>

11 Other Liabilities

	31 December 2020	30 June 2020
	\$	\$
CURRENT		
Shareholder funds received in advance of share issue	473,254	-
	<u>473,254</u>	<u>-</u>

12 Employee Entitlements

	31 December 2020	30 June 2020
	\$	\$
CURRENT		
Employee entitlements	8,150	8,150
	<u>8,150</u>	<u>8,150</u>

13 Issued Capital

	31 December 2020	30 June 2020
	\$	\$
135,000,000 (2020: 135,000,000) Ordinary shares	2,217,862	2,217,862
	<u>2,217,862</u>	<u>2,217,862</u>

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Notes to the Financial Statements For the Half-Year Ended 31 December 2020

14 Reserves

	31 December 2020 \$	30 June 2020 \$
Share Based Payment Reserve		
Opening balance	<u>202,935</u>	<u>202,935</u>
	202,935	202,935

Share based payment reserve

Share based payments comprise ordinary shares issued to employees and to third parties for services performed for the Company. The value was determined with reference to the average paid-up amounts on capital raisings at the time the service was provided as it was not possible to reliably estimate the fair value of the services received due to the unique nature of the services provided. The shares granted vested on issue.

15 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 31 December 2020 (30 June 2020: None).

16 Related Party Transactions

During the half-year there were the following transactions with related parties:

- The Company ceased providing services to related party, Oilvest Pty Ltd, with a lump-sum fee of \$500,000 due to the Company before 30 June 2021;
- On cessation of services to Oilvest Pty Ltd, the Company sold its related intangible assets to Oilvest Pty Ltd for \$566,615. Immediately prior to this date the value of these intangible assets was amortised to its recoverable amount.
- As disclosed in Note 9, during half-year the amount payable to the shareholder was offset against the amount due from related party Oilvest Pty Ltd.

17 Events Occurring After the Reporting Date

The financial report was authorised for issue on 7 May 2021 by the board of directors.

No matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

18 Statutory Information

The registered office principal place of business of the Company is:

Suite 23
Level 5
88 Pitt Street
Sydney NSW 2000

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Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001* and:
 - a. complies with Australian Accounting Standard AASB 134 Interim Financial Reporting; and
 - b. gives a true and fair view of the financial position and performance of the consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Frank Huang

Dated 7 May 2021

HAODEX LTD

INDEPENDENT AUDITOR'S REPORT

To the members of Haodex Ltd:

Opinion

We have audited the financial report of Haodex Ltd (the "Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Group:

- (a) presents fairly the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complies with Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also 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 Group's half-year financial report for the half-year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.



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INDEPENDENT AUDITOR'S REPORT (continued)

Responsibility of Directors for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in Note 1 to the financial statements and for such internal control as the management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Group'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 Group'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 report 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 Group to cease to continue as a going concern.



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INDEPENDENT AUDITOR'S REPORT (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, amongst 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.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Sydney, 7 May 2021