



# SMART AUTO AUSTRALIA LIMITED

INTERIM REPORT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023  
ACN 644 257 465  
NSX Code: SAL



**Smart Auto Australia Limited**  
**ACN 644 257 465**  
**and Its Controlled Entities**  
**Interim Financial Report**  
**For The Half-Year Ended 30 September 2023**

## Corporate Data

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|  |   |
|--|---|
| <b>Directors</b>                       | Michael Pixley <i>(Non-executive Chairman)</i><br>Alyce Wong <i>(Executive director and Chief Executive Officer)</i><br>Mark Ng <i>(Executive director)</i><br>Greg Starr <i>(Non-executive director)</i> |
| <b>Company secretary</b>               | Greg Starr  |
| <b>Registered office</b>               | C/- Tearum Advisors Pty Ltd<br>Level 12, 141 Walker Street<br>North Sydney<br>NSW 2060  |
| <b>Principal place of business</b>     | Unit No.1, 8/F Fu Hang Industrial Building<br>No.1 Hok Yuen Street East<br>Hung Hom, Kowloon<br>Hong Kong   |
| <b>Legal and NSX nominated adviser</b> | <b>Steinepreis Paganin</b><br>Level 4, The Read Buildings<br>16 Milligan Street<br>Perth WA 6000  |
| <b>Independent auditor</b>             | <b>Moore Australia Audit (WA)</b><br>Level 15 Exchange Tower<br>2 The Esplanade<br>Perth WA 6000  |
| <b>Share registry</b>                  | <b>Advanced Share Registry</b><br>110 Stirling Hwy Nedlands<br>Perth WA 6009  |
| <b>Securities exchange</b>             | <b>National Securities Exchange (NSX)</b><br>1 Bligh Street<br>Sydney NSW 2000  |
| <b>NSX code</b>                        | <b>SAL</b>  |

# Contents

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|  | Page      |
|--|-----------|
| <b>Directors' Report</b>   | <b>2</b>  |
| <b>Auditor's Independence Declaration</b>                                      | <b>5</b>  |
| <b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b> | <b>6</b>  |
| <b>Consolidated Statement of Financial Position</b>                            | <b>7</b>  |
| <b>Consolidated Statement of Changes in Equity</b>                             | <b>8</b>  |
| <b>Consolidated Statement of Cash Flows</b>                                    | <b>9</b>  |
| <b>Notes to the Consolidated Financial Statements</b>                          | <b>10</b> |
| <b>Directors' Declaration</b>  | <b>22</b> |
| <b>Independent Auditor's Review Report to the Members</b>                      | <b>23</b> |

## Directors' Report

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Directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Smart Auto Australia Limited (the "Company" or "SAL") and the entities it controlled at the end of, or during the half-year ended 30 September 2023 ("1H24").

### Directors

The names and details of the Company's directors in office during 1H24 and until the date of this report are as follows:

Michael Pixley  
Nga Lai Wong (Alyce Wong)  
Mark Ng  
Greg Starr

Non-executive director Chi Fat Man (Francis Man) resigned on 5 July 2023.

### Principal Activities and Business Overview

The Group has been operational in the bus fleet rental and management sector since its main operating subsidiary, Grand Tour Bus Services Limited ("GTB") was incorporated in Hong Kong in June 2010. The Group is principally engaged in i) provision of bus rental and management services and ii) bus trading in Hong Kong via GTB.

As at the date of this Report, there are around 65 vehicles currently under the Group's management.

In addition to its core business offerings mentioned above, other Group revenues and profits are generated from the trading of associated bus and coach licenses; the distributorship of coaches, buses and e-CV products; vehicle inspections and maintenance (awarded as distributor in Hong Kong and Australia for one of the major suppliers in e-CV products industry).

### Review of Operations

The outbreak of COVID-19 continues to have subsequent impact on global and regional economies. Although the tourism section in Hong Kong has been picking up after the local Government relaxed certain social distancing and quarantine measures in earlier 2023, however, our profitability was unavoidably affected in 1H24.

Whilst the Group's revenue (bus rental and management, and bus trading segments) increased from A\$757,908 for 1H23 to A\$1,279,668 for 1H24, the Group's cost of services rendered suffered a much higher increase from A\$454,680 for 1H23 to A\$1,198,295 for 1H24 as some of the suspended rental agreements with suppliers were resumed after the pandemic period, where these vehicles/licenses had yet to rent out to customers in 1H24. Our gross profit decreased from A\$303,228 for 1H23 to A\$81,373 for 1H24. Trade receivables and intangible assets are also reviewed for impairment when there is indication the carrying amount may not be recoverable (i.e. market value). During 1H24, impairment losses on trade receivables A\$21,175 was recognised in the consolidated statement of profit or loss (1H23: A\$318,223). After taken up the above accounting adjustments, the Group recorded a loss after tax for 1H24 of A\$388,532. Administrative and operating expenses decreased from A\$587,253 for 1H23 to A\$533,795 for 1H24 as a result of costs control measures adopted in the current period.

## Directors' Report

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The Board is actively seeking business opportunities including but not limited to merger and acquisition activities, setting up new business line in other business sector in order to turnaround the financial performance and future prospect of the Company.

### Dividends Paid or Recommended

There was no dividend paid or recommended.

### Significant Changes in the State of Affairs

In the opinion of the Directors, other than the matters covered above in this report and the accounts and notes attached thereto, there were no significant changes in the state of affairs of the Group that occurred during the financial period under review.

### Litigation and Contingent Liabilities

On 28 July 2023, Go On Bus Limited (the "Plaintiff") filed a civil litigation claim against GTB for the settlement of:

- a) possession of 8 coaches together with the 8 passenger service licenses (the "PSLs") attached to these vehicles provided for GTB's operation usage during the period from 1 April 2018 to 30 June 2023 of HK\$5,187,999 (Circa A\$1.1m);
- b) monthly fees and rental in relation to the 8 coaches and the 8 PSLs;
- c) further monthly fees from 1 July 2023 to the date that these coaches are returned to the Plaintiff;
- d) the relevant legal costs; and
- e) interest associated with the said claimed amount.

On 6 November 2023, GTB filed a defence and counterclaim stating that the original 8 coaches were replaced by the 8 coaches provided by GTB (the "8 Replacement Coaches"). GTB claimed that on the date of each of these replacements, agreements were signed between the Plaintiff and GTB that the 8 Replacement Coaches were to be registered under the Plaintiff's name and the Plaintiff should hold the legal title of the 8 Replacement Coaches on trust for GTB (the "Holding Agreements"). Under the Holdings Agreements, GTB is the beneficial owner of the 8 Replacement Coaches, and GTB shall have the rights to dispose (and operate) of the 8 Replacement Coaches to its nominees.

As for the monthly fees and rental regarding the 8 Replacement Coaches and the 8 PSLs, GTB's case is that the business co-operation agreement between the Plaintiff and GTB expired on 30 June 2020 without any agreement for renewal. Therefore, no further monthly fee should be payable by GTB to the Plaintiff after 30 June 2020.

Despite the expiration of the business co-operation agreement on 30 June 2020, the Plaintiff failed to transfer the legal title of the 8 Replacement Coaches. Therefore, GTB counterclaims against the Plaintiff:

- i) to procure the 8 Replacement Coaches to be registered under the name of GTB or its nominees;
- ii) or alternatively, to pay GTB HK\$4,300,000 being the agreed value of the 8 Replacement Coaches (Circa A\$840,000);
- iii) to pay the relevant legal costs; and
- iv) to pay interests accruing for HK\$4,300,000 as mentioned in item (ii).

## Directors' Report

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The sole director of GTB, Alyce Wong (CEO and executive director of the Company), is of view that no provision of this contingent liability is required as at 30 September 2023. The reasons being:

- 1) GTB has informed the Plaintiff in writing as early as on 31 January 2020 to terminate the monthly fee and rental arrangement from 1 February 2020 as a result of the COVID-19 pandemic. In any event, the agreement between the Plaintiff and GTB expired on 30 June 2020 without any agreement for renewal;
- 2) as evidenced by the trust agreement, the ownership of the 8 Replacement Coaches belonged to GTB, not the Plaintiff; and
- 3) the Plaintiff failed to detach the 8 PSLs from these 8 Replacement Coaches since July 2020 and failed to transfer the legal title of the 8 Replacement Coaches back to GTB and / or its nominees.

### Significant Events after the Reporting Date

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

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.



**Alyce Wong**  
Executive director and CEO

12 December 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION  
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF  
SMART AUTO AUSTRALIA LIMITED**

I declare that to the best of my knowledge and belief, during the half-year ended 30 September 2023, there have been:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.



WEN-SHIEN CHAI  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 12<sup>th</sup> day of December 2023



## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 30 September 2023

|   | Notes | Sep 2023<br>A\$    | Sep 2022<br>A\$ |
|---|-------|--------------------|-----------------|
| <b>Revenue</b>  | 2     | <b>1,279,668</b>   | 757,908         |
| Cost of services rendered   |       | <b>(1,198,295)</b> | (454,680)       |
| <b>Gross profit</b>   |       | <b>81,373</b>      | 303,228         |
| Other income and gains  | 3     | <b>138,470</b>     | 30,618          |
| Administrative and operating expenses   |       | <b>(533,795)</b>   | (587,253)       |
| Impairment loss allowance on trade receivables  |       | <b>(21,175)</b>    | (318,223)       |
| Finance costs   |       | <b>(53,405)</b>    | (10,655)        |
| <b>Loss before income tax</b>   |       | <b>(388,532)</b>   | (582,285)       |
| Income tax credit   | 4     | -                  | 55,348          |
| <b>Loss for the period attributable to members of the parent entity</b>                                 |       | <b>(388,532)</b>   | (526,937)       |
| <b>Other comprehensive income</b>   |       |                    |                 |
| <b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b> |       |                    |                 |
| Exchange differences on translating foreign operations, net of tax                                      |       | <b>98,273</b>      | 360,074         |
| Total other comprehensive income for the period, net of tax   |       | <b>98,273</b>      | 360,074         |
| <b>Total comprehensive loss for the period attributable to members of the parent entity</b>             |       | <b>(290,259)</b>   | (166,863)       |
| <b>Loss per share</b>   |       |                    |                 |
| Basic and diluted   | 11    | <b>(0.002)</b>     | (0.003)         |

*The accompanying notes form part of these consolidated financial statements.*

## Consolidated Statement of Financial Position

### As at 30 September 2023

|  | Notes | Sep 2023<br>A\$   | Mar 2023<br>A\$   |
|--|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                            |       |                   |                   |
| Cash and cash equivalents                        | 5     | 18,254            | 34,855            |
| Trade receivables                                | 6     | 886,597           | 939,826           |
| Prepayments, deposits paid and other receivables |       | 995,222           | 1,693,612         |
| Amounts due from related companies               |       | 37,148            | -                 |
| Inventories                                      |       | 4,192,595         | 3,429,304         |
| <b>TOTAL CURRENT ASSETS</b>                      |       | <b>6,129,816</b>  | <b>6,097,597</b>  |
| <b>NON-CURRENT ASSETS</b>                        |       |                   |                   |
| Property and equipment                           |       | 2,071,087         | 1,687,295         |
| Intangible assets                                |       | 2,602,369         | 2,223,489         |
| Right-of-use assets                              |       | 239,018           | 141,015           |
| Trade receivables                                | 6     | 429,219           | 578,514           |
| Deposits paid                                    |       | 1,236,908         | 1,183,285         |
| <b>TOTAL NON-CURRENT ASSETS</b>                  |       | <b>6,578,601</b>  | <b>5,813,598</b>  |
| <b>TOTAL ASSETS</b>                              |       | <b>12,708,417</b> | <b>11,911,195</b> |
| <b>CURRENT LIABILITIES</b>                       |       |                   |                   |
| Trade payables                                   | 7     | 2,677,257         | 4,008,705         |
| Accruals and other payables                      | 7     | 2,175,407         | 602,443           |
| Contract liabilities                             | 7     | 288,048           | 85,519            |
| Rental deposits received                         |       | 640,541           | 569,175           |
| Amounts due to directors                         | 7     | 952,528           | 333,158           |
| Lease liabilities                                |       | 660,427           | 397,564           |
| Other borrowings                                 |       | 289,746           | 179,190           |
| Tax payables                                     |       | 134,848           | 154,803           |
| <b>TOTAL CURRENT LIABILITIES</b>                 |       | <b>7,818,802</b>  | <b>6,330,557</b>  |
| <b>NON-CURRENT LIABILITIES</b>                   |       |                   |                   |
| Trade payables                                   | 7     | 235,181           | 264,646           |
| Lease liabilities                                |       | 673,155           | 969,574           |
| Other borrowings                                 |       | 1,506,497         | 1,581,377         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>             |       | <b>2,414,833</b>  | <b>2,815,597</b>  |
| <b>TOTAL LIABILITIES</b>                         |       | <b>10,233,635</b> | <b>9,146,154</b>  |
| <b>NET ASSETS</b>                                |       | <b>2,474,782</b>  | <b>2,765,041</b>  |
| <b>EQUITY</b>                                    |       |                   |                   |
| Issued capital                                   | 8     | 6,860,318         | 6,860,318         |
| Reserves   | 9     | (1,819,980)       | (1,918,253)       |
| Accumulated losses                               |       | (2,565,556)       | (2,177,024)       |
| <b>TOTAL EQUITY</b>                              |       | <b>2,474,782</b>  | <b>2,765,041</b>  |

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

### For the half-year ended 30 September 2023

|  | Issued Capital   | Retained Earnings  | Merger Reserve     | Translation Reserve | Total Equity     |
|--|------------------|--------------------|--------------------|---------------------|------------------|
|  | A\$              | A\$                | A\$                | A\$                 | A\$              |
| Balance at 1.4.2022  | 4,338,758        | 309,325            | (1,831,858)        | (299,184)           | 2,517,041        |
| Comprehensive income:  |                  |                    |                    |                     |                  |
| Loss for the period  | -                | (526,937)          | -                  | -                   | (526,937)        |
| Other comprehensive income for the period                                  | -                | -                  | -                  | 360,074             | 360,074          |
| <b>Total comprehensive loss for the period</b>                             | <b>-</b>         | <b>(526,937)</b>   | <b>-</b>           | <b>360,074</b>      | <b>(166,863)</b> |
| Transactions with owners, in their capacity as owners, and other transfers |                  |                    |                    |                     |                  |
| Total transactions with owners and other transfers                         | -                | -                  | -                  | -                   | -                |
| <b>Balance at 30.9.2022</b>  | <b>4,338,758</b> | <b>(217,612)</b>   | <b>(1,831,858)</b> | <b>60,890</b>       | <b>2,350,178</b> |
| Balance at 1.4.2023  | 6,860,318        | (2,177,024)        | (1,831,858)        | (86,395)            | 2,765,041        |
| Comprehensive income:  |                  |                    |                    |                     |                  |
| Loss for the period  | -                | (388,532)          | -                  | -                   | (388,532)        |
| Other comprehensive income for the period                                  | -                | -                  | -                  | 98,273              | 98,273           |
| <b>Total comprehensive loss for the period</b>                             | <b>-</b>         | <b>(388,532)</b>   | <b>-</b>           | <b>98,273</b>       | <b>(290,259)</b> |
| Transactions with owners, in their capacity as owners, and other transfers |                  |                    |                    |                     |                  |
| Total transactions with owners and other Transfers                         | -                | -                  | -                  | -                   | -                |
| <b>Balance at 30.9.2023</b>  | <b>6,860,318</b> | <b>(2,565,556)</b> | <b>(1,831,858)</b> | <b>11,878</b>       | <b>2,474,782</b> |

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

### For the half-year ended 30 September 2023

|   | Notes | Sep 2023<br>A\$  | Sep 2022<br>A\$  |
|---|-------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |       |                  |                  |
| Cash generated (used in)/from operations                      |       | (588,169)        | 481,798          |
| Income tax paid   |       | (26,082)         | (184,648)        |
| <b>Net cash (used in)/generated from operating activities</b> | 10    | <b>(614,251)</b> | <b>297,150</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |       |                  |                  |
| Acquisition of plant and equipment and intangible assets      |       | (383,377)        | -                |
| Proceeds from disposal of plant and equipment                 |       | 90,735           | -                |
| Receipt from/(loan to) a related company                      |       | 403,092          | (211,958)        |
| <b>Net cash generated from/(used in) investing activities</b> |       | <b>110,450</b>   | <b>(211,958)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |       |                  |                  |
| Proceeds from/(repayment of) loans from directors             |       | 599,402          | (144,983)        |
| Repayment of other borrowings                                 |       | (41,315)         | -                |
| Repayment of lease liabilities                                |       | (145,045)        | (92,326)         |
| <b>Net cash generate from/(used in) financing activities</b>  |       | <b>413,042</b>   | <b>(237,309)</b> |
| Net decrease in cash and cash equivalents                     |       | (90,759)         | (152,117)        |
| Cash and cash equivalents at the beginning of the period      |       | 34,855           | 49,603           |
| Effect of foreign currency translation                        |       | 74,158           | 164,559          |
| Cash and cash equivalents at the end of the period            |       | <b>18,254</b>    | <b>62,045</b>    |

*The accompanying notes form part of these consolidated financial statements.*

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

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### 1 Summary of significant accounting policies

These financial statements and notes represent those of Smart Auto Australia Limited (the “Company”) and its controlled entities (the “Group”) (“Interim Financial Statements”).

The separate financial statements of the parent entity have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The Interim Financial Statements were authorised for issue on 14 December 2023 by the directors of the Company.

#### (a) Basis of preparation

##### *Reorganisation*

The Company was incorporated and domiciled in Australia, as the parent company and listing vehicle for the Group. On the date of incorporation, 28 October 2020, 100 nil-paid ordinary shares were issued to the controlling shareholder Alyce Wong, who is also a director of the Company. Pursuant to the reorganisation (the “Reorganisation”), the Company subsequently issued 115,999,900 shares to Alyce Wong, to acquire her entire equity interest in Smart Auto Holding (HK) Limited, a British Virgin Islands incorporated limited liability company (“SAH”), for consideration of A\$1,831,879, equating to the net asset value of SAH as of 30 September 2020.

Immediately prior to and after the Reorganisation, the business of the Group was conducted mainly through the existing operating subsidiary based in Hong Kong. The Company became the holding company of the companies comprising the Group on 28 October 2020. The Reorganisation is merely a reorganisation of the structure of the Group with no change in management and the ultimate owner of the business remains the same. The Group is regarded as operating the same business, prior to and after the Reorganisation, with no requirement to account for the Reorganisation as a business acquisition pursuant to AASB 3. Accordingly, the Financial Statements have been prepared using the principles of merger accounting (pooling of interest method) as if the Reorganisation had occurred as at the beginning of the earliest period presented and as though the current group structure had always been in existence.

The assets and liabilities of the companies comprising the Group are consolidated using their existing book values. No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganisation. All intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred, if any.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

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### 1 Summary of significant accounting policies (continued)

#### (a) Basis of preparation

##### *Reporting entity*

The Interim Financial Statements are general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The Interim Financial Statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 31 March 2023 and any public announcements made by the Company during the half-year ended 30 September 2023 in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the NSX Listing Rules. Material accounting policies adopted in the preparation of the Interim Financial Statements are presented below. They have been consistently applied unless otherwise stated.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

Except for cash flow information, the Interim Financial Statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### *Going concern*

The financial statements have been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group continues to incur operating losses, net cash outflows from operating activities, has limited financial resources, and is reliant on continued financial support from the managing director, Alyce Wong. These material uncertainties may cast a significant doubt on the validity of the going concern assumption.

The Groups' ability to continue as a going concern is dependent upon the continued financial support of the managing director, ability to obtain financing, or new investors.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

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### 1 Summary of significant accounting policies (continued)

#### (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 September 2023 and the results of its controlled entities for the period then ended. The Company and its controlled entities together are referred to in the Interim Financial statements as the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting except for those disclosed in note 1(a) pursuant to the Reorganisation. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

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### 1 Summary of significant accounting policies (continued)

#### (b) Principles of consolidation (continued)

##### Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than the presentation currency of the Company are recognised in other comprehensive income and included in the translation reserve in the equity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Both the consolidated entity for the six months period ended 30 September 2023 and comparative figures for the previous six months period ended 30 September 2022 are the Company and its subsidiaries.

- The consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flow:
  - for the period between 1 April 2023 to 30 September 2023 comprises 6 months of the Company, SAH and GTB; and
  - for the comparative period between 1 April 2022 to 30 September 2022 comprises 6 months of the Company, SAH and GTB.
- The consolidated statement of financial position:
  - as at 30 September 2023 comprises the Company, SAH and GTB as at that date; and
  - as at 31 March 2023 comprises the Company, SAH and GTB as at that date.
- The consolidated statement of changes in equity:
  - for the period between 1 April 2023 to 30 September 2023, comprises the Company, SAH and GTB's balance at 1 April 2023, its results for the period and transactions with equity holders for 6 months. It also comprises the equity value of the Company, SAH and GTB at 31 March 2023. The share capital at period end represents those of the Company only; and
  - for the period between 1 April 2022 to 30 September 2022, comprises the Company, SAH and GTB's balance at 1 April 2022, its result for the period and transactions with equity holders for 6 months. It also comprises the equity value of the Company, SAH and GTB at 31 March 2022. The share capital at period end represents those of the Company only.



## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

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### 1 Summary of significant accounting policies (continued)

#### ***(c) Segment reporting***

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company for their decisions about resources allocation to the group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the chief operating decision makers ("CODM") are determined following the Group's major operations. The measurement policies the group uses for reporting segment results under AASB 8 Operating Segments are the same as those used in its financial statements prepared under AASBs.

#### ***(d) Foreign currency translation***

Functional and presentation currency

The functional currency of the Group is Hong Kong dollars (HK\$), which is the currency of the primary economic environment in which the Group operates, while presentation currency of the Group is Australian dollars (A\$).

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

#### ***(e) Provision and contingent liabilities***

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the time value of money is material, provisions are stated at the present value at the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

### 1 Summary of significant accounting policies (continued)

#### (f) Related parties

A person, or a close member of that person's family, is related to the Group if that person:-

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Group's parent;

or

An entity is related to the Group if any of the following conditions applies:-

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (i);
- (vii) a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

|                                  | Sep 2023<br>A\$         | Sep 2022<br>A\$ |
|----------------------------------|-------------------------|-----------------|
| <b>2 Revenue</b>                 |                         |                 |
| Gross rental income              | <b>504,443</b>          | 523,290         |
| Trading income                   | <b>764,492</b>          | -               |
| Commission income                | <b>9,942</b>            | 231,655         |
| Other commission services income | <b>791</b>              | 2,963           |
|                                  | <b><u>1,279,668</u></b> | <u>757,908</u>  |

Except gross rental income which is recognised over time, all other revenue are recognised at a point in time.

The Group applied the practical expedient in paragraph 121 of AASB 15 to its commission services contracts regarding the performance obligations that have an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of AASB 15 in relation to the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at end of the reporting periods and an explanation of when the Group expects to be recognised as revenue.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

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|  | Sep 2023<br>A\$ | Sep 2022<br>A\$ |
|--|-----------------|-----------------|
| <b>3 Other income and gains</b>  |                 |                 |
| Gain on disposal of motor vehicles                                       | 56,912          | -               |
| Reversal of impairment losses on trade receivables and intangible assets | 44,501          | -               |
| Others   | 37,057          | 30,618          |
|  | <u>138,470</u>  | <u>30,618</u>   |

### 4 Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the British Virgin Islands (BVI), the Group is not subject to any income tax under the jurisdiction. Hong Kong Profits Tax is calculated at 8.25% of the first HK\$ 2 million (Circa A\$397,000) estimated assessable profits and 16.5% above HK\$ 2 million estimated assessable profits derived from Hong Kong.

In Australia, prima facie tax payable on profit from ordinary activities before income tax at 25% for base rate entities.

### 5 Cash and cash equivalents

Cash and cash equivalents represent cash at banks and on hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with authorised banks with no recent history of default.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

|                                   | Sep 2023<br>A\$    | Mar 2023<br>A\$ |
|-----------------------------------|--------------------|-----------------|
| <b>6 Trade receivables</b>        |                    |                 |
| Trade receivables                 | <b>2,760,395</b>   | 2,904,250       |
| Less: allowance for credit losses | <b>(1,444,579)</b> | (1,385,910)     |
|                                   | <b>1,315,816</b>   | 1,518,340       |

The Group granted 0 to 270 days (31 March 2023: 0 to 270 days) credit period to customers for the period/year. The ageing analysis of these receivables, net of ECL allowance, based on past due date, is as follows:

|                             |                  |           |
|-----------------------------|------------------|-----------|
| Not past due                | <b>1,226,565</b> | 1,141,555 |
| 1 – 90 days past due        | <b>34,505</b>    | 152,240   |
| 91 – 180 days past due      | <b>54,746</b>    | 224,545   |
| 181 – 365 days past due     | -                | -         |
| More than 365 days past due | -                | -         |
|                             | <b>1,315,816</b> | 1,518,340 |

The Group applies the simplified approach for ECLs prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group assessed the allowance for ECLs on trade receivables on a collective based on internal credit rating and ageing, past due status and repayment history of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk as at 30 September 2023 and 31 March 2023.

The movements in the allowance for ECLs on trade receivables are as follows:

|                                     |                  |           |
|-------------------------------------|------------------|-----------|
| At the beginning of the period/year | <b>1,385,910</b> | 280,537   |
| Allowance for ECLs recognised       | <b>21,175</b>    | 1,055,430 |
| Reversal on impairment on allowance | <b>(25,196)</b>  | -         |
| Exchange alignment                  | <b>62,690</b>    | 49,943    |
| At the end of the period/year       | <b>1,444,579</b> | 1,385,910 |

### 7 Trade payables/accruals and other payables/contract liabilities/amounts due to directors

Credit periods granted by the suppliers to the Group are generally 0 to 240 days. Accruals comprise accrued expenses, administrative and operating expenses during the period.

Contract liabilities represented deposits and advance payment received from a customer for coaches with passenger vehicles licenses, which will be recognised as revenue until the control passes to the customer.

Amounts due to directors represents fund advance to the Group and is interest free, unsecured and repayable on demand.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

### 8 Issued capital

The Company was incorporated on 28 October 2020 with 100 nil-paid ordinary shares. Pursuant to the Reorganisation, the Company subsequently issued 115,999,900 shares to Alyce Wong to acquire her entire equity interest in SAH, at the consideration of A\$1,831,879 (net assets value of SAH (note 1(a))).

On 2 October 2022, GTB entered into an agreement with an independent third party, Global Car Rental Company Limited ("Vendor") to acquire 5 coaches and associated licences at a consideration of A\$2,521,560 (HK\$13,050,000). The transaction was subsequently completed on 4 October 2022 and the consideration was settled by way of issuance of 22,923,272 fully paid ordinary shares at A\$0.11 each in the capital of the Company.

The current period reflects the movements in the Company, as the legal parent's capital structure.

| Ordinary - issued and paid-up share capital                                       | Sep 2023<br>No.    | Mar 2023<br>No. | Sep 2023<br>A\$  | Mar 2023<br>A\$ |
|---|--------------------|-----------------|------------------|-----------------|
| At the beginning of the reporting period  | <b>178,240,472</b> | 155,317,200     | <b>6,860,318</b> | 4,338,758       |
| Issuance of shares at A\$0.11 each for acquisition of 5 coaches on 4 October 2022 | -                  | 22,923,272      | -                | 2,521,560       |
| Total ordinary share capital at the end of the reporting period                   | <b>178,240,472</b> | 178,240,472     | <b>6,860,318</b> | 6,860,318       |

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

At the date of this report, there were no options and/or convertibles on issue by the Company.

### 9 Reserves

Details of the movements on the Group's reserves are set out in the consolidated statements of changes in equity.

Merger reserve represents i) the nominal value of share capital of SAH and GTB and ii) deemed costs of consideration for the shares issued by the Company to acquire SAH. Translation reserve represents exchange differences arising on translation of the foreign controlled subsidiaries with functional currency reported other than A\$.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

|  | Sep 2023<br>A\$    | Sep 2022<br>A\$ |
|--|--------------------|-----------------|
| <b>10 Cash flow information</b>  |                    |                 |
| Reconciliation of cash flow from operations with operating loss from ordinary activities after income tax: |                    |                 |
| Loss from ordinary activities after income tax   | <b>(388,532)</b>   | (526,937)       |
| Non-cash flows in profit from ordinary activities:   |                    |                 |
| (Reversal)/allowance for ECL   | <b>(4,020)</b>     | 318,223         |
| Depreciation of property, plant and equipment  | <b>241,849</b>     | 229,987         |
| Depreciation of right-of-use assets  | <b>70,505</b>      | 54,540          |
| Gain on disposal of plant and equipment  | <b>(56,912)</b>    | -               |
| Reversal of Impairment on intangible asset   | <b>(19,305)</b>    | -               |
| Finance costs  | <b>53,405</b>      | 10,655          |
| Effect of foreign currency translation   | <b>(13,933)</b>    | 323,246         |
| Movements in working capital   |                    |                 |
| Trade receivables  | <b>206,545</b>     | 2,356           |
| Deposits paid, prepayment and other receivables  | <b>592,193</b>     | (3,499,748)     |
| Trade payables   | <b>(1,953,239)</b> | 392,630         |
| Deposits received, accruals and other payables   | <b>1,150,266</b>   | 1,555,233       |
| Contract liabilities   | <b>199,341</b>     | 2,013,974       |
| Inventories  | <b>(763,291)</b>   | (414,187)       |
| Tax payables   | <b>70,877</b>      | (162,822)       |
| Net cash (used-in)/generated from operations   | <b>(614,251)</b>   | 297,150         |

### Major non-cash transactions

On 2 October 2022, GTB entered into an agreement with the Vendor to acquire 5 coaches and associated licences at a consideration of A\$2,521,560 (HK\$13,050,000). The transaction was subsequently completed on 4 October 2022 and the consideration was settled by way of issuance of 22,923,272 fully paid ordinary shares at A\$0.11 each in the capital of the Company.

### 11 Loss per share

|                                   |                    |             |
|-----------------------------------|--------------------|-------------|
| Basic and Diluted loss per share  | <b>(0.002)</b>     | (0.003)     |
| Weighted average number of shares | <b>178,240,472</b> | 155,317,200 |

No dilutive potential ordinary shares in existence during 1H24 and 1H23.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

### 12 Interests in other entities

The legal corporate structure of the Group is set out below.

| Name of Entity                        | Country of Incorporation | Principal Place of Business | Ownership Interest | Ownership Interest |
|---------------------------------------|--------------------------|-----------------------------|--------------------|--------------------|
|                                       |                          |                             | 2023               | 2022               |
|                                       |                          |                             | %                  | %                  |
| Smart Auto Holding (HK) Limited (SAH) | British Virgin Islands   | Hong Kong                   | 100                | 100                |
| Grand Tour Bus Services Limited (GTB) | Hong Kong                | Hong Kong                   | 100                | 100                |

*Percentage of voting power is in proportion to ownership*

### 13 Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's CODM for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The Group only operates in a single operating segment, which is the coach rental and trading. All the revenue is received from external customers.

For 1H24, revenue from three customer (1H23: one customer) which had contributed more than 10% each to the Group's revenue amounted to approximately A\$712,369 (1H23: A\$325,000).

For 1H24 and 1H23, the Group's external customers, operations and the management team are domiciled and located in the Hong Kong. Segment revenue by geographical region is based on the location of the customers. For 1H24 and 1H23, the assets and liabilities of the Group are in Hong Kong which are used to support its external customers in Hong Kong.

Consequently, no separate analysis of reportable segment revenue, assets and liabilities by operation/geographical region is presented.

## Notes to the Consolidated Financial Statements For the half-year ended 30 September 2023

### 14 Litigation and contingent liabilities

On 28 July 2023, Go On Bus Limited (the "Plaintiff") filed a civil litigation claim against GTB for the settlement of:

- a) possession of 8 coaches together with the 8 passenger service licenses (the "PSLs") attached to these vehicles provided for GTB's operation usage during the period from 1 April 2018 to 30 June 2023 of HK\$5,187,999 (Circa A\$1.1m);
- b) monthly fees and rental in relation to the 8 coaches and the 8 PSLs;
- c) further monthly fees from 1 July 2023 to the date that these coaches are returned to the Plaintiff;
- d) the relevant legal costs; and
- e) interest associated with the said claimed amount.

On 6 November 2023, GTB filed a defence and counterclaim stating that the original 8 coaches were replaced by the 8 coaches provided by GTB (the "8 Replacement Coaches"). GTB claimed that on the date of each of these replacements, agreements were signed between the Plaintiff and GTB that the 8 Replacement Coaches were to be registered under the Plaintiff's name and the Plaintiff should hold the legal title of the 8 Replacement Coaches on trust for GTB (the "Holding Agreements"). Under the Holdings Agreements, GTB is the beneficial owner of the 8 Replacement Coaches, and GTB shall have the rights to dispose (and operate) of the 8 Replacement Coaches to its nominees.

As for the monthly fees and rental regarding the 8 Replacement Coaches and the 8 PSLs, GTB's case is that the business co-operation agreement between the Plaintiff and GTB expired on 30 June 2020 without any agreement for renewal. Therefore, no further monthly fee should be payable by GTB to the Plaintiff after 30 June 2020.

Despite the expiration of the business co-operation agreement on 30 June 2020, the Plaintiff failed to transfer the legal title of the 8 Replacement Coaches. Therefore, GTB counterclaims against the Plaintiff:

- i) to procure the 8 Replacement Coaches to be registered under the name of GTB or its nominees;
- ii) or alternatively, to pay GTB HK\$4,300,000 being the agreed value of the 8 Replacement Coaches (Circa A\$840,000);
- iii) to pay the relevant legal costs; and
- iv) to pay interests accruing for HK\$4,300,000 as mentioned in item (ii).

The sole director of GTB, Alyce Wong (CEO and executive director of the Company), is of view that no provision of this contingent liability is required as at 30 September 2023. The reasons being:

- 1) GTB has informed the Plaintiff in writing as early as on 31 January 2020 to terminate the monthly fee and rental arrangement from 1 February 2020 as a result of the COVID-19 pandemic. In any event, the agreement between the Plaintiff and GTB expired on 30 June 2020 without any agreement for renewal;
- 2) as evidenced by the trust agreement, the ownership of the 8 Replacement Coaches belonged to GTB, not the Plaintiff; and
- 3) the Plaintiff failed to detach the 8 PSLs from these 8 Replacement Coaches since July 2020 and failed to transfer the legal title of the 8 Replacement Coaches back to GTB and / or its nominees.

### 15 Events occurring after the reporting date

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

### End of the notes



## Directors' Declaration

In the directors' opinion:

- (a) the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes set out on pages 5 to 20 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2023 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Alyce Wong**  
Executive Director and CEO

12 December 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SMART AUTO AUSTRALIA LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the financial report of Smart Auto Australia Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 September 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of material accounting policies, other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 September 2023 and of its financial performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material Uncertainty Related to Going Concern**

Without qualification to the conclusion expressed above, we draw attention to note 1(a) of the financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern for at least the next 12 months and, if it could not continue as a going concern, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial report.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Group's financial position as at 30 September 2023 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SMART AUTO AUSTRALIA LIMITED (CONTINUED)**

**Auditor's Responsibility (continued)**

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



WEN-SHIEN CHAI  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 12<sup>th</sup> day of December 2023.



# SMART AUTO AUSTRALIA LIMITED



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