

Haodex Ltd

ACN 623 392 325

Financial Statements

For the Year Ended 30 June 2021

Haodex Ltd

ACN 623 392 325

Contents

For the Year Ended 30 June 2021

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Directors' Report

30 June 2021

The directors present their report, together with the financial statements of the Group, being the Group and its controlled entity, for the financial year ended 30 June 2021.

1. General information

Information on directors

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

- Frank Huang
- Anne Huang

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Group during the financial year were selling software for a trading platform as a service. The Group has also invested in technology which offers a platform to buy and sell accommodation throughout China.

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

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to \$ (160,170) (2020: \$ 287,129).

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 year.

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial 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.

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.

Haodex Ltd

ACN 623 392 325

Directors' Report

30 June 2021

Indemnification and insurance of officers and auditors

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2021 has been received and can be found on page 3 of the financial report.

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

Director:  _____
Frank Huang

Dated 28 October 2021

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of Haodex Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Haodex Ltd and the entity it controlled during the year.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla

Director

Sydney, 28 October 2021

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue	4	1,403,958	2,255,431
Finance income	4	642	713
Other revenue	4	159,530	62,615
Cost of sales		(41,072)	(54,906)
Employee benefits expense		(580,984)	(563,676)
Depreciation and amortisation expense		(597,697)	(539,539)
Finance expenses		(1,620)	(4,831)
Other expenses		(561,164)	(649,441)
Profit (loss) before income tax		(218,407)	506,366
Income tax (expense) benefit	5	58,237	(219,237)
Profit (loss) for the year		(160,170)	287,129
Other comprehensive income, net of income tax		-	-
Total comprehensive income (loss) for the year		(160,170)	287,129
Profit (loss) attributable to:			
Members of the parent entity		(139,031)	351,994
Non-controlling interest		(21,139)	(64,865)
		(160,170)	287,129
Total comprehensive income (loss) attributable to:			
Members of the parent entity		(139,031)	351,994
Non-controlling interest		(21,139)	(64,865)
		(160,170)	287,129

Statement of Financial Position

As At 30 June 2021

		2021	2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,314,708	17,780
Trade and other receivables	7	2,474,075	2,100,242
Inventories		56,748	51,984
Other assets	10	1,156,558	1,682,036
TOTAL CURRENT ASSETS		5,002,089	3,852,042
NON-CURRENT ASSETS			
Plant and equipment	8	-	81,816
Deferred tax assets	12	5,934	2,268
Intangible assets	9	304,316	1,386,812
TOTAL NON-CURRENT ASSETS		310,250	1,470,896
TOTAL ASSETS		5,312,339	5,322,938
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	144,391	161,723
Current tax liabilities	12	304,437	563,628
Lease liabilities	13	-	74,102
Employee benefits	14	8,150	8,150
Other financial liabilities		1,396,818	-
TOTAL CURRENT LIABILITIES		1,853,796	807,603
NON-CURRENT LIABILITIES			
Trade and other payables	11	-	896,622
TOTAL NON-CURRENT LIABILITIES		-	896,622
TOTAL LIABILITIES		1,853,796	1,704,225
NET ASSETS		3,458,543	3,618,713
EQUITY			
Issued capital	15	2,217,862	2,217,862
Reserves	16	202,935	202,935
Retained earnings		959,403	1,098,434
Non-controlling interest		78,343	99,482
TOTAL EQUITY		3,458,543	3,618,713

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	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 attributable to members of the parent entity	-	(139,031)	-	-	(139,031)
Loss attributable to non-controlling interests	-	-	-	(21,139)	(21,139)
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 30 June 2021	2,217,862	959,403	202,935	78,343	3,458,543

2020

	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 attributable to members of the parent entity	-	351,994	-	-	351,994
Loss attributable to non-controlling interests	-	-	-	(64,865)	(64,865)
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 30 June 2020	2,217,862	1,098,434	202,935	99,482	3,618,713

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	735,477	620,111
Payments to suppliers and employees	(884,458)	(1,257,370)
Interest received	642	713
Interest paid	(1,620)	(4,831)
Receipt from grants	124,171	62,615
Net cash provided by/(used in) operating activities	17 (25,788)	(578,762)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares not yet allocated	1,396,818	-
Payment of lease liabilities	(74,102)	(83,902)
Net cash provided by/(used in) financing activities	1,322,716	(83,902)
Net increase/(decrease) in cash and cash equivalents held	1,296,928	(662,664)
Cash and cash equivalents at beginning of year	17,780	680,444
Cash and cash equivalents at end of financial year	6 1,314,708	17,780

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers Haodex Ltd and its controlled entities ('the Group'). Haodex Ltd is a for-profit Group 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 21 October 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 18 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(b) Business combinations (continued)

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

Interest revenue

Interest is recognised using the effective interest method.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(d) Leases

When the Group enters into a lease a right of use asset representing its right to use the underlying asset and a lease liability representing the present value of its obligation to make lease payments is recognised. The related expense is recorded as depreciation, on the right of use asset, and interest expense on the lease liability.

(e) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(f) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less allowance for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial assets (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(i) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of five years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(k) Employee entitlements

A liability is recognised for the Group's liability for employee entitlements arising from services rendered by employees to the end of the reporting period. Employee entitlements that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(l) Equity-settled compensation

The Group provides equity-settled share-based payments to employees and third parties. The fair value of the equity granted is measured at grant date and recognised as an expense with a corresponding increase to the share-based payment reserve.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(m) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment

In accordance with AASB 136 Impairment of Assets, the Group is considers whether there are any indicators of impairment of non-current assets.

Impairment testing is an area involving management judgement, requiring assessment as to whether there are any indicators of impairment and if so comparing the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

4 Revenue and Other Income

	2021	2020
	\$	\$
- Sale of goods	63,442	126,972
- Commission on bulkbuy sales	840,516	-
- Service fees	500,000	2,128,459
	1,403,958	2,255,431
- Interest income	642	713
- Grants	159,530	62,615
	160,172	63,328

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Income Tax Expense

Reconciliation of income tax to accounting profit:

	2021	2020
	\$	\$
Profit (loss)	(218,407)	506,366
Tax	26.00%	27.50%
	(56,786)	139,251
Add:		
Tax effect of:		
- other non-allowable items	(1,451)	-
- tax losses not recognised	-	79,986
Income tax expense (benefit)	(58,237)	219,237

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	111,193	17,780
Share application moneys held on trust	1,203,515	-
	1,314,708	17,780

7 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Receivable from related party Oilvest Pty Ltd	1,987,331	2,100,000
Other receivables	486,744	242
	2,474,075	2,100,242

8 Plant and equipment

	2021	2020
	\$	\$
Right-of-Use - Plant and Equipment		
At cost	263,926	263,926
Accumulated depreciation	(263,926)	(182,110)
	-	81,816

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Intangible Assets

	2021	2020
	\$	\$
Computer software		
At cost	1,306,003	2,080,158
Accumulated amortisation and impairment	(1,001,687)	(693,346)
	<u>304,316</u>	<u>1,386,812</u>

Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
Year ended 30 June 2021		
Balance at the beginning of the year	1,386,812	1,386,812
Disposals	(566,615)	(566,615)
Amortisation	(515,881)	(515,881)
Closing value at 30 June 2021	<u>304,316</u>	<u>304,316</u>

10 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	1,156,558	1,682,036
	<u>1,156,558</u>	<u>1,682,036</u>

11 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	27,499	18,954
Other payables	116,892	142,769
	<u>144,391</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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Trade and Other Payables (continued)

	2021	2020
	\$	\$
NON-CURRENT		
Payable to shareholders	-	896,622
	<u>-</u>	<u>896,622</u>

12 Tax assets and liabilities

	2021	2020
	\$	\$
Income tax payable	304,437	563,628
	<u>304,437</u>	<u>563,628</u>

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
Accruals and 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>
Accruals and employee entitlements	2,268	3,666	5,934
Balance at 30 June 2021	<u>2,268</u>	<u>3,666</u>	<u>5,934</u>

13 Lease Liability

	2021	2020
	\$	\$
CURRENT		
Lease liability on right-of-use asset	-	74,102
	<u>-</u>	<u>74,102</u>

14 Employee Entitlements

	2021	2020
	\$	\$
CURRENT		
Annual leave	8,150	8,150
	<u>8,150</u>	<u>8,150</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Issued Capital

	2021	2020
	\$	\$
135,000,000 (2020: 135,000,000) Ordinary shares	2,217,862	2,217,862
	2,217,862	2,217,862

Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Group defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

16 Reserves

	2021	2020
	\$	\$
Share Based Payment Reserve		
Opening balance	202,935	202,935
	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 throughout the period 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Profit (loss) for the year	(160,170)	287,129
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	597,697	539,539
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(703,840)	(1,691,694)
- (increase)/decrease in other assets	525,478	237,620
- (increase)/decrease in inventories	(4,764)	(37,185)
- increase/(decrease) in trade and other payables	(17,332)	(106,705)
- increase/(decrease) in income taxes	(262,857)	219,237
- increase/(decrease) in employee entitlements	-	(26,703)
Cashflows from operations	(25,788)	(578,762)

18 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2021	2020
Subsidiaries:			
Monkey King Australia Pty Ltd	Australia	78	78

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Financial Risk Management

The Group is exposed to financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The financial risks to which the Group is exposed to are noted below:

Specific risks

- Liquidity risk;
- Credit risk; and
- Market risk - primarily currency risk.

The key risks faced by the Company is market risk, primarily foreign currency risk.

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives regular reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash to meet its liquidity requirements.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under reasonably expected circumstances.

Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Financial Risk Management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and balances recorded as receivable.

The credit risk for liquid funds and is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade and other receivables consist primarily a related entity Oilvest Pty Ltd for \$1,987,331 (2020: \$2,100,000).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

On a geographical basis, the Group has significant credit risk exposures in Australia and China given the location of its operations in those regions.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The following table shows the material exposure to foreign currency risk.

	CNY
2021	\$
Nominal amounts	
Financial assets	<u>2,474,138</u>
	<u>2,474,138</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2021	2020
	\$	\$
Short-term employee benefits	116,987	106,199
Post employment benefits	11,114	10,089
	128,101	116,288

21 Auditors' Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor Rothsay Audit & Assurance Pty Ltd, for:		
- auditing or reviewing the financial statements	12,000	7,000
	12,000	7,000

22 Related Parties

(a) The Group's main related parties are as follows:

Key management personnel - refer to Note 20.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

The following transactions occurred with related parties:

	Sales	Balance outstanding Owed to the Group
	\$	\$
KMP related parties		
Oilvest Pty Ltd - Service Fees	500,000	1,420,716
Oilvest Pty Ltd - Sale of intangible assets	566,615	566,615

Notes to the Financial Statements
For the Year Ended 30 June 2021**22 Related Parties (continued)****(c) Loans to/from related parties**

The Group has the following amounts payable to shareholders. The amounts payable are not due within 12 months and are interest free. These loans were offset against the amount due from Oilvest Pty Ltd during the year.

	Opening balance	Closing balance
	\$	\$
Loans from KMP		
2021	896,622	-
2020	744,059	896,622

23 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2021 (30 June 2020:None).

24 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 October 2021 by the board of directors.

No matters or circumstances have arisen since the end of the financial 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.

25 Parent entity

The following information has been extracted from the books and records of the parent, Haodex Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Haodex Ltd has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Notes to the Financial Statements

For the Year Ended 30 June 2021

25 Parent entity (continued)

	2021 \$	2020 \$
Statement of Financial Position		
Assets		
Current assets	5,316,728	3,785,935
Non-current assets	279,747	1,359,277
Total Assets	5,596,475	5,145,212
Liabilities		
Current liabilities	1,895,256	814,296
Non-current liabilities	-	564,317
Total Liabilities	1,895,256	1,378,613
Equity		
Issued capital	2,217,862	2,217,862
Retained earnings	1,280,422	1,345,802
Share based payments	202,935	202,935
Total Equity	3,701,219	3,766,599
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(65,380)	577,992
Total comprehensive income	(65,380)	577,992

26 Statutory Information

The registered office of the company is:

Haodex Ltd
Suite 23
88 Pitt Street
Sydney NSW 2194

Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give 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 Group 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 28 October 2021

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 entity ("the Group"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the 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 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 requirements of the *Corporations Act 2001* and the 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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 annual report for the year ended 30 June 2021, 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.



HAODEX LTD

INDEPENDENT AUDITOR'S REPORT (continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

- 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.
- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 28 October 2021