



CIRCLE INTERNATIONAL HOLDINGS LIMITED

**ANNUAL REPORT 2021**

## Table of Contents

Item	Subject Descriptions	Page
1.	Chairman's Statement	3-5
2.	Three (3) Years Financial Highlights	6-7
3.	Highlights of 2021	8
4.	Company Background	8
5.	Group Structure of Subsidiaries	8
6.	Subsidiary Companies Profile	9
7.	Principal Business Activities of Subsidiaries	9
8.	Competition, Market Landscape and New Technologies	10
9.	Management Discussion and Analysis	10
10.	Corporate Information	11
11.	Board of Directors	12
12.	Corporate Governance	13-14
13.	Statement by Directors	15
14.	Independent Auditors Report	18-59
15.	Financial Statements	18-59
16.	Corporate Restructuring	59-6
17.	Acquisition Entities	60-61
18.	MPS Telecommunication	61-62
19.	One Mobile Care	62- 63
20.	New Vendor Outlets	

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## Chairman's Statement

During the financial year ended 31 December 2021, the following material events have occurred:

### **(a) Continued Suspension**

Since 18 March 2019, CCH's shares has been on trading halt to suspension as a result of failing to comply the required as per NSX listing rules.

### **(b) Restructuring**

The significant shareholder Landivia Sdn Bhd directly and indirectly, acquired a substantial stake in CCH, on 7 August 2020 from the exiting Mr Brian Tan Ho. Landivia was the cornerstone investor that was instrumental in supporting the Company with funding and other support to its Board over the global COVID19 pandemic period during which the Company was suspended.

The Board of CCH determined that it was responsible to acquire new businesses to drive the Company forward. Benefits to doing this included reversing the deterioration in shareholder value, by obtaining cashflow positive businesses that could scale.

On 2 December 2021, a planned transition occurred through the election of the new Chairman Mr Hee Chee Keong occurred, to coincide with the resignation of Mr Yap Chee Lim as its interim Group CEO/Executive Director. Several directors resigned to provide for a smaller and less cost-heavy board of directors.

### **(c) Acquisition Criteria**

The Board focusing on business opportunities that satisfies several investment criteria:

- excellent personnel and management
- operates in an attractive and positive business sector
- has a robust business model
- has solid historical earnings, or alternatively has a sound business platform from which to implement its business plan and generate strong earnings in the future;
- owns proprietary intellectual property
  - has potential to grow organically, via acquisition, or through the further investment in production plant;
- has the potential to scale internationally;
- would benefit from being able to raise additional capital on the market; and
- likely to generate superior returns for the Company more forward.

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#### **(d) New Vendors**

The Board explored several credible opportunities for acquiring since it was suspended. On 13 October 2021, the Board reached an in-principal settlement, which remained to shareholder approval to acquire smart-phone related businesses from willing vendors in Malaysia.

After substantial due diligence of each acquisition targets, the Board of CCH concluded that MPS Telecommunication Sdn Bhd (**MPS**) and One Mobile Care Sdn Bhd (**OMC**), were not only the correct sellers, but their sale and ongoing management were highly desirable and attractive on a cost basis.

The 'all scrip' acquisition would result in a controlling interest in CCH being given to the Vendors in return for the above revenue and profitable entities (the **Acquisition**).

Accordingly, relevant special resolutions were placed before the shareholders at the Annual General Meeting that was held on 2 December 2021 to facilitate an acquisition of this scale.

The Acquisition was planned and conducted carefully. Despite that, the Company is incorporated in the Cayman Islands, and its management and shareholder base are primarily based in Malaysia, CCH formed the view, that it was appropriate as far as practical and legal, to manage acquisitions of this nature through the application of equivalent ASIC standards and guidance normally applied to domestic Australian listed companies.

To that end, an independent expert report on the valuation of the vendor companies was annexed to the AGM Notice of Meeting.

An AGM was held on 2 December 2021 to obtain CCH shareholders' vote of approval to undertake to issue of 717,757,206 new ordinary shares in return for the acquisition of 100% of the issued capital of both MPS and OMC. Pleasingly the CCH shareholders, supported the acquisition which retained 20% of their existing position in the revitalised Company.

The injection of two significant companies into CCH was taken in the form of Acquisitions formally at the close of the calendar year.

Based on the Australian legal opinion received, Board and management received advice that the terms of the planned Acquisitions met the Australian standard for the 'fair or reasonable test', as the minority holders retained 20% of the enlarged Company.

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**(e) Annual Result for the FY ended 31 December 2021**

The financial result for the Group for the financial year ended 31 December 2021 is a loss after taxation of AUD250,763 due primarily to no business transaction due to the Covid-19 lockdowns.

**(f) Going Forward**

All future actions are firmly intended to be undertaken to ensure that CCH meets its outstanding items and future ongoing obligations. Notably, it is planned for all remaining materials to be submitted to NSX prior to the 2022 AGM.

**Yours sincerely**

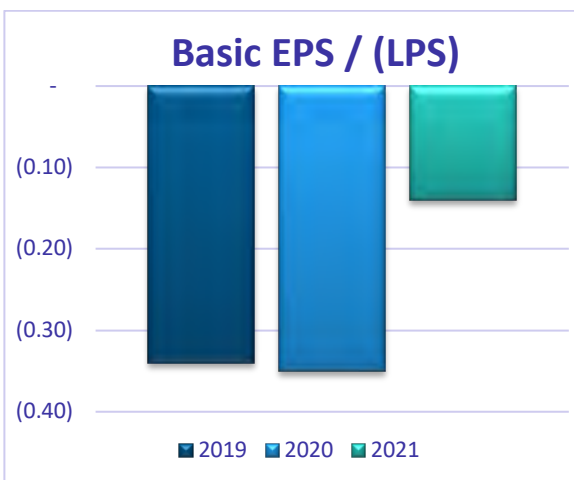
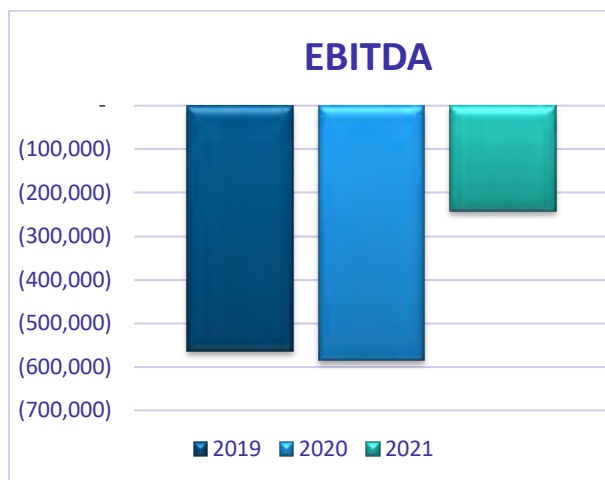
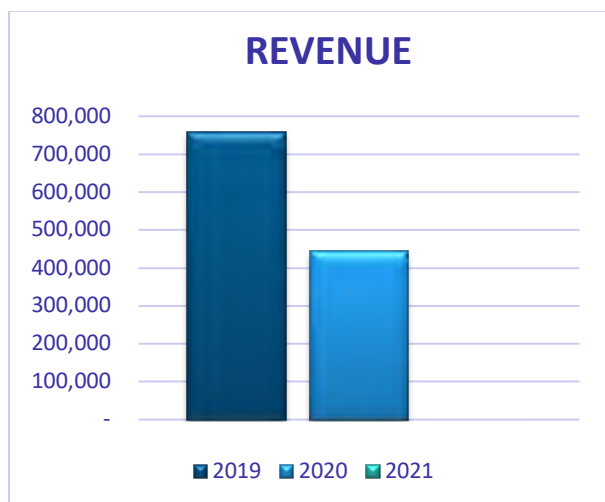
**HEE CHEE KEONG**  
**Chair**

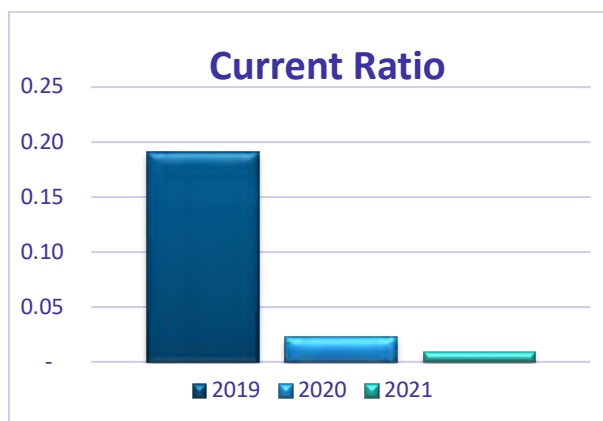
## Three (3) Years Financial Highlights

Financial Year Ended 31 August	UOM	2019	2020	2021
Revenue	AUD	759,797	444,577	-
Gross Profit / (Loss) (GP/GL)	AUD	164,051	60,301	(15,489)
Earnings Before Interest, Taxes, Depreciation & Amortisation (EBITDA)	AUD	(562,331)	(584,091)	(240,744)
Profit / (Loss) Before Taxation (PBT/LBT)	AUD	(616,594)	(623,844)	(245,633)
Profit / (Loss) After Taxation (PAT/LAT)	AUD	(616,417)	(623,844)	(250,763)
Basic Earnings / Loss Per Share (Basic EPS/LPS)	AUD	(0.34)	(0.35)	(0.14)
GP / GL Margin	%	21.59	13.56	-
EBITDA Margin	%	(74.01)	(131.38)	-
PBT / LBT Margin	%	(81.15)	(140.32)	-
PAT / LBT Margin	%	(81.13)	(140.32)	-
Current Ratio	times	0.19	0.02	0.01
Return On Shareholders' Equity	%	28.43	24.28	8.64
Gearing Ratio	times	(0.06)	(0.03)	(0.02)
Net Gearing Ratio	times	(0.06)	(0.02)	(0.02)



## Three (3) Years Financial Highlights – cont.





## Highlights of 2021

Circle International Holdings Limited identified and executed a major acquisition that has redesigned the capital structure and operational sustainability of the Company.

Refer to the section on “Acquisition Entities” for more information.

## Company Background

The Company was incorporated in the Cayman Islands on 12 December 2016 to be the international holding Company for Circle Corporation International Limited (CCIL), a Company incorporated in Hong Kong, Circle Corporation Mediatech Sdn Bhd (CCMT) and Inno Mind Works Sdn Bhd (IMW), both companies incorporated in Malaysia.

On 7 December 2017, Circle International Holdings Limited went Public Listed on Australia’s National Stock Exchange with its principal business activities in media technology from branding solutions, media technology solutions, apps, and general mobile phone software.

## Group Structure of Subsidiaries\*





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Circle Corporation  
International  
Limited (HK)

**(100% Owned)**

Circle Corporation  
Mediatech  
Sdn Bhd (MY)

**(100% Owned)**

Inno Mind Works  
Sdn Bhd (MY)

**(100% Owned)**

The above structure has changed since 1 January 2022. The present subsidiaries are revenue positive OMS and MPS as agreed by the members in their acquisition in December 2021. These loss-making entities were subsequently removed.

## **(Former) Subsidiary Profiles**

### **Circle Corporation International Limited (CCIL)**

CCIL's principal business activities were in digital media and conventional media sales from such as markets from Taiwan, Hong Kong, and China. CCIL drove around 50% of the Group's revenue.

In 2015, its app had a strong following among CEOs, top and middle-level managers, and independent business owners in the corporate sector of Asia. The app was used by business professionals and aspiring entrepreneurs.

### **Inno Mind Works Sdn Bhd (IMW)**

IMW was also incorporated in Malaysia and was a digital branding and marketing agency that provided creative and technical expertise to support the Business Circle mobile app and intended to meet a demand from clients for digital marketing services using smartphones.

### **Circle Corporation Media Tech Sdn Bhd (CCMT)**

CCMT was incorporated in Malaysia and was the local operating arm of the Group the Business Circle mobile app and was responsible for the Group's local operations in Malaysia.

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## Competition, Market Landscape and New Technologies

The digital marketing and advertising industry in which the Company participated was subject to increasing global competition. The disclosed risk that the Company may not compete in the competitive industries in which it operated ultimately proved factual.

## Management Discussion and Analysis

Prior to the Acquisitions, being at the close of 2021, it was clear through 2021, that the Company and prior controlling shareholders had failed to successfully establish and maintain digital mobile advertising Business Circle App, and provision of digital marketing solutions, creative solutions, commercial video advertising space to customers (including billboards, TV media advertising and other social media advertising); that includes advertising fees and promotion and sponsorship fees in respect of the WEA platform, which caused operating results to be adversely affected over time.

The analysis of the major key dependencies that in hindsight impeded the movement of the Company's business model included failures to:

- a. implement a growth plan;
- b. develop and further commercialise the Company's services and products, in a cost-effective and timely manner;
- c. access to sufficient capital to develop the Company's (now former) business or make synergistic acquisitions; and
- d. retain, recruit or upskill key personnel in the new media technology industry.

The business, assets and operations of the Company subject to these dependencies risk factors significantly hampered its influence in both operating and financial performance.

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## Corporate Information

(Refer to the last two pages for Additional Information)

### REGISTERED OFFICE – CAYMAN ISLANDS

Attn: Carey Olsen Services Cayman Limited

*133 Elgin Avenue, 1st Floor, Willow House, Cricket Square, George Town, Grand Cayman, KY1-1001, Cayman Islands.*

### MALAYSIA ADDRESS

*Unit SO-07-06, The Strata Offices, Menara 1, KL Eco City, 3, Jalan Bangsar, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.*

### COMPANY SECRETARY, AUSTRALIAN LEGAL ADVISOR & NOMAD

*Julian Rockett, B. Arts, LLB, GDLP, Principal of Karma Lawyers Pty Ltd*

*Suite 14/3 Gladstone Parade, Lindfield, NSW 2070 Australia.*

### SHARE REGISTRY

Computershare Investor Services Pty Ltd

*Level 11, 172 St Georges Terrace Perth WA 6000 Australia.*

### AUDITORS

Tong & Associates

*Block E-03-01, Pacific Place Commercial Centre, Jalan PJU 1A/4, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia.*

## Board of Directors



**Claudia CHONG Kur Sen**

She is the Founder and Managing Partner of M/S Kur Sen Chong & Co with 19 years of legal practice, graduated with a law degree from the University of Malaya in year 2001. She started as a legal assistant with Messrs Tan Chuan Yong & S.M. Chan in 2001 before called to the Bar on 29th March, 2002. In 2004, she joined Messrs Abraham Ooi & Partners (Kuala Lumpur Branch) and became a branch partner in 2006 until July 2011, whereby she started her own law firm. She has been a trainer for OCBC Bank Malaysia and Public Bank Bhd and enjoys supporting charity events.



**Jerome Augustus BATEMAN**

An entrepreneur from Melaka and obtain his college education in Information Technology at Kuala Lumpur and started his first ICT retail business, Hitz Mobile Enterprise in 2003. Over the years he refine his focus to Mobile Technology that led him to incorporate Hitz Communication (M) Sdn Bhd in 2015. His entrepreneur spirit drives his interest to Food and Beverage Industry called Hitz Ventures Sdn Bhd in 2012 as a diversification in business.



**HEE Chee Keong**

He has accumulated more than 20 years of working experience in both private and public companies. Over the years, he has served as a Chief Financial Officer, Independent Director, Finance Director, Group Accountant, Principal Accounting Officer, for various companies in Malaysia. He is also a member of the Chartered Accountant of the Malaysian Institute of Accountants (MIA), as well as that of the Association of Chartered Certified Accountants (FCCA).

### Resigned Directors in 2021

These former directors' service is gratefully acknowledged, that included their support for the transformative transaction nearing the close of 2021, with a notable thanks to Mr Yap Chee Lim for his prior lengthy hands-on role.

Name	Title	Tenure
Wong Chen Yu	Independent Non-Executive Director and former Chairman	02 May 2020 - 2/12/2021)
Yap Chee Lim	Executive Director	01 July 2017 - 2 Dec 2021)
Chong Kai Chin	Independent Non-Executive Director	02 May 2020 - 2 Dec 2021)

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## Corporate Governance

Circle International Holding Limited is charting a path toward the best practices of corporate governance that will sustain business efficiency and sustainability. This involves a cultural embracing of the culture of business integrity that has helped OMS and MPS succeed. This means serving the shareholders through continued success and ensuring all communication, internal policy, and business is conducted with integrity. A high-level summary of the Company's corporate governance position is described as against the NSX corporate governance principles, in the 2021 Annual Report. The lengthier 2022 Corporate Governance Statement is released with the 2021 Annual Report and is also available on the Company's website along with other policies now being embraced.

The Company's corporate governance practices are largely based on principles and recommendations set out in the Australian Securities Exchange (**ASX**) Corporate Governance Council's Principles and Recommendations (*4th ed.*). Despite the Company being Cayman Island registered and Malaysian based, these are among the most current and highest governance standards in the world. As a company on the NSX the Board feels that these are the most useful standards to apply to the Company's governance. The eight governance principles are described below.

1. To provide a solid foundation for management and oversight
2. Structure the board to be effective and add value
3. Instils a culture of acting lawfully, ethically, and responsibly
4. Safeguard the integrity of corporate reports
5. Make timely and balanced disclosure
6. Respect the rights of security holders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

In accordance with these Policies, the Board of Circle International Holdings Limited has adopted the following policies. The Company encourages shareholders to examine the corporate governance policies online at [www.circlecorpgroup.com](http://www.circlecorpgroup.com).

1. The Audit and Risk Committee Charter.
2. The Nominations and Remuneration Committee Charter.
3. The Health, Safety and Sustainability Committee Charter and the appointment of the Health, Safety and Sustainability Committee as sub-committee of the Board.  
**\*\*\* Due to change of Board, the committee duties are presently managed by the entire Board of Directors.**
4. The Continuous Disclosure policy complies with the obligations imposed by Stock Exchange (NSX) Listing Rules and the *Corporations Act* 2001. This policy requires immediate notification to the NSX of any information concerning the group, that a reasonable person would expect to have a material effect on the price or value of the company securities (subject to permitted listing rule "carve-outs").
5. The Securities Trading Policy outlines directors' and employees' obligations in trading in securities.

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6. The Whistle-blower Policy. This provides a robust framework to monitor a culture of proper conduct and fair and honest dealing in its business activities. This policy is an important tool to help the Company avoid honest errors and identify wrongdoing.
  7. Our Diversity Policy is to provide the Company guidance to ensure we maintain a diverse and skilled workforce and where applicants are given fair and equal employment opportunities and conditions. The Company reviews conduct against this policy for reporting on measurable objectives to achieve ongoing diversity in operations and at the Board level.

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## Corporate Restructure

For more than two years, the Board and its management team explored corporate restructuring opportunities as it managed the impairment of the Business Circle Applications entities.

On 2 December 2021 Annual General Meeting, the board and management of the Company did propose a Corporate Injection Proposal to the shareholders for their consideration and approval by way of Resolutions as follows: -

- (a) Acquisition of 100% of the issued capital in MPS Telecommunication Sdn. Bhd. (MPS) and One Mobile Care Sdn. Bhd. (OMC)
- (b) The consideration payable in respect of the above-proposed acquisitions is a total of 717,757,206 Ordinary Shares (Consideration Shares) in the Company as below:
  - a. **(MPS consideration):** 267,469,071 Consideration Shares to be issued at completion to the MPS Vendors; and
  - b. **(OMC consideration):** 450,288,135 Consideration Shares to be issued at completion to the OMC Vendors. Each of the above unquoted, and restriction agreements are to be applied to most shares, subject to reinstatement completion. There is a holding lock applied through the Company's shares that prevents trading before quotation, or voluntary restriction agreements are entered into.
- (c) Dilution of the shareholding of the existing shareholders.  
Considering the subsequent removal of the former subsidiaries, the Board does not believe that 'real dilution' has occurred based on the high % of shares the existing shareholders retained, and the low return for vending the loss-making subsidiaries.
- (d) Reconstitution of the board  
The Directors were either re-elected, elected or withdrew interest in the election prior to the 2021 Annual General Meeting, leaving the current Board in place.

The current Board intended to continue to work closely with the NSX and fulfil outstanding for the reinstatement of the Company's Shares on the NSX, or if unsuccessful then to find another exchange in which to operate and scale its business.

The Board had resolved to proceed to vend in MPS Telecommunication Sdn. Bhd. (**MPS**) and One Mobile Care Sdn. Bhd. (**OMC**), both Malaysia based companies, subject to the NSX's review and special approval from shareholders.



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A submission is prepared for the NSX's review to consider as this is a 'substantial transaction' in accordance with the Listing Rules and the NSX Guidance Notes. Acquisitions (substantial acquisition plan) MPS and OMC, both Malaysia based companies (together with the "Vendor Companies") entered into an agreement with CCH whereby the vendor companies would be acquired by CCH in return for 80% of combined control in CCH by way of issue of shares in CCH.

MPS is principally involved in trading in handphones, telecommunication accessories and services and OMC in trading of handphone accessories, repairing mobile services, technical services, and other related activities. Both Companies have a wide presence in Malaysia and an established business structure.

As part of the Acquisitions sought to be approved, the Vendor Companies would be offered each an appointment to the representative appointed on the Board of CCH to represent their interest. The intended Acquisitions is being conducted carefully to as far as practical and lawful, ASIC standards for equivalent actions by a domestically Australian listed Company.

To that end, an independent expert report on the valuation of the vendor companies has been obtained and has annexed to the AGM Notice as lodged. Based on the Australian legal opinion received, Board and management affirm that the planned Acquisitions would pass the local 'fair or reasonable test' for such transactions.

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## ACQUISITION ENTITIES

### MPS TELECOMMUNICATION SDN BHD (MPS)

MPS is a private limited company incorporated in Malaysia on 6 May 2005. It is principally involved in trading in handphones, telecommunication accessories and services.

- MPS is currently providing and distributing popular brands of phones, telecommunication accessories and services. The product range includes mobile phones, headphones, tablets, and mobile accessories, such as protection devices, speakers, and rechargeable batteries.
- In addition, it has a business plan in transforming the dealers' network expand into a digitalization platform. To achieve the business planning, MPS is in the progress in developing an 'in-house' application for the purpose of bridging the digital and virtual space connecting both the existing nationwide independent retailers and the consumer market.
- By establishing a digital application platform, embarks on a new concept of bringing the product and service purchase experience to the customer's doorsteps via the existing market channel base to escalate the fulfilment process including door-to-door delivery services including a maintenance program to ensure product quality and fast delivery turnaround.
- In short, MPS plans to conceptualise the next era of smartphone shopping experience using AI and Data Analytics to segment consumer behaviours' making the Neo Connect Apps able to customise and personalize digital marketing information to target each consumer's preferences rather than through less efficient means. The Apps provide an end-to-end solution through unique aggregating push/pull factors that have helped boost sales across Malaysia.
- MPS currently has 27 owned flagship outlets and 1,503 active dealers mostly located in major cities of Malaysia. Despite the Covid-19 pandemic, it managed to achieve 99.7% sales growth for the 9-month financial period ended 31 May ("FPE") 2021 as compared to pro-rated 9-month revenue for the financial year ended 31 August ("FYE") 2020.

### ONE MOBILE CARE SDN BHD (OMC)

- OMC is a private limited company incorporated in Malaysia on 29 December 2011. OMC is principally involved in the trading of handphone accessories, repairing mobile services, technical services, and other related activities.
- OMC is an authorized service center for brand owners to provide warranty support including extended warranties and walk-in customers without warranties for parts replacement or repairs. It is being appointed as a major service center partner for global brands including *Samsung, Honor and RealMe*.
- OMC is establishing direct to consumer marketing (D to C) as the main distribution channel and network. The business is operated through door-to-door pickup and for returning repaired units in relation to its network of dealers and technical experts in the Klang Valley area for products under warranty. It also provides services to walk-in customers.
- Currently, OMC has 7 fully operational branch services located within Malaysia. Despite the Covid-19 pandemic, it managed to achieve 7.2% sales growth for the 6-month financial period ended 30 June ("FPE") 2021 as compared to pro-rated 6-month revenue for the financial year ended 31 December ("FYE") 2020.

*Company No. 01 - 318051*

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**Reports and Financial Statements  
31 December 2021**

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**Reports and Financial Statements  
31 December 2021**

**CONTENTS**

	<u>Page No.</u>
STATEMENT BY DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2 - 4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8 - 9
Notes to the Financial Statements	10 - 42

Company No. OI - 318051

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

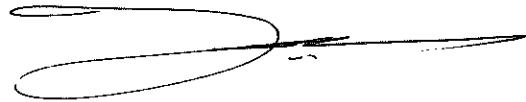
(Incorporated in Cayman Islands)

**STATEMENT BY DIRECTORS**

The directors of CIRCLE INTERNATIONAL HOLDINGS LIMITED stated that, in their opinion, the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in  
accordance with a resolution of the directors

**HEE CHEE KEONG**



**JEROME AUGUSTUS BATEMAN**

Malaysia  
Date: 07 April 2022

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

Company No. 01 - 318051

**Report on the Audit of the Financial Statements**

**Disclaimer of Opinion**

We were engaged to audit the financial statements of Circle International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 42.

We do not express an opinion on the accompanying financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Basis for Disclaimer of Opinion**

*1. Unverified material financial areas*

We were unable to obtain sufficient appropriate audit evidence on material financial areas to the Group as at 31 December 2021.

The material financial areas to the Group as at 31 December 2021 are summarised as follows:

	AUD'000
Current tax assets	4
Trade payables	254
Other payables and accruals	1,340
Current tax liabilities	323
Cost of sales	15
Staff costs	2

As a result, we were unable to conclude that the carrying amounts of the balances and transactions as stated above are fairly stated in the current year's financial statements.

Company No. OI - 318051

2. *Confirmation - bank balance, term loan and bank overdraft*

As at the date of our report, we have not received the confirmation replies in relation to the following amounts included in the consolidated statement of financial position as at 31 December 2021:

- i. the carrying amount of bank balance of the Group of AUD331;
- ii. the carrying amount of term loan of the Group of AUD56,836; and
- iii. the carrying amount of bank overdraft of the Group of AUD30.

We were unable to satisfy ourselves by alternative means concerning the completeness and existence of these balances. As a result, we were unable to determine whether any adjustments might have been found necessary in the financial statements.

3. *Opening balances*

Our independent auditors' report on the financial statements of the Group for the financial year ended 31 December 2020 included a disclaimer of opinion and the matters which gave rise to the modification include matters as explained in the Basis for Disclaimer of Opinion paragraphs in so far as it relates to the financial statements for the financial year ended 31 December 2020. These matters remained unresolved in the current financial year.

Our opinion on the current year's financial statements is also modified because of the possible effects of these matters on the comparability of the current financial year's figures and the corresponding figures.

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group that give a true and fair view in accordance with International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group, 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 the directors either intend to liquidate the Group to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Group's financial statements in accordance with approved standards on auditing in International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.



Company No. OI - 318051

*Independence and Other Ethical Responsibilities*

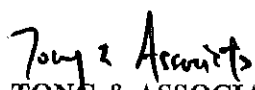
We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2(b) in the financial statements, which indicates that the Group incurred a net loss of AUD250,763 during the financial year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded their current assets by AUD2,902,065, and the Group recorded a deficit in its total equity of AUD2,902,065. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Matters**

This report is made solely to the members of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
**TONG & ASSOCIATES**  
[AF 002034]  
Chartered Accountants

  
**WONG YEONG LEE**  
03328 / 09 / 2023 J  
Chartered Accountant

Petaling Jaya,  
Date: 07 April 2022

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****as at 31 December 2021**

		<i>Group</i>	
	<i>Note</i>	2021 AUD	2020 AUD
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	4	-	-
Property, plant and equipment	5	-	-
Other investment	6	-	5,178
<b>TOTAL NON-CURRENT ASSETS</b>		-	5,178
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	21,237	40,406
Current tax assets		3,512	3,444
Bank balances		1,746	15,478
<b>TOTAL CURRENT ASSETS</b>		26,495	59,328
<b>TOTAL ASSETS</b>		26,495	64,506
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	57,656,229	57,656,229
Reserves	9	(60,558,294)	(60,226,060)
<b>TOTAL EQUITY</b>		(2,902,065)	(2,569,831)
<b>NON-CURRENT LIABILITY</b>			
Trade and other payables	10	-	55,675
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	2,549,192	2,203,561
Term loan	11	56,836	68,686
Bank overdraft		30	29
Current tax liabilities		322,502	306,386
<b>TOTAL CURRENT LIABILITIES</b>		2,928,560	2,578,662
<b>TOTAL LIABILITIES</b>		2,928,560	2,634,337
<b>TOTAL EQUITY AND LIABILITIES</b>		26,495	64,506

The accompanying notes form an integral part of the financial statements.

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
for the financial year ended 31 December 2021**

		<i>Group</i>	
	<i>Note</i>	2021 AUD	2020 AUD
REVENUE	12	-	444,577
COST OF SALES		<u>(15,489)</u>	<u>(384,276)</u>
GROSS PROFIT		(15,489)	60,301
OTHER INCOME	13	12	56,346
ADMINISTRATIVE EXPENSES		(218,443)	(269,318)
OTHER OPERATING EXPENSES	14	(6,812)	(435,670)
FINANCE COSTS		<u>(4,931)</u>	<u>(35,503)</u>
LOSS BEFORE TAXATION	15	(245,663)	(623,844)
INCOME TAX EXPENSE	16	<u>(5,100)</u>	<u>-</u>
LOSS AFTER TAXATION		(250,763)	(623,844)
OTHER COMPREHENSIVE EXPENSES			
<u>Items that will be reclassified subsequently to profit or loss</u>			
FOREIGN CURRENCY TRANSLATION DIFFERENCES		<u>(81,471)</u>	<u>221,858</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		<u>(332,234)</u>	<u>(401,986)</u>
LOSS AFTER TAXATION			
Attributable to:			
Owners of the Company		<u>(250,763)</u>	<u>(623,844)</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR			
Attributable to:			
Owners of the Company		<u>(332,234)</u>	<u>(401,986)</u>
LOSS PER SHARE (CENTS)			
Basic and fully diluted	18	<u>(0.14)</u>	<u>(0.35)</u>

The accompanying notes form an integral part of the financial statements.

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the financial year ended 31 December 2021**

	<----- Attributable to owners of the Company ----->				
	<----- Non-distributable ----->			Distributable	
	Share capital	Merger reserve	Foreign exchange translation reserve	Accumulated losses	Total
Group	AUD	AUD	AUD	AUD	AUD
At 01 January 2020	57,656,229	(57,388,344)	(102,251)	(2,333,479)	(2,167,845)
Loss after taxation	-	-	-	(623,844)	(623,844)
Other comprehensive income for the financial year - foreign currency translation differences	-	-	221,858	-	221,858
Total comprehensive expenses for the financial year	-	-	221,858	(623,844)	(401,986)
At 31 December 2020/01 January 2021	57,656,229	(57,388,344)	119,607	(2,957,323)	(2,569,831)
Loss after taxation	-	-	-	(250,763)	(250,763)
Other comprehensive income for the financial year - foreign currency translation differences	-	-	(81,471)	-	(81,471)
Total comprehensive expenses for the financial year	-	-	(81,471)	(250,763)	(332,234)
At 31 December 2021	57,656,229	(57,388,344)	38,136	(3,208,086)	(2,902,065)

The accompanying notes form an integral part of the financial statements.

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**CONSOLIDATED STATEMENT OF CASH FLOWS  
for the financial year ended 31 December 2021**

	<i>Group</i>	
	2021	2020
	AUD	AUD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(245,663)	(623,844)
<i>Adjustments for:</i>		
Depreciation	-	4,250
Impairment losses on trade and other receivables	-	418,900
Interest expenses	4,931	35,503
Property, plant and equipment written off	-	11,923
Other receivables written off	6,744	-
Interest income	(12)	-
Gain on disposal of property, plant and equipment	-	(36,315)
<i>Operating loss before working capital changes</i>	(234,000)	(189,583)
Decrease in receivables	12,425	19,515
Increase in payables	220,347	138,294
<i>Cash used in operations</i>	(1,228)	(31,774)
Income tax paid	(5,100)	(166)
<i>Net cash used in operating activities</i>	(6,328)	(31,940)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	12	-
Proceeds from disposal of other investment	5,147	-
Proceeds from disposal of property, plant and equipment	-	396,167
<i>Net cash generated from investing activities</i>	5,159	396,167

The accompanying notes form an integral part of the financial statements.

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the financial year ended 31 December 2021**

		<i>Group</i>	
	<i>Note</i>	2021 AUD	2020 AUD
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		-	(35,503)
Repayment of term loan	19	(12,867)	(259,843)
<i>Net cash used in financing activities</i>		(12,867)	(295,346)
<i>Net (decrease)/increase in cash and cash equivalents</i>		(14,036)	68,881
<i>Effects of foreign exchange translation</i>		303	4,202
<i>Cash and cash equivalents at beginning of financial year</i>		15,449	(57,634)
<i>Cash and cash equivalents at end of financial year</i>		1,716	15,449
<b>Cash and cash equivalents comprise:</b>			
Bank balances		1,746	15,478
Bank overdraft		(30)	(29)
		1,716	15,449

The accompanying notes form an integral part of the financial statements.

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Cayman Islands)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION**

The Company is incorporated in Cayman Islands under the Companies Law.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are as set out in *Note 4* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

The address of the registered office and principal place of business of the Company is P. O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 07 April 2022.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

(a) Basis of Accounting

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with International Financial Reporting Standards ("IFRS").

- (i) During the current financial year, the Group had adopted all the following new accounting standards and/or interpretations (including the consequential amendments, if any):

**IFRSs and/or Interpretations (Including The Consequential Amendments)**

Amendment to IFRS 16: Covid-19-Related Rent Concessions

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.



- (ii) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the International Accounting Standards Board (IASB) but are not yet effective for the current financial year:

<b>IFRSs and/or Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 17	1 January 2023
Amendment to IFRS 17: Initial Application of IFRS 17 and IFRS 9 Comparative Information	1 January 2023
Annual Improvements to IFRS Standards 2018 – 2020 Cycle	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

(b) Going Concern

The financial statements of the Group have been prepared on the assumption that the Group will continue as going concerns. The application of the going concern basis is on the assumption that the Group will be able to realise their assets and settle their liabilities in the normal course of business.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates and Judgement

##### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

##### (i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

##### (iii) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

##### (iv) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(i) **Contingent Liabilities**

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

(b) **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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 over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) **Merger Accounting for Common Control Business Combinations**

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for full financial year.

(ii) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(iii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iv) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(v) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The functional currency of the Company is United States Dollars (USD), while the presentation currency of the Group and of the Company are Australian Dollars (AUD).

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(iii) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(d) Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in IAS 32. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the consolidated statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments*

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

*Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery a part of the cost of the equity investments.

(ii) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.



(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Impairment

(i) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which IAS 36 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(f) Provisions

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount can be made. Provisions are reviewed at financial year end date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Computers	33%
Freehold land and building	2%
Furniture and fittings	10 - 20%
Office equipment	10%
Renovation	10%
Signboard	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(h) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Revenue from Contracts with Customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue services is recognised upon rendering of services and when the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(j) Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

(k) Income Tax Expense

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the taxation authority.

(l) Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined Contribution Plan

The Group's contributions to the Employees' Provident Fund, a defined contribution plan regulated and managed by the government, are charged to the consolidated statement of profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

(m) Cash And Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(n) Contingent Liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(o) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(p) Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(q) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### 4. INVESTMENT IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Circle Corporation International Limited ^ (i)	Hong Kong	100	100	Advertising, branding, e-media services and creative marketing solution
Circle Corp Mediatech Sdn. Bhd. (ii)	Malaysia	100	100	Advertising, publication, entertainment, events, business circle mobile app and related services
Inno Mind Works Sdn. Bhd.~	Malaysia	100	100	Event organiser, advertisement and media industries

^ - This subsidiary is audited by other firm of chartered accountants.

~- Ordered by High Court of Malaya at Kuala Lumpur to be would up on 09 March 2022. The unaudited management accounts of the subsidiary were used in the consolidation of the Group's result.

##### (a) Audit Report Modifications

- (i) The auditors' report of this subsidiary for the financial year ended 31 December 2021 contain a modified opinion as the auditors were unable to obtain the confirmations in respect of cash and cash equivalents and bank overdrafts amounted to AUD Nil (HKD Nil) and AUD30 (HKD172). In consequence, they were unable to carry out audit procedures necessary to obtain adequate assurance regarding the full provision of liabilities, whether accruals or contingent at the end of the reporting period.
- (ii) The auditors' reports of this subsidiary for the financial year ended 31 December 2021 contain a disclaimer of opinion in respect of the following:
  - Going concern consideration;
  - Unverified material financial areas on trade payables, other payables and accruals, current tax liabilities and cost of sales; and
  - Opening balances.



- (b) The summaries financial information before the intra-group elimination of Inno Mind Works Sdn. Bhd. as at 31 December 2021 as follows:

	2021 AUD
<b><u>Summarised of statement of financial position</u></b>	
Current tax assets	3,512
Cash and bank balances	1,395
Trade and other payables	(614,412)
Term loan	<u>(56,836)</u>
Net liabilities	<u><u>(666,341)</u></u>
<b><u>Summarised of statement of profit and loss and other comprehensive income:</u></b>	
Revenue	-
Loss after taxation the financial year	<u><u>(27,570)</u></u>

**5. PROPERTY, PLANT AND EQUIPMENT**

The details of property, plant and equipment are as follows:

Group	Computers	Freehold land and building	Furniture and fittings	Office equipment	Renovation	Signboard	Total
	AUD	AUD	AUD	AUD	AUD	AUD	AUD
<i>Cost</i>							
At 01 January 2020	13,106	404,018	18,047	16,873	9,799	297	462,140
Written off	(12,906)	-	(17,770)	(16,614)	(9,648)	(292)	(57,230)
Disposal	-	(396,167)	-	-	-	-	(396,167)
Translation reserve	(200)	(7,851)	(277)	(259)	(151)	(5)	(8,743)
At 31 December 2020/01 January 2021	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	-
At 31 December 2021	-	-	-	-	-	-	-
<i>Accumulated depreciation</i>							
At 01 January 2020	12,568	35,540	14,099	13,897	3,756	171	80,031
Charge for the year	409	1,321	729	797	965	29	4,250
Written off	(12,784)	-	(13,181)	(14,482)	(4,663)	(197)	(45,307)
Disposal	-	(36,315)	-	-	-	-	(36,315)
Translation reserve	(193)	(546)	(1,647)	(212)	(58)	(3)	(2,659)
At 31 December 2020/01 January 2021	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-
At 31 December 2021	-	-	-	-	-	-	-
<i>Carrying amount</i>							
At 31 December 2021	-	-	-	-	-	-	-
At 31 December 2020	-	-	-	-	-	-	-

## 6. OTHER INVESTMENT

	<i>Group</i>	
	2021	2020
	AUD	AUD
Investment in Agro Growers Scheme, at fair value	-	5,178

## 7. TRADE AND OTHER RECEIVABLES

	<i>Group</i>	
	2021	2020
	AUD	AUD
Trade receivables - net of impairment	-	33,621
Other receivables - net of impairment	-	6,785
Deposits and prepayment	21,237	-
	<u>21,237</u>	<u>40,406</u>
Trade receivables	8,596	42,217
Less: Impairment losses		
At 01 January	(8,596)	(6,946)
Additional during the year	-	(9,125)
Reversal during the year	-	7,188
Foreign exchange translation	-	287
At 31 December	<u>(8,596)</u>	<u>(8,596)</u>
	<u>-</u>	<u>33,621</u>
Other receivables	422,968	429,753
Less: Impairment losses		
At 01 January	(422,968)	(55,473)
Additional during the year	-	(409,775)
Foreign exchange translation	-	42,280
At 31 December	<u>(422,968)</u>	<u>(422,968)</u>
	<u>-</u>	<u>6,785</u>

The Group's normal trade credit terms range from 30 to 120 days (2020: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

## 8. SHARE CAPITAL

### Issued and fully paid-up

	2021	2020	2021	2020
	Number of shares		AUD	AUD
Ordinary shares	<u>180,000,004</u>	<u>180,000,004</u>	<u>57,656,229</u>	<u>57,656,229</u>

The holders of ordinary shares are entitled to receive dividends and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

## 9. RESERVES

	<i>Group</i>	
	2021	2020
	AUD	AUD
Accumulated losses	(3,208,086)	(2,957,323)
Foreign exchange translation reserve	38,136	119,607
Merger reserve	<u>(57,388,344)</u>	<u>(57,388,344)</u>
	<u>(60,558,294)</u>	<u>(60,226,060)</u>

### Foreign exchange translation reserve

The foreign exchange translation reserve arose from the translation of the financial statements of the Company and its foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

### Merger reserve

The merger reserve arose as a result of the deficit of the consideration paid over the share capital and reserves of the subsidiaries.

# 10. TRADE AND OTHER PAYABLES

	<i>Group</i>	
	2021	2020
	AUD	AUD
<i>Non-current liabilities</i>		
Amount owing to directors of a subsidiary	-	55,675
<i>Current liabilities</i>		
Trade payables	514,885	539,264
Other payables	1,301,734	1,359,513
Accruals	172,984	218,785
Amount owing to a related party	385,199	-
Amount owing to directors of a subsidiary	174,390	85,999
	<u>2,549,192</u>	<u>2,203,561</u>
Total	<u>2,549,192</u>	<u>2,259,236</u>

# 11. TERM LOAN

	<i>Group</i>	
	2021	2020
	AUD	AUD
Payable within 12 months	<u>56,836</u>	<u>68,686</u>

The term loan is registered under the name of a director.

Since the previous financial year, the Group has defaulted on their obligation to repay the principal and the interest of the borrowings. Accordingly, the long-term portions of this borrowing from this lender have been reclassified to current liabilities.

# 12. REVENUE

	<i>Group</i>	
	2021	2020
	AUD	AUD
Services rendered	-	444,577

### 13. OTHER INCOME

	<i>Group</i>	
	2021	2020
	AUD	AUD
Gain on disposal of property, plant and equipment	-	36,315
Other income	-	12,843
Interest income	12	-
Reversal of impairment loss on trade receivables	-	7,188
	<u>12</u>	<u>56,346</u>

### 14. OTHER OPERATING EXPENSES

	<i>Group</i>	
	2021	2020
	AUD	AUD
Depreciation	-	4,250
Impairment losses on trade and other receivables	-	418,900
Other receivables written off	6,744	-
Property, plant and equipment written off	-	11,923
Realised loss on foreign exchange	68	597
	<u>6,812</u>	<u>435,670</u>

### 15. LOSS BEFORE TAXATION

	<i>Group</i>	
	2021	2020
	AUD	AUD
Loss before taxation is stated <i>after charging</i> :		
Auditors' remuneration		
- current year	21,070	22,514
- underprovision in the previous financial years	8,840	-
Interest expenses:		
- bank overdraft interest	-	968
- term loan interest	-	1,705
- others	4,931	32,830
Rental of premises	-	6,191
Rental of office equipment	-	846
Staff costs ( <i>Note 17</i> )	2,410	113,647

## 16. INCOME TAX EXPENSE

	<i>Group</i>	
	2021	2020
	AUD	AUD
Malaysia real property gains tax	<u>5,100</u>	<u>-</u>

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<i>Group</i>	
	2021	2020
	AUD	AUD
Loss before taxation	<u>(245,663)</u>	<u>(623,844)</u>
Tax at statutory tax rate	(58,959)	(149,723)
• Adjustments for the following tax effects:		
- expenses not deductible	58,959	98,723
- deferred tax assets not recognised during the year	-	51,000
	58,959	149,723
• Malaysia real property gains tax	<u>5,100</u>	<u>-</u>
	<u>5,100</u>	<u>-</u>

## 17. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	<i>Group</i>	
	2021	2020
	AUD	AUD
Director's fees	-	41,226
Salaries and wages	3,993	69,775
Defined contribution plan	(1,307)	2,072
Other employee benefits	<u>(276)</u>	<u>574</u>
	<u>2,410</u>	<u>113,647</u>

## 18. LOSS PER SHARE

### (a) Basic loss per share

Basic loss per ordinary share for the financial year is calculated by dividing the loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year:

	<i>Group</i>	
	2021	2020
	AUD	AUD
Loss after tax attributable to the owners of the Company	(250,763)	(623,844)
Number of ordinary shares at beginning and end of the year	180,000,400	180,000,400
Weighted average number of ordinary shares at 31 December	180,000,400	180,000,400
Basic loss per share (cents)	<u>(0.14)</u>	<u>(0.35)</u>

### (b) Diluted loss per share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

## 19. CASH FLOW INFORMATION

The reconciliation of liabilities arising from financing activities are as follows:

	<i>Group</i>	
	Term Loan	
	2021	2020
	AUD	AUD
<i>Group</i>		
At 01 January	68,686	338,139
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(12,867)	(259,843)
Repayment of interest	-	(1,705)
<u>Non-cash changes</u>		
Interest expenses recognised in profit or loss	-	1,705
Foreign exchange adjustments	1,017	(9,610)
At 31 December	<u>56,836</u>	<u>68,686</u>



## 20. RELATED PARTY DISCLOSURES

### (a) Identifies of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:

	<i>Group</i>	
	2021	2020
	AUD	AUD
Disposal of property to a director	<u>-</u>	<u>396,167</u>

### (c) Key Management Personnel

	<i>Group</i>	
	2021	2020
	AUD	AUD
Short-term employee benefits:		
Director's fees	<u>-</u>	<u>41,226</u>

## 21. OPERATING SEGMENT

The Group operates as a single operating segment and internal management reporting systems present financial information as a single segment. The segment derives its revenue and incurs expenses through media, advertising and marketing activities.

## 22. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

#### (i) Market Risk

##### (i) *Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

##### *Foreign Currency Exposure*

	Denominated in USD	
	2021	2020
<i>Group</i>	AUD	AUD
Bank balances	176	176

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the loss after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

#### (ii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined IFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the loss after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iii) *Equity Price Risk*

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(ii) *Credit Risk*

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) *Credit Risk Concentration Profile*

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) *Exposure to Credit Risk*

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statement of financial position after deducting any allowance for impairment losses (where applicable).

(iii) *Assessment of Impairment Losses*

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

*Trade Receivables*

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for its trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than one year are deemed credit impaired and assesses for their risk of loss individually.

The information about the exposure to credit risk and the loss allowances calculated under IFRS 9 for trade receivables is summarised below:

<i>Group</i>	Gross Amount AUD	Individual Impairment AUD	Collective Impairment AUD	Carrying Amount AUD
<b>2021</b>				
Current (not past due)	-	-	-	-
1 to 90 days past due	-	-	-	-
91 to 365 days past due	-	-	-	-
365 days past due	8,596	-	(8,596)	-
	8,596	-	(8,596)	-
<b>2020</b>				
Current (not past due)	-	-	-	-
1 to 90 days past due	33,621	-	-	33,621
91 to 365 days past due	-	-	-	-
365 days past due	8,596	-	(8,596)	-
	42,217	-	(8,596)	33,621

The movements in the loss allowances in respect of trade receivables is disclosed in *Note 7* to the financial statements.

*Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

The information about the exposure to credit risk and the loss allowances calculated for other receivables are summarized below:

<i>Group</i>	Gross Amount AUD	Lifetime Loss Allowance AUD	Carrying Amount AUD
2021			
Low credit risk	-	-	-
Credit impaired	422,968	(422,968)	-
	422,968	(422,968)	-
2020			
Low credit risk	6,785	-	6,785
Credit impaired	422,968	(422,968)	-
	429,753	(422,968)	6,785

The movements in the loss allowances in respect of other receivables is disclosed in *Note 7* to the financial statements.

#### *Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

#### (iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances.

#### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

<i>Group</i>	Weighted Average Effective Interest Rate %	Carrying Amount AUD	Contractual Undiscounted Cash Flows AUD	Within 1 Year AUD	1 - 5 Years AUD
2021					
Trade and other payables	-	2,549,192	2,549,192	2,549,192	-
Term loan	18.00	56,836	56,836	56,836	-
Bank overdraft	5.00	30	30	30	-
		2,606,058	2,606,058	2,606,058	-

	Weighted Average Effective Interest Rate %	Carrying Amount AUD	Contractual Undiscounted Cash Flows AUD	Within 1 Year AUD	1 - 5 Years AUD
2020					
Trade and other payables	-	2,259,236	2,259,236	2,203,561	55,675
Term loan	18.00	68,686	68,686	68,686	-
Bank overdraft	5.00	29	29	29	-
		<u>2,327,951</u>	<u>2,327,951</u>	<u>2,272,276</u>	<u>55,675</u>

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as interest-bearing bank borrowings, trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follow:

	2021 AUD	2020 AUD
Trade and other payables	2,549,192	2,259,236
Term loan	56,836	68,686
Bank overdraft	30	29
	<u>2,606,058</u>	<u>2,327,951</u>
Less: bank balances	<u>(1,746)</u>	<u>(15,478)</u>
Net debt	<u>2,604,312</u>	<u>2,312,473</u>
Total equity	<u>(2,902,065)</u>	<u>(2,569,831)</u>
Debt-to-equity ratio	<u>N/A</u>	<u>N/A</u>

(c) Classification of Financial Instruments

	<i>Group</i>	
	2021	2020
	AUD	AUD
Financial Asset		
<u>Fair value through profit or loss</u>		
Other Investment	-	5,178
	<u>-</u>	<u>5,178</u>
<u>Amortised cost</u>		
Trade and other receivables	-	40,406
Bank balances	1,746	15,478
	<u>1,746</u>	<u>15,478</u>
	<u>1,746</u>	<u>55,884</u>
Financial Liability		
<u>Amortised cost</u>		
Trade and other payables	2,549,192	2,259,236
Term loan	56,836	68,686
Bank overdraft	30	29
	<u>2,606,058</u>	<u>2,327,951</u>

(d) Fair Value of Financial Instruments

At the end of the reporting period, there were no financial instruments carried at fair values in the consolidated statement of financial position.

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

**23. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR**

(a) Acquisition of new subsidiaries

On 20 August 2021, the Company entered into Shares Sale Agreement (“SSA”) with the vendors of the following entities which detailed out as follow:

Acquisition of the following subsidiaries:

- 100% equity interest in MPS Telecommunication Sdn. Bhd.; and
- 100% equity interest in One Mobile Care Sdn. Bhd.

(Collectively known as “Acquisition”)

On 2 December 2021, the Company via an Annual General Meeting obtained the shareholders’ approval on the abovementioned acquisition.

On 10 January 2022, the Company has issued the 1<sup>st</sup> tranche of (unquoted) Consideration Shares, 219,999,600 fully paid ordinary shares.

On 21 February 2022, the Company has issued the 2<sup>nd</sup> tranche of (unquoted) Consideration shares, 497,757,606 fully paid ordinary shares.

The above Acquisition was completed on 21 February 2022.

(b) Disposal of subsidiaries

On 31 March 2022, the Company entered into a Shares Sale Agreement with a third party to dispose for the following subsidiaries:

- (i) 100% equity interest in Circle Corp Mediatech Sdn. Bhd. ("CCMT") comprising 2 ordinary shares for a total cash consideration of AUD1;
- (ii) 100% equity interest in Circle Corporation International Limited ("CCIL") comprising 410,000 ordinary shares for a total cash consideration of AUD1; and
- (iii) 100% equity interest in Inno Mind Works Sdn. Bhd. ("IMW") comprising 635,000 ordinary shares for a total cash consideration of AUD1.

The Company has completed the disposal of CCIL on 31 March 2022. The transfer of shares in CCMT and IMW are in progress as at the date of this report.

## 24. MATERIAL LITIGATIONS

(a) REDHOT MEDIA SDN. BHD. AND INNO MIND WORKS SDN. BHD. ("IMW") (Kuala Lumpur High Court Civil Suit No: WA-22NCvC-358-05/2021)

- (i) On 13 July 2021, a Judgement in Default (JID) has been entered against the IMW by Redhot Media Sdn. Bhd. ("Plaintiff").
- (ii) On 23 December 2021, the IMW filed a Notice of Application (NOA) to set aside the JID. The IMW contends that the JID ought to be set aside based on the following reason:
  - (a) the IMW is undergoing financial and operational restructuring; and
  - (b) the IMW has a meritorious defence against the claim by Plaintiff.
- (iii) On 09 March 2022, a Winding-up Order against the IMW has been granted. Therefore, currently IMW has been wound up.

(b) KERAJAAN MALAYSIA AND CIRCLE CORP MEDIATECH SDN. BHD ("CCMT").

- (i) No. Saman: WA-A71NCVC-1819-11/2021

On 18.11.2021, CCMT received the court order to settle the tax payment amount to RM34,800 for the year assessment 2019 with penalty and other charges.

- (ii) No. Saman: WA-A71NCVC-1988-11/2021

On 19.01.2022, CCMT received the court order to settle the tax payment amount to RM81,929 for the years assessment 2017 and 2018 with penalty and other charges.

CCMT has appointed a tax agent to discuss with the tax officer on the settlement.



- (c) MEASAT BROADCAST NETWORK SYSTEM SDN. BHD. AND INNO MIND WORKS SDN. BHD. ("IMW") (Kuala Lumpur High Court Civil Suit No: WA-28NCC-926-12/2021)

On 13 April 2022, the petition will be heard in the High Court.

IMW has not appointed a lawyer to attend this matter as at the date of report.

## **25. CONTINGENT LIABILITIES**

The Company's subsidiary in Hong Kong has a total outstanding tax liabilities of AUD299,718 (HKD1,695,922) (2020: AUD284,041 (HKD1,695,922)), the Inland Revenue Department may impose penalties on the subsidiary company and the director of the subsidiary. No provision for the penalty liabilities had been made in these financial statements, as the amount and consequence are uncertain at the reporting date.

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## Corporate Restructure

For more than two years, the Board and its management team explored corporate restructuring opportunities as it managed the impairment of the Business Circle Applications entities.

On 2 December 2021 Annual General Meeting, the board and management of the Company did propose a Corporate Injection Proposal to the shareholders for their consideration and approval by way of Resolutions as follows: -

- (a) Acquisition of 100% of the issued capital in MPS Telecommunication Sdn. Bhd. (MPS) and One Mobile Care Sdn. Bhd. (OMC)
- (b) The consideration payable in respect of the above-proposed acquisitions is a total of 717,757,206 Ordinary Shares (Consideration Shares) in the Company as below:
  - a. **(MPS consideration):** 267,469,071 Consideration Shares to be issued at completion to the MPS Vendors; and
  - b. **(OMC consideration):** 450,288,135 Consideration Shares to be issued at completion to the OMC Vendors. Each of the above unquoted, and restriction agreements are to be applied to most shares, subject to reinstatement completion. There is a holding lock applied through the Company's shares that prevents trading before quotation, or voluntary restriction agreements are entered into.
- (c) Dilution of the shareholding of the existing shareholders.  
Considering the subsequent removal of the former subsidiaries, the Board does not believe that 'real dilution' has occurred based on the high % of shares the existing shareholders retained, and the low return for vending the loss-making subsidiaries.
- (d) Reconstitution of the board  
The Directors were either re-elected, elected or withdrew interest in the election prior to the 2021 Annual General Meeting, leaving the current Board in place.

The current Board intended to continue to work closely with the NSX and fulfil outstanding for the reinstatement of the Company's Shares on the NSX, or if unsuccessful then to find another exchange in which to operate and scale its business.

The Board had resolved to proceed to vend in MPS Telecommunication Sdn. Bhd. (**MPS**) and One Mobile Care Sdn. Bhd. (**OMC**), both Malaysia based companies, subject to the NSX's review and special approval from shareholders.

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A submission is prepared for the NSX's review to consider as this is a 'substantial transaction' in accordance with the Listing Rules and the NSX Guidance Notes. Acquisitions (substantial acquisition plan) MPS and OMC, both Malaysia based companies (together with the "Vendor Companies") entered into an agreement with CCH whereby the vendor companies would be acquired by CCH in return for 80% of combined control in CCH by way of issue of shares in CCH.

MPS is principally involved in trading in handphones, telecommunication accessories and services and OMC in trading of handphone accessories, repairing mobile services, technical services, and other related activities. Both Companies have a wide presence in Malaysia and an established business structure.

As part of the Acquisitions sought to be approved, the Vendor Companies would be offered each an appointment to the representative appointed on the Board of CCH to represent their interest. The intended Acquisitions is being conducted carefully to as far as practical and lawful, ASIC standards for equivalent actions by a domestically Australian listed Company.

To that end, an independent expert report on the valuation of the vendor companies has been obtained and has annexed to the AGM Notice as lodged. Based on the Australian legal opinion received, Board and management affirm that the planned Acquisitions would pass the local 'fair or reasonable test' for such transactions.

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## ACQUISITION ENTITIES

### MPS TELECOMMUNICATION SDN BHD (MPS)

MPS is a private limited company incorporated in Malaysia on 6 May 2005. It is principally involved in trading in handphones, telecommunication accessories and services.

- MPS is currently providing and distributing popular brands of phones, telecommunication accessories and services. The product range includes mobile phones, headphones, tablets, and mobile accessories, such as protection devices, speakers, and rechargeable batteries.
- In addition, it has a business plan in transforming the dealers' network expand into a digitalization platform. To achieve the business planning, MPS is in the progress in developing an 'in-house' application for the purpose of bridging the digital and virtual space connecting both the existing nationwide independent retailers and the consumer market.
- By establishing a digital application platform, embarks on a new concept of bringing the product and service purchase experience to the customer's doorsteps via the existing market channel base to escalate the fulfilment process including door-to-door delivery services including a maintenance program to ensure product quality and fast delivery turnaround.
- In short, MPS plans to conceptualise the next era of smartphone shopping experience using AI and Data Analytics to segment consumer behaviours' making the Neo Connect Apps able to customise and personalize digital marketing information to target each consumer's preferences rather than through less efficient means. The Apps provide an end-to-end solution through unique aggregating push/pull factors that have helped boost sales across Malaysia.
- MPS currently has 27 owned flagship outlets and 1,503 active dealers mostly located in major cities of Malaysia. Despite the Covid-19 pandemic, it managed to achieve 99.7% sales growth for the 9-month financial period ended 31 May ("FPE") 2021 as compared to pro-rated 9-month revenue for the financial year ended 31 August ("FYE") 2020.

### ONE MOBILE CARE SDN BHD (OMC)

- OMC is a private limited company incorporated in Malaysia on 29 December 2011. OMC is principally involved in the trading of handphone accessories, repairing mobile services, technical services, and other related activities.
- OMC is an authorized service center for brand owners to provide warranty support including extended warranties and walk-in customers without warranties for parts replacement or repairs. It is being appointed as a major service center partner for global brands including *Samsung*, *Honor* and *RealMe*.
- OMC is establishing direct to consumer marketing (D to C) as the main distribution channel and network. The business is operated through door-to-door pickup and for returning repaired units in relation to its network of dealers and technical experts in the Klang Valley area for products under warranty. It also provides services to walk-in customers.
- Currently, OMC has 7 fully operational branch services located within Malaysia. Despite the Covid-19 pandemic, it managed to achieve 7.2% sales growth for the 6-month financial period ended 30 June ("FPE") 2021 as compared to pro-rated 6-month revenue for the financial year ended 31 December ("FYE") 2020.

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## Vendor Outlets



MPS Telecommunication – Sunway Pyramid Mall



Xiaomi Concept Store – Dataran Pahlawan Mega Mall



Neo Connect – Tesco Setia Alam



Huawei Experience Store – Mahkota Parade



## Vendor Outlets



MPS Telecommunication – Mahkota Parade



Neo Connect – MPS Megastore Segamat



Neo Connect – Plaza Low Yat



Neo Connect – Melaka

## Vendor Outlets



Neo Connect – Plaza Alam 2



Neo Connect – Plaza Alam



Neo Connect – Bukit Tinggi



Neo Connect – G Tech Gadgets Enterprise



## Neo-Connect



Neo Connect – Terminal 1



Neo Connect – LT Mobile Service Centre



Neo Connect – Tanjung Malim



Neo Connect – Tanjung Malim 2

## Authorised service centers



**SAMSUNG**



Gurney Plaza – Penang Island



Sunway Carnival - Penang



Greentown Mall – Ipoh, Perak



Pavilion (SCSL) – Kuala Lumpur



## Authorised service centers cont.



Sunway Pyramid - Selangor



The Gardens (SCSL) – Kuala Lumpur



Aeon - Malacca

## Additional Information for Public Listed Companies

The following additional information is required by the NSX in respect of listed public companies and is applicable as of 26 May 2022.

1. **Unquoted Securities**

As at 26 May 2022 over nearly seven million shares held by Yap Chee Lim are unquoted and the 717,757,206 shares issued for the acquisitions effective from 1 January 2022 are unquoted.

2. **Company Secretary (and NOMAD)**

Mr. Julian Rockett B. Arts, LLB, GDLP. Mr. Rockett has been an appointed adviser for more than 25 ASX listed companies.

3. **Principal registered office**

As disclosed on page 11 of this Annual Report.

4. **Registers of securities**

As disclosed on page 11 of this Annual Report.

5. **Stock Exchange Listing**

Quotation granted for ordinary shares of the Company from the NSX. This excludes escrowed securities and the shares issued for the 2022 Acquisitions which remain subject to a holding lock and voluntary restrictions anticipated as part of its reinstatement bid.

6. **Use of funds**

The Company has used its funds in accordance with its business objectives.

7. **Capital**

**Ordinary share capital**

897,757,606 ordinary fully paid shares held by 230 shareholders.

8. **Options or Performance Rights**

Neither applicable.

9. **Voting Rights:** Each ordinary share is entitled to one vote when a poll is called, otherwise each member is present at a meeting or by proxy.

10. **Unlisted Options** – not applicable.

11. **Performance Rights** – not applicable.

12. **Substantial shareholders**

Name	Units	% Units
LIM SHWU WOAN	396,053,892	44.12
LIM SHWU XIAN	240,480,902	26.79
CHONG JOE YI	66,867,268	7.45

13. **Distribution of Shareholders**

**Range of Units**

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	2	6,032	0.00
5,001 - 10,000	11	88,264	0.01
10,001 - 100,000	109	4,800,676	0.53

100,001 Over	108	892,862,634	99.45
<b>Rounding</b>			<b>0.01</b>
<b>Total</b>	<b>230</b>	<b>897,757,606</b>	<b>100.00</b>

**a. Unmarketable Parcels**

Being suspended the number of unmarketable parcels is presently unknown. Estimates would provide confusion, as there is significant change in the capital structure and operational design of the Company since the prior market price.

**b. On-Market-Buy-Back**

There is no on-market-buy-back.

**c. Restricted Securities**

The following securities are subject to trading restrictions:

- 7,132,251 Escrowed Ordinary Fully Paid Shares held among two registered holders; and
- 717,757,206 Ordinary Fully Paid Shares being with a holding lock placed on these, until an agreement is reached in connection with reinstatement.

**d. 20 Largest Shareholders**

Rank	Name	Ord shares	% Units
1	LIM SHWU WOAN	396,053,892	44.12
2	LIM SHWU XIAN	240,480,902	26.79
3	CHONG JOE YI	66,867,268	7.45
4	LANDIVIA SDN BHD	34,000,000	3.79
5	YIP CHIN HWEE	33,443,155	3.73
6	CHEE KEONG SOH	28,000,000	3.12
7	YAP CHEE LIM	16,310,905	1.82
8	MR KEN YIP NG	6,032,483	0.67
9	CHAY TIAM LENG	4,306,544	0.48
10	PANG NYUK LING	3,712,297	0.41
11	LEONG LAI HAR	3,588,786	0.40
11	YEO LEI YI	3,588,786	0.40
13	CHONG KUR SEN	3,300,774	0.37
14	MR NICHOLAS NG MING QUAN	2,871,028	0.32
15	CHONG KAI CHIN	2,329,807	0.26
16	CHONG KIN TUCK	2,151,605	0.24
17	GOH TOH HENG	1,577,726	0.18
18	CHOW SIEW PO	1,520,539	0.17
19	WONG CHEN YU	1,519,810	0.17
20	PROPTREE SDN BHD	1,387,980	0.15
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>		<b>853,044,287</b>	<b>95.02</b>
<b>Total Remaining Holders Balance</b>		<b>44,713,319</b>	<b>4.98</b>