

28 FEBRUARY 2019

CTG FIBERSWAY INTERNATIONAL LIMITED

AND ITS SUBSIDIARY AND CONTROLLED ENTITY

(Incorporated in Cayman Islands)

(Registration number 328400 | ARBN 622 412 186)

ANNUAL REPORT TO MEMBERS

(Incorporating the Company's annual report)

FOR THE FINANCIAL YEAR FROM

23 OCTOBER 2017

(DATE OF INCORPORATION)

TO

30 NOVEMBER 2018

1. Executive director's statement

On behalf of the Board, I am pleased to present to you the first annual report to members of CTG Fibersway International Limited (the **Company**) which covers the for the financial year from 23 October 2017 (date of incorporation) to 38 November 2018 (the **Financial Year Under Review**) and the directors' review of operations for this period. The 2018 Annual Report incorporates the audited financial statements for the Financial Year Under Review (the **Financial Statements**) for the Company and its subsidiaries (the **Group**). A copy of this audited financial statements is attached to this annual report as Appendix A.

The Financial Year Under Review had seen a significant milestone in the development of the Company because the Company was admitted to the official list of and its shares quoted on the National Stock Exchange of Australia (**NSX**).

2. Financial Statements – No comparative information

The Financial Year Under Review is the first financial year since the Company was incorporated. For this reason, the financial information presented in the Financial Statements does not have comparative information of the previous financial year prepared on the same basis. However, because the three operating subsidiaries of the Company, namely:

- (a) Hangzhou Fibersway Communication Technology Co., Ltd;
- (b) Hangzhou Linan Xitianqi Import and Export Co., Ltd; and
- (c) CTG (Jiangsu) Electronics Co., Ltd (collectively, the **Operating Companies**)

were in existence in the previous financial year under common control of the Company's two executive directors, the Company had prepared combined financial statements for the Operating Companies for the financial year ended 31 November 2017 (the **FY2017 Combined Financial Statements**). The FY2017 Combined Financial Statements was announced on the announcements portal of NSX on 1 October 2018, and a copy of it is attached to this annual report as Appendix B.

The FY2017 Combined Financial Statements have been prepared from financial information on the financial year (i.e., for the year ended 30 November 2017) obtained from the records of the Operating Companies. The objective of preparing the FY2017 Combined Financial Statements is to show what the historical financial information might have been if the Operating Companies had been a group for financial reporting purposes since 1 December 2016.

When reading the Financial Statement together with the FY2017 Combined Financial Statements, shareholders and other investors should:

- (A) take note that the financial information set out in these two financial statements are not directly comparable because these statements had not been prepared on the same basis; and/or
- (B) use the financial information in the FY2017 Combined Financial Statements only as reference and not as comparison for the financial information in the Financial Statements.

3. Principal activities of the Group

The principal activities of the Group remained unchanged during the Financial Year Under Review, namely the manufacture, sales and marketing of networking cables, optic fibre cables and ancillary products.

4. Subsidiaries

As of 30 November 2018, the end of the Financial Year Under Review, the Company's subsidiaries are:

Country	Interest held	Country	Principal activities
(a) Fibersway Singapore Pte. Ltd.	100%	Singapore	Investment holding
(b) Zhejiang CTG Communication Technology Co., Ltd	100%	China	Investment holding
(c) Hangzhou Fibersway Communication Technology Co., Ltd	100%	China	Manufacture and sale of optic fibre cables and ancillary products and services
(d) Hangzhou Linan Xitianqi Import and Export Co., Ltd	100%	China	Sales and marketing of networking cables and optic fibre cables, and ancillary products
(e) CTG (Jiangsu) Electronics Co., Ltd	100%	China	Manufacture and sale of networking cables and ancillary products and services

5. Directors' review of operations

Under the background of US-China trade war, the Group adopted the strategy of "lowered profit margins for stabilization and expansion". Under this strategy, the Group vigorously pushed international sales to expand its international business, which resulted in its export business growing at a faster rate which lays a good foundation for growing the international market moving forward. Meanwhile, domestic demand for networking cables and optic fibre cables stagnated with customers accumulating their procurement into fewer numbers of purchases during the Financial Year Under Review.

Moving forward, the Group have been working closely with its major domestic customers to prepare for an expected surge of demand for networking cables and optic fibre cables as a result of the planned roll-out of 5G network in 2019. The Group will actively monitor and keep pace with the technological developments of China's domestic 5G network implementation and continue to develop products in this field to meet the needs of this market segment.

6. Directors' interests in securities

As at 30 November 2018 (the end of the Financial Year Under Review) and 26 February 2019 (the latest practicable date before the 2018 Annual Report is issued), the interests of directors of the Company in equity securities of the Company are as follows:

	Directly Held		Deemed Interests	
	Date of appointment	30.11.2018 and 26.02.2019	Date of appointment	30.11.2018 and 26.02.2019
SHENG Zejun (Richard)	60,000,000	60,000,000	-	-
SHENG Yanjun (Angel)	30,000,000	30,000,000		-
HU Yuxing (Paul)	-	-	-	-

Save as disclosed above, no director or officer of the Company has a vested right to receive any distribution made on the securities or is entitled to exercise or direct the exercise of the voting rights attaching to the securities.

As of the end of the Financial Year Under Review:

- (a) the Company and its subsidiaries does not have on issue any debt security; and
- (b) the Company has not granted any right to subscribe for any equity or debt security of the Company to any person, including a director or officer of the Company.

7. Forecast

The Company has not published any forecast in relation to the Financial Year Under Review or any financial periods after the Financial Year Under Review.

8. Directors' service contract

During the Financial Year Under Review:

- (a) the Company's wholly-owned subsidiary, Hangzhou Linan Xitianqi Import and Export Co., Ltd had in force an employment contract with SHENG Zejun (Richard), a director, under which he is remunerated a sum of RMB10,000 (approximately A\$2,000) per month; and
- (b) the Company's wholly-owned subsidiary, Hangzhou Fibersway Communication Technology Co., Ltd had in force an employment contract with SHENG Yanjun (Angel), a director, under which she is remunerated a sum of RMB8,000 (approximately \$1,600) per month.

The two employment contracts entered into with the two executive directors disclosed above are the in standard format prescribed by the local labour department.

Save as disclosed above, there is no service contract in force with any director of the Company.

9. Material or significant contracts

Save as disclosed above in the Financial Statements:

- (A) there is no other material contract the Company had entered into during the Financial Year Under Review; and
- (B) there is no contract subsisting during or at the end of the Financial Year Under Review:
 - (i) in which a director of the issuer is or was materially interested, either directly or indirectly; or
 - (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries; or
 - (iii) for the provision of services to the Group by a controlling shareholder or any of its subsidiaries;

10. Discloseable arrangements with directors and shareholders

During and at the end of the Financial Year Under Review, there has been no arrangement under which:

- (a) a director has waived or agreed to waive any emoluments; or
- (b) a shareholder has waived or agreed to waive any dividends.

11. Statement of main corporate governance practices

The Company's corporate governance statement is disclosed separately by way of a public announcement on the announcements portal of the NSX.

12. List of Top-20 Shareholders

The list of top 20 shareholders of the Company and the Company's shareholding analysis are disclosed separately by way of public announcements on the announcements portal of the NSX.

12. Annual general meeting

Tentatively, the Company proposes to hold its first annual general meeting on 15 April 2019, but in any event, no later than 30 April 2019. The notice of meeting will be dispatch to shareholders in due course.

On behalf of the board of directors



SEHNG Zejun (Richard)
28 February 2019
Hangzhou City, China

APPENDIX A

Company No.: ARBN 622 412 186

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS

30 NOVEMBER 2018

Registered office in Australia:

Themis Corporate
'Office F' Level 1,
1139 Hay Street,
West Perth WA 6005.

Corporate office:

No. 248, Linglong Street,
Linglong Industrial Zone,
Linan City, Hangzhou,
Zhejiang Province,
People's Republic of China.

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CTG FIBERSWAY INTERNATIONAL LIMITED

(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

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Company No.: ARBN 622 412 186

HML & CO.
CHARTERED ACCOUNTANTS AF 1325
1-23B Jalan Desa 1/3,
Desa Aman Puri,
52100 Kuala Lumpur,
Malaysia.
Tel 603-62734543
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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CTG FIBERSWAY INTERNATIONAL LIMITED**
(Incorporated in Cayman Islands)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CTG FIBERSWAY INTERNATIONAL LIMITED, which comprise the statements of financial position as at 30 November 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 November 2018, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion


We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<u>Impairment of goodwill and intangible assets</u> Goodwill and intangible assets arise as a result of acquisitions by the Group. The Directors conducted their annual impairment tests to assess the recoverability of the goodwill and consider whether there are indicators of impairment with respect to intangible assets.	We focused on this area as the impairment assessment performed by the Directors requires significant judgement as the timing and quantum of the cash flows are dependent on sales volume growth rate, and margin. Our audit procedures performed in these areas included, amongst others: 

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Key audit matters	How our audit addressed the key audit matter
<p><u>Impairment of goodwill and intangible assets</u></p> <p>The recoverable amount of the goodwill and intangible assets are determined based on value-in-use calculation. The value-in-use is based on the cash flows forecast model for each cash-generating unit and required the estimation of model assumptions, discount rate and growth rate. Accordingly, the impairment assessment of these assets is considered to be a key audit matter.</p> <p>No impairment was required as the recoverable amount of the goodwill and intangible assets were in excess of their carrying amount.</p>	<ul style="list-style-type: none"> • Assessed the reliability of the Directors' forecast through the review of past trends of actual financial performances against previous forecasted results; • Checked the key assumptions used by the Directors in the value-in-use calculation on sales volume growth rate and margin by product comparing to business plans, historical results and market data; • Performed sensitivity analysis on sales volume growth rates and discount rate to evaluate impact on the impairment assessment; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.
<p><u>Revenue recognition</u></p> <p>Revenue is recognised when the risks and rewards of the underlying products and services have been transferred to the customer.</p> <p>Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement due to the risk related to the recognition of revenue before risks and rewards have been transferred.</p>	<p>Our audit procedures, considering the significant risk of material misstatement related to revenue recognition, included amongst other:</p> <ul style="list-style-type: none"> • Assessing the application of Group's accounting policies over revenue recognition and comparing the Group's accounting policies over revenue recognition with applicable accounting standards; • Identifying the nature of the revenues and identification of any unusual contract terms; • Testing the revenue recognised including testing of Group's controls on revenue recognition, when applicable. Our testing included tracing the information to agreements and payments; • Assessing the revenue recognised with substantive analytical procedures; and • Assessing the Group's disclosures on revenue recognition.
<p><u>Significance of property, plant and equipment</u></p> <p>As at 30 November 2018, the Group had property, plant and equipment amounting to A\$2,434,520. The significance of the property, plant and equipment on the statements of financial position resulted in them being identified as a key audit matter.</p>	<p>Our audit procedures included testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of detail to ensure completeness and accuracy of the property, plant and equipment through the following:</p>

Company No.: ARBN 622 412 186

Key audit matter	How our audit addressed the key audit matter
<p>Significance of property, plant and equipment</p> <p>Leasehold land is measured at cost less any accumulated impairment losses. Other property, plant and equipment are measured at costs less any accumulated depreciation and any accumulated impairment losses.</p>	<ul style="list-style-type: none"> • Ensured the estimated remaining useful lives and residual values of property, plant and equipment is reasonable, by comparing the Directors' estimates to the useful lives of assets with similar characteristics; • Reviewed the Group's depreciation policy for property, plant and equipment and verified the inputs to the calculation; and • Performed predictive tests on depreciation charge.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, which is expected to be made available to us after the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with IFRSs. 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 and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or have no realistic alternative but to do so.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditors' report is Ho Mee Ling.



HML & CO.
AF: 1325
Chartered Accountants

Malaysia
21 January 2019

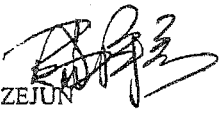
Company No.: ARBN 622 412 186

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

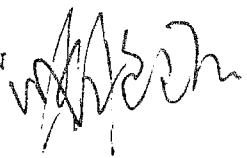
STATEMENT BY DIRECTORS

In the opinion of the Directors of CTG FIBERSWAY INTERNATIONAL LIMITED, the financial statements set out on pages 7 to 43 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 and of the Company as at 30 November 2018 and of their financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors,


SHENG, ZEJUN
Director

People's Republic of China
21 January 2019


SHENG, YANJUN
Director

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2018

	Note	Group 2018 A\$	Company 2018 A\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,434,520	-
Intangible asset	6	1,665,128	-
Investment in subsidiaries	7	-	4,500,000
Goodwill	8	2,996,808	-
		<u>7,096,456</u>	<u>4,500,000</u>
CURRENT ASSETS			
Inventories	9	1,545,290	-
Trade receivables	10	5,831,922	-
Other receivables and prepayments	11	822,344	-
Other assets	12	6,771	-
VAT recoverable		441,154	-
Fixed deposits with bank	13	230,420	-
Cash and bank balances		232,868	-
		<u>9,110,769</u>	<u>-</u>
TOTAL ASSETS		<u><u>16,207,225</u></u>	<u><u>4,500,000</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	4,500,000	4,500,000
Foreign currency translation reserves	16	(8,715)	-
Retained profits/(loss)		336,563	(8,084)
TOTAL EQUITY		<u>4,827,848</u>	<u>4,491,916</u>
NON-CURRENT LIABILITY			
Borrowings	17	<u>965,006</u>	<u>-</u>
CURRENT LIABILITIES			
Trade payables		4,876,884	-
Other payables and accruals	18	1,906,965	8,084
Borrowings	17	3,544,920	-
Tax payables		85,602	-
		<u>10,414,371</u>	<u>8,084</u>
TOTAL LIABILITIES		<u>11,379,377</u>	<u>8,084</u>
TOTAL EQUITY AND LIABILITIES		<u><u>16,207,225</u></u>	<u><u>4,500,000</u></u>

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

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

	Note	Group 2018 A\$	Company 2018 A\$
Revenue	19	21,911,049	-
Cost of sales		<u>(19,401,349)</u>	<u>-</u>
Gross profit		2,509,700	-
Other operating income		416,850	-
Other operating expenses		(20)	-
Distribution costs		(493,680)	-
Administration expenses		<u>(1,616,476)</u>	<u>(8,084)</u>
Profit/(Loss) from operations		816,374	(8,084)
Finance costs		<u>(429,618)</u>	<u>-</u>
Profit/(Loss) before tax	20	386,756	(8,084)
Income tax expenses	21	<u>(50,193)</u>	<u>-</u>
Profit/(Loss) for the period		<u>336,563</u>	<u>(8,084)</u>
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		<u>(8,715)</u>	<u>-</u>
Total comprehensive income/(loss) for the period		<u>327,848</u>	<u>(8,084)</u>
Earnings per share:			
Basic - cents per share	22	<u>0.17</u>	<u>-</u>

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

CTG FIBERSWAY INTERNATIONAL LIMITED

(Incorporated in Cayman Islands)

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

	Share capital A\$	Foreign currency translation reserves A\$	Retained profits/(loss) A\$	Total A\$
Group				
As at date of incorporation	100	-	-	100
Issue of shares during the period	900	-	-	900
Shares issued to existing shareholders* in exchange for share of subsidiaries acquired	4,499,000	-	-	4,499,000
Total comprehensive income for the period	-	(8,715)	336,563	327,848
As at 30 November 2018	<u>4,500,000</u>	<u>(8,715)</u>	<u>336,563</u>	<u>4,827,848</u>
Company				
As at date of incorporation	100	-	-	100
Issue of shares during the period	900	-	-	900
Shares issued to existing shareholders* in exchange for share of subsidiaries acquired	4,499,000	-	-	4,499,000
Total comprehensive loss for the period	-	-	(8,084)	(8,084)
As at 30 November 2018	<u>4,500,000</u>	<u>-</u>	<u>(8,084)</u>	<u>4,491,916</u>

*Existing shareholders: Shareholders of the Company as at 20 November 2017.

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

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

	Note	Group 2018 A\$	Company 2018 A\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		386,756	(8,084)
Adjustment for:			
Depreciation of property, plant and equipment		266,557	-
Interest expenses		411,915	-
Interest income		(1,317)	-
Loss on disposal of property, plant and equipment		18,559	-
Operating profit/(loss) before working capital changes		1,082,470	(8,084)
Increase in inventories		(14,250)	-
Decrease in trade receivables		7,466,119	-
Decrease in other receivables and prepayments		2,061,601	-
Increase in other assets		(1,016)	-
Decrease in VAT recoverable		49,737	-
Decrease in trade payables		(5,729,558)	-
(Decrease)/Increase in other payables and accruals		(1,466,927)	8,084
Cash from operations		3,448,176	-
Interest paid		(411,915)	-
Interest received		1,317	-
Tax paid		(12,703)	-
Net cash from operating activities		3,024,875	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		196	-
Purchase of property, plant and equipment		(720,818)	-
Cash from acquisition of subsidiaries	24	443,363	-
Net cash used in investing activities		(277,259)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		4,626,945	-
Repayment of borrowings		(6,950,520)	-
Net cash used in financing activities		(2,323,575)	-

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

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

	Note	Group 2018 A\$	Company 2018 A\$
Net increase in cash and cash equivalents		424,041	-
Cash and cash equivalents at incorporation		-	-
Effect of exchange rate changes on cash and cash equivalents		(157,693)	-
Cash and cash equivalents at end of the period		<u>266,348</u>	<u>-</u>
Cash and cash equivalents comprise:			
Fixed deposits with bank		230,420	-
Cash and bank balances		<u>232,868</u>	<u>-</u>
		463,288	-
Less: Fixed deposits pledge with bank		<u>(196,940)</u>	<u>-</u>
		<u>266,348</u>	<u>-</u>

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

CTG FIBERSWAY INTERNATIONAL LIMITED

(Incorporated in Cayman Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

1 GENERAL INFORMATION

The Company is a public limited liability company incorporated in Cayman Islands on 23 October 2017, registered in Australia on 20 November 2017 and listed in National Stock Exchange of Australia ("NSX") on 11 December 2017.

The Company is an investment holding company and does not actively carry on business since the date of incorporation to the date of this report.

The Company was incorporated for the sole purpose of acquiring of subsidiaries and it holds 100% of the issued share capital of subsidiary companies which carry on business as disclose in Note 7. The acquiring of subsidiaries was completed on 20 November 2017. There have been no significant changes in the nature of these activities during the financial period ended.

The reason for using a period longer than one year is because the Company was incorporated on 23 October 2017 and the Group came into existence only after the acquisition of subsidiaries on 20 November 2017. There are no comparable financial statements of prior period.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT, FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements have been prepared on a historical cost basis other than as disclosed in Note 3.

The financial statements have been prepared based the currency of the primary economic environment in which the entity operates (i.e., its functional currency). The functional currency of the Company is Chinese Yuan or the Renminbi ("RMB"), while the presentation currency of the Group and of the Company are Australian Dollars ("A\$"). All financial information is presented in Australian Dollars, unless otherwise stated.

2.2 COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group's and the Company's financial statements for the financial period ended 30 November 2018 are first sets of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"). The date of transition to the IFRSs is 23 October 2017, which coincides with the date of incorporation of the Company. There are no comparable financial statements of prior periods. Beginning from the date of transition on 23 October 2017, the Group and the Company have adopted all of the IFRSs effective as on that date.

i) Adoption Of New And Amended Standards

During the period, the Group and the Company have adopted all the amendments to IFRS that are mandatory for the current period. The adoption of the amendments to IFRS did not have any significant impact on the financial statements of the Group and of the Company except for the adoption of *Disclosure Initiative* (Amendments to IAS 7).

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ii) Standards Issued But Are Not Yet Effective

The Company did not adopt an earlier application of the following new and revised IFRSs which have been issued by the IASB but are not yet effective for current period ended 30 November 2018.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2018:

- Amendments to IFRS 2, Classification and Measurement of Share-based payment Transactions.
- IFRS 15, Revenue from Contracts with Customers
- Classifications to IFRS 15, Revenue from Contracts with Customers
- IFRS 9, Financial instruments
- IFRIC 22, Foreign Currency Transaction and Advance Consideration
- Amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 40, Transfers of Investment Property
- Annual Improvement to IFRS Standards 2014 – 2016 Cycle: Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards
- Annual Improvement to IFRS Standards 2014 – 2016 Cycle: Amendments to IAS 28, Investments in Associates and Joint Ventures

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2019:

- IFRS 16, Leases
- IFRIC 23, Uncertainty Over Income Tax Treatments
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9, Prepayment Features with Negative Compensation
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Amendments to IAS 19, Plan Amendment, Curtailment or Settlement

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2021:

- IFRS 17, Insurance contracts

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

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

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

(a) IFRS 15, Revenue From Contracts With Customers

IFRS 15 replaces the guidance in IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC-31, Revenue – Barter Transactions Involving Advertising Services.

The core principle in IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied

The Group and the Company are currently performing an assessment on the financial and disclosure impacts arising from the adoption of IFRS 15.

(b) IFRS 9 Financial Instruments

IFRS 9 replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment methodology and on hedge accounting.

IFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in IAS 39. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

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The Group and the Company are currently performing an assessment on the financial and disclosure impacts arising from the adoption of IFRS 9.

(c) IFRS 16, Leases

IFRS 16 replaces the guidance in IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the impact of adopting IFRS 16.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

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If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3.4.

ii) *Change In Ownership Interests In Subsidiaries Without Change Of Control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) *Disposal Of Subsidiaries*

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

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iv) Goodwill On Consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3.4.

3.2 PROPERTY, PLANT AND EQUIPMENT

i) Recognition And Measurement

Leasehold land is measured at cost less any accumulated impairment losses. Other item of property, plant and equipment are measured at costs less any accumulated depreciation and any accumulated impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the costs of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

Leasehold land is amortised in equal instalments over the terms of the lease period of 50 years. The estimated useful lives, as follows:

	Estimated useful lives	Estimated residual value as a percentage of cost
Building	20 years - 50 years	Nil or 10%
Computer and software	3 years	Nil
Electrical equipment	3 years	5%
Furniture and fittings	5 years	5%
Motor vehicles	4 years	5%
Office equipment	3 years - 20 years	Nil - 10%
Plant and machinery	10 years	5% - 10%
Renovation	3 years	Nil

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted where appropriate.

3.3 INTANGIBLE ASSETS

Intangible assets are recognised when it is probable that expected future economic benefits that are attributable to the assets will flow to the Group and the Company, the cost or value of the assets can be measured reliably and the assets do not result from expenditure incurred internally on an intangible item.

Intangible assets acquired separately are measured at cost initially. Subsequently, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Trademark are amortised on a straight-line method over the estimated useful lives. The amortisation period and method are reviewed if there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date.

3.4 IMPAIRMENT OF NON-FINANCIAL

At each reporting date, the Group and the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.5 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.6 FINANCIAL INSTRUMENTS

i) Initial Recognition And Measurement

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group becomes a party to the contractual provisions of the instrument.

If a contract, whether financial or non-financial, contains an embedded derivative, the Group assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial asset out of the fair value through profit or loss category.

On initial recognition, all financial assets and financial liabilities (including government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

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ii) *Derecognition Of Financial Instruments*

For derecognition purposes, the Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

iii) *Subsequent Measurement Of Financial Assets And Financial Liabilities*

For the purpose of subsequent measurement, the Group classifies trade and other receivables, advances to related parties, and cash and cash equivalents in the category of loans and receivables. The Group has no other categories of financial assets.

After initial recognition, the Group measures:

- (a) financial assets in the loans and receivables category as at amortised cost using the effective interest method; and
- (b) financial liabilities comprise trade and other payables and advances from related parties. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method.

iv) *Recognition Of Gains And Losses*

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

v) *Impairment And Uncollectibility Of Financial Assets*

The Group applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidence of trigger loss events include:

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- (a) significant difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payment;
- (c) granting exceptional concession to a customer;
- (d) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at its original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in an allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's experience of loss ratio in each class, taking into consideration current market conditions.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

3.8 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND DISTRIBUTIONS

The Group and the Company classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

i) Share Capital

Ordinary shares and non-redeemable preference shares issued that carry no mandatory contractual obligation:

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- (a) to deliver cash or another financial asset; or
- (b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity.

ii) *Compound Financial Instruments*

The Group and the Company evaluates the terms of an issued financial instrument to determine whether it contains both a liability and an equity component. The proceeds of a convertible bond or other compound instruments are allocated to the liability component measured at fair value, using the discounted cash flow method, and balance to the equity component. Transaction costs are allocated pro rata based on the relative carrying amounts. Any tax effect arising from temporary differences of the liability component is charged or credited to the equity component.

iii) *Distributions*

The Group and the Company establishes a distribution policy whereby cash dividends can only be paid out of retained profits.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Management declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders.

3.9 FOREIGN CURRENCY TRANSLATION

i) *Foreign Currency Transaction And Balances*

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

ii) Foreign Operations

The results and financial position of operations that have a functional currency different from the presentation currency ("A\$") ("Foreign Operation") are translated into A\$ as follows:

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- (b) Income and expenses for each income statement are translated at the exchange rate at the date of the transactions or an average rate that approximates those rates; and
- (c) All resulting exchange differences are taken to the FCTR within other comprehensive income.

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, translated at the closing rate at the reporting date.

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.10 PROVISIONS

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group and the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 REVENUE AND OTHER INCOME RECOGNITION

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue and other income can be reliably measured. Revenue and other income are measured at fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue and other income are recognised:

i) Sales Of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

ii) Interest Income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.12 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

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The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

ii) Defined Contribution Plan

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the period to which they relate.

3.13 BORROWINGS 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.14 INCOME TAX

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- i) the initial recognition of goodwill; or
- ii) 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 (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for depreciation allowances for tax purposes.

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A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax losses).

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Current and deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

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 they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.15 VALUE ADDED TAX (VAT)

Revenues, expenses and assets are recognised net of the amount VAT, except where the amount of VAT incurred is not recoverable from the Tax Office. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown as inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the tax office is included as part of receivables or payables in the statement of financial position.

3.16 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments 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.

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3.17 CONTINGENT LIABILITIES

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and 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 events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.18 FAIR VALUE MEASUREMENTS

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability 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 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.

When measuring the fair value of an asset or a liability, the Group and the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

4.1 IMPAIRMENT OF LOANS AND RECEIVABLES

The Group and the Company recognises impairment losses for receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assesses whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the allowance made and this may affect the Group and the Company's financial position and results.

4.2 IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSET

The Group assesses whether there are any indicators of impairment of goodwill and intangible assets at each reporting date. Goodwill is tested for impairment annually and at any other time when such indicators exist. Intangible assets are tested for impairment when there are indicators that their carrying values may exceed the recoverable amounts. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 14. The carrying amount of intangible asset is disclosed in Note 6.

4.3 INVENTORIES

Inventories are stated at the lower of cost and net realisable value (NRV). NRV for finished goods and work-in-progress are assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the Group's best estimation of the value recoverable through sale.

4.4 MEASUREMENT OF INCOME TAXES

Significant judgment is required in determining the Group's provision for current and deferred taxes. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

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5 PROPERTY, PLANT AND EQUIPMENT

Group	As at incorporation A\$	Acquisition of subsidiaries A\$	Additions A\$	Disposals A\$	Exchange differences A\$	As at 30 November 2018 A\$
<u>Cost</u>						
Leasehold land	-	705,462	-	-	(29,977)	675,485
Building	-	791,955	469,705	-	(45,532)	1,216,128
Computer and software	-	44,724	-	-	(1,900)	42,824
Electrical equipment	-	9,554	12,791	-	(729)	21,616
Furniture and fittings	-	69,115	18,590	-	(3,407)	84,298
Motor vehicles	-	242,804	-	(57,342)	(8,867)	176,595
Office equipment	-	16,234	-	-	(690)	15,544
Plant and machinery	-	1,186,625	168,718	-	(54,690)	1,300,653
Renovation	-	171,375	51,014	-	(8,572)	213,817
	-	3,237,848	720,818	(57,342)	(154,364)	3,746,960

	As at incorporation A\$	Acquisition of subsidiaries A\$	Charges for the period A\$	Disposals A\$	Exchange differences A\$	As at 30 November 2018 A\$
<u>Accumulated Depreciation</u>						
Leasehold land	-	106,995	13,860	-	(4,897)	115,958
Building	-	193,532	50,288	-	(9,496)	234,324
Computer and software	-	34,264	4,664	-	(1,574)	37,354
Electrical equipment	-	1,186	6,204	-	(207)	7,183
Furniture and fittings	-	52,148	5,889	-	(2,365)	55,672
Motor vehicles	-	214,095	3,405	(38,586)	(8,208)	170,706
Office equipment	-	10,716	407	-	(466)	10,657
Plant and machinery	-	497,120	115,754	-	(24,052)	588,822
Renovation	-	28,563	66,086	-	(2,885)	91,764
	-	1,138,619	266,557	(38,586)	(54,150)	1,312,440

	2018 A\$
<u>Carrying Amounts</u>	
Leasehold land	559,527
Building	981,804
Computer and software	5,470
Electrical equipment	14,433
Furniture and fittings	28,626
Motor vehicles	5,889
Office equipment	4,887
Plant and machinery	711,831
Renovation	122,053
	<u>2,434,520</u>

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The gross carrying amounts of fully depreciated property, plant and equipment of the Group are as follows:

	Group 2018 A\$
Computer and software	28,927
Furniture and fittings	46,199
Motor vehicles	176,595
Office equipment	10,229
	<u>261,950</u>

The carrying amounts of following property, plant and equipment were pledged as securities for bank borrowings granted to the Group as disclosure in Note 17:

	Group 2018 A\$
Leasehold land	559,527
Building	981,804
Plant and machinery	34,205
	<u>1,575,536</u>

6 INTANGIBLE ASSETS

Group

	Trademark A\$	Total A\$
<u>Cost</u>		
Acquisition of subsidiaries	1,739,024	1,739,024
Exchange differences	(73,896)	(73,896)
At end of the period	<u>1,665,128</u>	<u>1,665,128</u>
 Carrying amounts	 <u>1,665,128</u>	 <u>1,665,128</u>

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

Based on the impairment assessment performed by the Group as disclose in Note 14, no impairment is required for the intangible assets.

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7 INVESTMENT IN SUBSIDIARIES

	Company 2018 A\$
Unquoted shares at cost	<u>4,500,000</u>

Details of the Company's Group are as follows:

Name of Group	Country of incorporation	Equity interest (%) 2018	Principal activities
Fibersway Singapore Pte. Ltd. (<i>"Fibersway SG"</i>)	Singapore	100%	Investment holding
Zhejiang CTG Communication Technology Co., Limited (<i>"Zhejiang CTG"</i>)	China	100%	Investment holding
CTG (Jiangsu) Electronics Co., Limited (<i>"CTG Jiangsu"</i>)	China	100%	Manufacture and sales of networking cables and related products
Hangzhou Linan Xitianqi Import & Export Co., Limited (<i>"Xitianqi Imp&Exp"</i>)	China	100%	Sales and marketing of networking cable, optic fibre cables and related products
Hangzhou Fibersway Communication Technology Co., Limited (<i>"Hangzhou Fibersway"</i>)	China	100%	Manufacture and sales of optic fibre cables and related products

8 GOODWILL

	Group A\$
Addition through business combinations (Note 24)	2,930,152
Exchange difference	<u>66,656</u>
At end of the period	<u>2,996,808</u>

The carrying amount of goodwill arising from the acquisition of subsidiaries (i.e. Cash Generating Units, "CGU") was tested for impairment using the value in use ("VIU") method.

Based on the impairment assessment performed by the Group as disclosed in Note 14, no impairment is required for the goodwill.

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9 INVENTORIES

	Group 2018 A\$	Company 2018 A\$
At cost:		
Raw materials	857,407	-
Finished goods	687,883	-
	<u>1,545,290</u>	<u>-</u>
Inventories recognised as cost of sales in profit and loss	<u>19,401,349</u>	<u>-</u>

10 TRADE RECEIVABLES

Included in trade receivables of the Group are amount of A\$3,785,826 owing from a company in which one of the Directors of the Company has interest.

The normal trade credit terms granted to the customers ranges from 30 to 90 days and no interest charges.

The trade receivables are denominated in the following currencies:

	Group 2018 A\$	Company 2018 A\$
Chinese Yuan	4,723,738	-
United States Dollar	1,108,184	-
	<u>5,831,922</u>	<u>-</u>

11 OTHER RECEIVABLES AND PREPAYMENTS

	Group 2018 A\$	Company 2018 A\$
Other receivables	761,515	-
Prepayments	60,829	-
	<u>822,344</u>	<u>-</u>

Included in other receivables of the Group are amount of A\$500,862 owing from a company in which one of the Directors of the Company has interest.

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12 OTHER ASSETS

Other assets are the Group's investment on agricultural products. The products are mainly used for the purpose of gift and staff welfare.

13 FIXED DEPOSITS WITH BANK

Included in fixed deposits of the Group amounting of A\$196,940 are pledged to bank for bank borrowings granted to the Group as disclosed Note 17.

14 IMPAIRMENT TESTS FOR NON-FINANCIAL ASSETS

The Group identifies each subsidiary as a cash-generating unit for the purpose of impairment testing. Goodwill and intangible asset have been allocated to three subsidiaries. The details of the impairment tests on the three cash-generating units are as follows:

	CTG Jiangsu A\$	Xitianqi Imp&Exp A\$	Hangzhou Fibersway A\$
Goodwill allocated	2,948,869	118,766	(61,906)
Intangible asset allocated	-	1,665,128	-
Carrying amount of CGU	2,948,869	1,783,894	(61,906)
Recoverable amount	3,004,525	1,826,221	1,262,076
Excess of recoverable amount over carrying amount	55,656	42,327	1,323,982
Basis of recoverable amount	Value-in use	Value-in use	Value-in use
Key Assumptions:			
(a) Forecast revenue increase	17%	23%	15%
(b) Profit margin	14%	6%	12%
Management approach	Past experience	Past experience	Past experience
Period of forecast/budget	5 years	5 years	5 years
Growth rate used in extrapolation	6.9%	6.9%	6.9%
Discount rate per annum	6%	6%	6%
Possible changes that may cause recoverable amount to equal carrying amount:			
Revenue decrease by	1%	1%	2.8%
Profit margin decrease by	1%	1%	2.7%
Discount rate increase by	1%	1%	NA

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15 SHARE CAPITAL

Group and Company	Number of shares 2018 Units	2018 A\$
Issued and fully paid:		
Ordinary shares		
At date of incorporation	100	100
Issued during the period	900	900
Shares issued to existing shareholders in exchange for shares in subsidiaries acquired	<u>199,999,000</u>	<u>4,499,000</u>
At end of the period	<u>200,000,000</u>	<u>4,500,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

16 FOREIGN CURRENCY TRANSLATION RESERVES

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

17 BORROWINGS

	Group 2018 A\$	Company 2018 A\$
Non-current liability		
Secured:		
- Revolving credit	<u>965,006</u>	<u>-</u>
Current liabilities		
Secured:		
- Bankers' acceptance	393,880	-
- Short-term loans	<u>3,151,040</u>	<u>-</u>
	<u>3,544,920</u>	<u>-</u>
	<u>4,509,926</u>	<u>-</u>

Interest charged in the current period range from 5.50% to 10.44% per annum.

As at 30 November 2018, the borrowings are secured by:

- i) the Group's leasehold land, building and certain plant and machinery as disclosed in Note 5;
- ii) fixed deposits with bank as disclosed in Note 13;
- iii) guarantee by certain Directors of the Company;

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- iv) guarantee by related companies and a company which one of the Directors of the Company has interest; and
- v) guarantee by key management personnel.

All bank borrowings, that are arranged at fixed rates, are denominated in RMB.

Note on Components of Financing Activities (excluding Equity)

	Group 23.10.2017 to 30.11.2018 A\$
Balance as at date of incorporation	-
Cash Flows:	
Inflows from new borrowings	4,626,945
Outflows of repayments	(6,950,520)
Interest paid on borrowings	(411,915)
Non-Cash Changes:	
Acquisitions of subsidiaries	7,075,392
Exchange differences	170,024
Balance at end of the period	<u>4,509,926</u>

18 OTHER PAYABLES AND ACCRUALS

	Group 2018 A\$	Company 2018 A\$
Other payables	650,532	8,084
Accruals	105,868	-
Amount owing to a Director	1,150,565	-
	<u>1,906,965</u>	<u>8,084</u>

Included in other payables of the Group are amount of A\$595,156 owing to a company in which one of the Directors of the Company has interest. These amounts and amount owing to a Director are unsecured, interest free and repayable on demand.

19 REVENUE

Revenue of the Group represents invoices value of goods sold less trade discounts.

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20 PROFIT/(LOSS) BEFORE TAX

20.1 DISCLOSURE ITEMS

	Group 23.10.2017 to 30.11.2018 A\$	Company 23.10.2017 to 30.11.2018 A\$
This is arrived at after charging:		
Bad debts written off	20	-
Depreciation of property, plant and equipment	266,557	-
Interest expenses	411,915	-
Loss on disposal of property, plant and equipment	18,559	-
Loss on foreign exchange	46,775	-
	<u> </u>	<u> </u>
And crediting:		
Bad debts recovered	(222,255)	-
Gain on foreign exchange	(63,299)	-
Interest income	(1,317)	(1)
	<u> </u>	<u> </u>

20.2 EMPLOYEES BENEFITS EXPENSES

	Group 23.10.2017 to 30.11.2018 A\$	Company 23.10.2017 to 30.11.2018 A\$
Salaries, wages and bonus	1,016,502	-
Social insurance contribution	142,314	-
	<u>1,158,816</u>	<u> </u>

21 INCOME TAX EXPENSES

No provision has been made for tax of the Company as it is registered in Cayman Islands and is exempt from tax. Income tax for the Group's operations in People's Republic of China ("PRC") has been provided at the rate of 25% on the estimate assessable.

	Group 23.10.2017 to 30.11.2018 A\$	Company 23.10.2017 to 30.11.2018 A\$
Tax charges for the period	50,193	-
	<u> </u>	<u> </u>
Profit/(Loss) before tax	386,756	(8,084)
	<u> </u>	<u> </u>
Tax income calculated at the tax rate of 25%	96,689	(2,271)
Expenses not deductible for tax purpose	11,216	-
Tax exempt loss	-	2,271
Special tax incentive	(14,141)	-
Utilisation of tax losses brought forward	(43,571)	-
	<u>50,193</u>	<u> </u>

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The Group disclosed the corporate income tax rate applicable in the jurisdiction in which the principal subsidiary domiciled which is in PCR.

22 EARNINGS PER ORDINARY SHARE

22.1 BASIC EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of A\$336,563 by weight average number of ordinary shares outstanding of 200,000,000.

22.2 DILUTED EARNINGS PER ORDINARY SHARE

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current financial period.

23 OPERATING SEGMENT

Segmental reporting is not presented as the Group is principally engaged in manufacture, sales and marketing of networking cables, optic fibre cables and related products, which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in People's Republic of China.

24 ACQUISITION OF SUBSIDIARIES

On 20 November 2017, the Company acquired 100% of the ordinary shares of the above subsidiary companies. The Company has elected to measure the acquisition of subsidiaries at share of net assets value method.

Assets acquisition and liabilities assumed

The fair value of the identifiable assets and liabilities of the subsidiaries is equal to the carrying value of net assets as at the date of acquisition:

	A\$
Assets	
Property, plant and equipment	2,099,229
Intangible assets	1,739,024
Inventories	1,531,040
Trade receivables	13,298,041
Other receivables	2,883,945
Other assets	5,756
VAT recoverable	490,891
Fixed deposits with bank	240,646
Cash and bank balances	408,397
	<u>22,696,969</u>
Liabilities	
Trade payables	(10,606,442)
Other payables	(3,373,892)
Borrowings	(7,075,392)
Tax payables	(71,395)
	<u>(21,127,121)</u>

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	A\$
Total identifiable net assets at carrying value (Assets - Liabilities)	1,569,848
Consideration in shares	<u>(4,500,000)</u>
	<u>(2,930,152)</u>
	At acquisition date
	A\$
Consideration	4,500,000
Net assets at fair value in subsidiaries at acquisition date	<u>(1,569,848)</u>
Goodwill on consolidation (Note 8)	<u>2,930,152</u>
<u>Net cash flows from the acquisition of the subsidiaries:</u>	
	A\$
Fixed deposits with bank from acquisition of subsidiaries	(34,966)
Cash and bank balances from acquisition of subsidiaries	<u>(408,397)</u>
	<u>(443,363)</u>

25 RELATED PARTY TRANSACTIONS

25.1 IDENTIFYING RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individual or other entities.

Related parties also included key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors of the Company.

25.2 RELATED PARTY TRANSACTIONS

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

	Group 2018 A\$	Company 2018 A\$
Sales of goods to a company controlled by a Director of the Company	2,499,690	-
Purchase of goods from a company controlled by a Director of the Company	5,615,966	-
Advances to a Director	520,512	-
Advances from a company controlled by a Director of the Company	<u>3,898,782</u>	<u>-</u>

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25.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Group 2018 A\$	Company 2018 A\$
Short-term benefits	<u>178,451</u>	<u>-</u>

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

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

27 FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- a) Loans and receivables ("LR"); and
- b) Other financial liabilities measured at amortised cost ("OL")

	Carrying Amount A\$	LR/(OL) A\$
Group 2018		
Financial assets classified in the loans and receivables category:		
Trade receivables	5,831,922	5,831,922
Other receivables	761,515	761,515
Fixed deposits with bank	230,420	230,420
Cash and bank balances	<u>232,868</u>	<u>232,868</u>
	<u>7,056,725</u>	<u>7,056,725</u>
Financial liabilities measured at amortised cost:		
Trade payables	(4,876,884)	(4,876,884)
Other payables and accruals	(1,906,965)	(1,906,965)
Borrowings	<u>(4,509,926)</u>	<u>(4,509,926)</u>
	<u>(11,293,775)</u>	<u>(11,293,775)</u>
Company 2018		
Financial liabilities measured at amortised cost:		
Other payables	<u>(8,084)</u>	<u>(8,084)</u>

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Group's and the Company's business. The Group and the Company has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's and the Company's principal financial risk management policies are as follows:

28.1 CREDIT RISK

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with financial institutions.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statement of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk.

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Group 2018 A\$	Company 2018 A\$
No past due	4,603,008	-
Past due 1 – 90 days	473,278	-
Past due more than 90 days	755,636	-
	<u>5,831,922</u>	<u>-</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Company.

As at 30 November 2018, trade receivables of A\$1,228,914 were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

28.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group and the Company will not able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

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The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

	Carrying amount A\$	Contractual cash flows A\$	On demand or within a year A\$
Group 2018			
Financial liabilities			
Trade payables	4,876,884	4,876,884	4,876,884
Other payables and accruals	1,906,965	1,906,965	1,906,965
Borrowings	4,509,926	4,921,841	4,921,841
	<u>11,293,775</u>	<u>11,705,690</u>	<u>11,705,690</u>

28.3 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the company's financial position or cash flows.

i) *Currency Risk*

The Group and the Company is exposed to foreign currency risk on sales that are denominated in a currency other than the functional currency of the Group and the Company. The currency giving rise to this risk is primarily US Dollar ("USD").

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting year was:

	Group 2018 A\$	Company 2018 A\$
Trade receivables	<u>1,108,184</u>	<u>-</u>

Currency risk sensitivity analysis

A 6% strengthening of A\$ against the USD at the end of the reporting year would have increased profit before tax by A\$66,491. A 6% weakening of A\$ against the USD at the end of the reporting period would have had equal but opposite effect.

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ii) Interest Rate Risk

The Group's and the Company's fixed rate deposits placed with financial institutions and borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rates. The Group and the Company manages the interest rate risk of its deposits with financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The Group and the Company manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group 2018 A\$	Company 2018 A\$
<u>Fixed rate instruments</u>		
Borrowings	4,509,926	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

29 CAPITAL MANAGEMENT

The Group's and the Company's objectives of managing capital are to safeguard the Group's and the Company's ability to continue in operations as a going concern and to provide fair returns for shareholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using gearing ratio. The Group's and the Company's policy is to maintain a prudent level at gearing ratio.

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

The gearing ratios as at the end of the period are as follows:

	Group 2018 A\$	Company 2018 A\$
Total borrowings	4,509,926	-
Less: Fixed deposits with bank	(230,420)	-
Cash and bank balances	(232,868)	-
Net debts	<u>4,046,638</u>	<u>-</u>
Total equity	<u>4,827,848</u>	<u>4,491,916</u>
Gearing ratio (debt to equity)	<u>83.82%</u>	<u>NA</u>

30 SIGNIFICANT EVENT DURING THE BALANCE SHEET DATE

On 20 November 2017, the Company acquired the entire interest in Fibersway SG and its subsidiaries (collectively “CTG Group”) amounting to A\$1,000 (included the A\$100 of initial subscriber shares of the Company) by issue of 1,000 shares (included the 100 of initial subscriber shares of the Company) credited as being fully paid to existing shareholders of the Company. Consequently, Fibersway SG became a direct wholly-owned subsidiary of the Company and Zhejiang CTG, CTG Jiangsu, Xitianqi Imp&Exp and Hangzhou Fibersway became indirect wholly-owned subsidiaries of the Company.

On the same day after the completion of transfer, the Company has issued additional 199,999 ordinary shares to every 1 ordinary share held by the existing shareholders at additional share capital of A\$4,499,000.

31 COMPARATIVE FIGURES

No comparative figures are available as these are the first financial statements of the Group and the Company.

32 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 21 January 2019.

Company No.: ARBN 622 412 186

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

DETAILED INCOME STATEMENT
FOR THE PERIOD FROM 23 OCTOBER 2017 TO 30 NOVEMBER 2018

	2018 A\$
REVENUE	-
LESS: COST OF SALES	-
GROSS PROFIT	-
LESS: ADMINISTRATION EXPENSES	
GST expenses	735
Postage and courier	281
Printing and stationery	390
Professional fees	2,591
Services fees	4,087
	<u>8,084</u>
LOSS BEFORE TAX	<u><u>(8,084)</u></u>

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

APPENDIX B

COMBINED FINANCIAL STATEMENTS
CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in The People's Republic of China)

For The Financial Year Ended 30 November 2017

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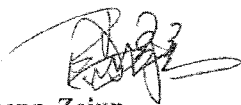
CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

STATEMENT BY LEGAL REPRESENTATIVE

I, Sheng, Zejun, being the legal representative of each of the following companies which constitute:

- (a) CTG (Jiangsu) Electronics Co., Limited
- (b) Hangzhou Linan Xitianqi Import & Export Co., Limited
- (c) Hangzhou Fibersway Communication Technology Co., Limited

state that, in my opinion, the combined financial statements set out on pages 4 to 31 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 Combined Group as at 30 November 2017 and of their financial performance and cash flows for the financial year then ended.



Sheng, Zejun
People's Republic of China
25 September 2018

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY
CO., LIMITED**

(Incorporated in The People's Republic of China)

HML & CO.
CHARTERED ACCOUNTANTS AF 1325
1-23B Jalan Desa 1/3
Desa Aman Puri
52100 Kuala Lumpur
Malaysia.
Tel 603 – 6273 4543
Fax 603 – 6273 4542
Email audit@hml.com.my

Report on the Combined Financial Statements

We have audited the combined financial statements of CTG (Jiangsu) Electronics Co., Limited, Hangzhou Linan Xitianqi Import & Export Co., Limited and Hangzhou Fibersway Communication Technology Co., Limited (“the Combined Group”), which comprise the statements of financial position as at 30 November 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Combined Group for the financial year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 31.

Management's Responsibility for the Combined Financial Statements

Management of the Combined Group are responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

We conducted our audit in accordance with applicable International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Combined Group's preparation of combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Combined Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED**
(Incorporated in The People's Republic of China)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements have been properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Combined Group as at 30 November 2017 and of their financial performance and cash flows for the year then ended.

Other Matters

This report is made solely to the members of the Combined Group and for no other purpose. We do not assume responsibility to any other person for the content of this report.



HML & CO.
AF 1325
Chartered Accountants

Kuala Lumpur, Malaysia
25 September 2018

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

COMBINED STATEMENTS OF FINANCIAL POSITION
AT 30 NOVEMBER 2017

	Note	30.11.2017 RMB	30.11.2016 RMB
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	10,206,287	8,660,236
Intangible assets	10	<u>8,455,000</u>	<u>8,455,000</u>
		<u>18,661,287</u>	<u>17,115,236</u>
CURRENT ASSETS			
Inventories	11	7,443,796	1,834,158
Trade receivables	12	64,654,031	18,756,068
Other receivables and prepayments	12	14,021,512	18,343,157
Other asset	13	27,982	13,656
Tax recoverable		2,386,675	2,446,934
Fixed deposit with licensed bank	14	1,170,000	170,000
Cash and bank balances	14	<u>1,980,360</u>	<u>314,899</u>
		<u>91,684,356</u>	<u>41,878,872</u>
TOTAL ASSETS		<u><u>110,345,643</u></u>	<u><u>58,994,108</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	15	22,900,000	22,600,000
Accumulated losses		<u>(15,262,157)</u>	<u>(14,845,459)</u>
SHAREHOLDERS' EQUITY		<u>7,637,843</u>	<u>7,754,541</u>
CURRENT LIABILITIES			
Trade payables	16	51,567,688	22,279,781
Other payables and accruals	16	16,392,996	3,298,625
Loans and borrowings	17	34,400,000	24,400,000
Current tax liabilities		<u>347,116</u>	<u>1,261,161</u>
		<u>102,707,800</u>	<u>51,239,567</u>
TOTAL LIABILITIES		<u>102,707,800</u>	<u>51,239,567</u>
TOTAL EQUITY AND LIABILITIES		<u><u>110,345,643</u></u>	<u><u>58,994,108</u></u>

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

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2017

		Year ended 30.11.2017 RMB	Year ended 30.11.2016 RMB
	Note		
Revenue	18	108,238,179	64,843,260
Cost of sales		(99,283,435)	(58,037,531)
Gross profit		8,954,744	6,805,729
Other operating income	19	667,411	1,196,142
Distribution costs		(1,340,466)	(1,056,817)
Administration expenses		(5,863,714)	(1,974,455)
Other operating expenses		(10)	-
Profit from operation		2,417,965	4,970,599
Finance costs		(2,825,004)	(3,293,934)
(Loss)/Profit before taxation		(407,039)	1,676,665
Income tax expense	20	(9,659)	(264,464)
(Loss)/Profit after taxation		(416,698)	1,412,201
(Loss)/Earning per share	21	(0.02)	0.06

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

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2017

	Share capital RMB	Accumulated loss RMB	Total RMB
As at 1 December 2015	36,300,029	(16,257,660)	20,042,369
Profit for the year	-	1,412,201	1,412,201
Capital repayment during the year	<u>(13,700,029)</u>	<u>-</u>	<u>(13,700,029)</u>
As at 30 November 2016	22,600,000	(14,845,459)	7,754,541
Loss for the year	-	(416,698)	(416,698)
Issue of shares during the year	<u>300,000</u>	<u>-</u>	<u>300,000</u>
As at 30 November 2017	<u><u>22,900,000</u></u>	<u><u>(15,262,157)</u></u>	<u><u>7,637,843</u></u>

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

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2017

	Year ended 30.11.2017 RMB	Year ended 30.11.2016 RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(407,039)	1,676,665
Adjustment for:		
Depreciation of property, plant and equipment	1,056,542	878,874
Interest income	(2,900)	(16,099)
Interest expenses	2,351,230	3,877,055
Operating profit before working capital changes	2,997,833	6,416,495
(Increase)/Decrease in inventories	(5,609,638)	1,935,938
Increase in trade receivables	(41,497,674)	(13,332,880)
Decrease in other receivables and prepayments	4,321,645	31,713,687
Increase in other assets	(14,326)	(13,656)
Increase in trade payables	24,887,618	6,975,262
Increase in other payables and accruals	13,094,371	991,733
Net cash (used in)/from operations	(1,820,171)	34,686,579
Interest received	2,900	16,099
Tax paid	(863,445)	(880,968)
Interest paid	(2,351,230)	(3,877,055)
Net cash (used in)/from operating activities	(5,031,946)	29,944,655
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,602,593)	(1,206,786)
Acquisition of intangible asset	-	(8,455,000)
Net cash used in investing activities	(2,602,593)	(9,661,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	300,000	-
Proceeds from/(Repayment of) borrowings	10,000,000	(7,126,960)
Capital repayment	-	(13,700,029)
Net cash from/(used in) financing activities	10,300,000	(20,826,989)

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

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2017

	Year ended 30.11.2017 RMB	Year ended 30.11.2016 RMB
Net increase/(decrease) in cash and cash equivalents	2,665,461	(544,120)
Cash and cash equivalents at beginning of the year	<u>484,899</u>	<u>1,029,019</u>
Cash and cash equivalents at end of the year	<u><u>3,150,360</u></u>	<u><u>484,899</u></u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed bank	1,170,000	170,000
Cash and bank balances	<u>1,980,360</u>	<u>314,899</u>
	<u><u>3,150,360</u></u>	<u><u>484,899</u></u>

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

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2017

1 GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Company Law of the People's Republic of China ("the PRC"). The principal place of businesses are as follows:

- (a) #207, 84 Road, Jinhua Industry Zone
Jinhua City, Jiangsu Province,
The People's Republic of China
- (b) #248, Linglong Industry Zone,
Linan City, Hangzhou,
Zhengjiang Province,
The People's Republic of China
- (c) 3rd Floor, CTG Building,
No. 248, Linglong Street,
Linan City, Hangzhou, Zhejiang Province,
The People's Republic of China

2 COMBINED GROUP AND BASIS OF PREPARATION OF COMBINED FINANCIAL STATEMENTS

The combined financial statements are represented by the following entities:

- (a) CTG (Jiangsu) Electronics Co., Limited;
- (b) Hangzhou Linan Xitianqi Import & Export Co., Limited;
- (c) Hangzhou Fibersway Communication Technology Co., Limited.

The above is hereinafter referred to as "the Combined Group".

The combined financial statements deal solely with the audited financial statements of the Combined Group for the year ended 30 November 2017. The financial information of the holding company, CTG Fibersway International Limited has not been presented in these combined financial statements because it was only incorporated on 23 October 2017.

The combined financial statements consist of the financial statements of the Combined Group which were under common control throughout the year by virtue of common controlling shareholder. The combined financial statements reflect business combinations under common control for the purpose of listing.

The combined financial statements have been prepared using financial information obtained from the records of the Combined Group during the year.

The objective of the combined financial statements is to show what the historical information might have been had the Combined Group (as described above) been in place since 1 December 2016.

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

3 PRINCIPAL ACTIVITIES

The principal activities of the entities under the Combined Group are as follows:

Entities	Country of incorporation	Principal activities
(a) CTG (Jiangsu) Electronics Co., Limited	The PRC	Manufacture of fibre optic cable
(b) Hangzhou Linan Xitianqi Import & Export Co., Limited	The PRC	Trading of cable
(c) Hangzhou Fibersway Communication Technology Co., Limited	The PRC	Trading of cable

There have been no significant changes in the nature of these activities during the year.

4 BASIS OF PREPARATION

In addition to the explanation as set out in Note 2, the financial statements of the Combined 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"). In the preparation of the combined financial statements, the Combined Group has adopted all the IFRSs and Interpretation to IFRS that are relevant to its operations and effective for the year ended presented in the combined financial statements.

The Combined Group did not adopt an earlier application of the following new and revised IFRSs which have been issued by the IASB but are not yet effective for current year ended 30 November 2017.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2017:

- (a) Amendments to IAS 7, Disclosure Initiative
- (b) Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses
- (c) Amendments to IFRS 12 Disclosures of Interests in Other Entities

CTG (JIANGSU) ELECTRONICS CO., LIMITED
HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LIMITED
HANGZHOU FIBERSWAY COMMUNICATION TECHNOLOGY CO., LIMITED
(Incorporated in the People's Republic of China)

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2018:

- (a) Amendments to IFRS 2, Classification and Measurement of Share-based payment Transactions.
- (b) IFRS 15, Revenue from Contracts with Customers
- (c) Classifications to IFRS 15, Revenue from Contracts with Customers
- (d) IFRS 9, Financial instruments
- (e) IFRIC 22, Foreign Currency Transaction and Advance Consideration
- (f) Amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- (g) Amendments to IAS 40, Transfers of Investment Property
- (h) Annual Improvement to IFRS Standards 2014 – 2016 Cycle: Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards
- (i) Annual Improvement to IFRS Standards 2014 – 2016 Cycle: Amendments to IAS 28, Investments in Associates and Joint Ventures

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2019:

- (a) IFRS 16, Leases
- (b) IFRIC 23, Uncertainty Over Income Tax Treatments
- (c) Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures
- (d) Amendments to IFRS 9, Prepayment Features with Negative Compensation
- (e) Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- (f) Amendments to IAS 19, Plan Amendment, Curtailment or Settlement

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2021:

- IFRS 17, Insurance contracts

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

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

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

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Combined Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

a) Credit risk

Credit risk is the risk of a financial loss to the Combined Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Combined Group's exposure to credit risk arises principally from its receivables from customers, advances to related parties and deposits with licensed bank.

The Combined Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Combined Group's maximum exposure to credit risk in relation to financial assets.

The Combined Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

The Combined Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	2017	2016
	RMB	RMB
Not past due	32,864,924	5,362,922
Past due 30 – 60 days	21,132,107	2,789,366
Past due 61 – 120 days	804,370	2,131,757
Past due more than 120 days	9,852,630	8,472,023
	<u>64,654,031</u>	<u>18,756,068</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Combined Group.

b) Liquidity risk

Liquidity risk is the risk that the Combined Group will not be able to meet its financial obligations as they fall due. The Combined Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Combined Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Combined Group monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

CTG (JIANGSU) ELECTRONICS CO., LIMITED
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The Combined Group's financial liabilities at the end of the reporting period either mature within a year or are repayable on demand.

c) Interest rate risk

The Combined Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in market interest rates.

The Combined Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Combined Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Combined Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Combined Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Combined Group's interest bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2017	2016
	RMB	RMB
Fixed rate instruments		
<i>Financial asset</i>		
Fixed deposits with licensed bank	1,170,000	170,000
<i>Financial liability</i>		
Loans and borrowings	(34,400,000)	(24,400,000)
	<u>(33,230,000)</u>	<u>(24,230,000)</u>

6 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of receivables and payables, cash and cash equivalents and loans and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

CTG (JIANGSU) ELECTRONICS CO., LIMITED
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7 CAPITAL MANAGEMENT

The Combined Group's objectives of managing capital are to safeguard the Combined Group's ability to continue in operations as a going concern and to provide fair returns for shareholders. The Combined Group's current strategy is to cautiously use a mix of equity capital and short-term liabilities, including advances from shareholders and related parties.

The Combined Group monitor capital using gearing ratio. The Combined Group's policy is to maintain a prudent level at gearing ratio.

The gearing ratios as at 30 November 2017 and 30 November 2016, are as follows:

	2017	2016
	RMB	RMB
Total loans and borrowings	34,400,000	24,400,000
Less: Fixed deposit, Cash and bank balances	(3,150,360)	(484,899)
Net debt	<u>31,249,640</u>	<u>23,915,101</u>
Total equity	<u>7,637,843</u>	<u>7,754,541</u>
Debt-to-equity ratio	<u>4.09</u>	<u>3.08</u>

8 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect in determining the amount recognised in the financial statements include the following:

(i) Loss allowances of financial assets

The Combined Group recognises impairment losses for receivables using the incurred loss model. At the end of each reporting period, the Combined Group assesses whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the allowance made and this may affect the Combined Group's financial position and results.

(ii) Depreciation of property, plant and equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciated method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

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(iii) Inventories

Inventories are stated at the lower of cost and net realisable value (NRV). NRV for finished goods and work-in-progress are assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the Combined Group's best estimation of the value recoverable through sale.

(iv) Measurement of income taxes

Significant judgment is required in determining the Combined Group's provision for current and deferred taxes. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Combined Group will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

(b) Functional And Foreign Currencies

(i) Functional Currency

The individual financial statements of each utility in the Combined Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. The combined financial statements are presented in RMB, which is the Combined Group's functional currency.

(ii) Presentation of Foreign Currency

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet dates are translated into RMB at foreign exchange rates ruling at those dates. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates that existed when the values were determined. Foreign exchange differences arising from translation are recognised in the combined statements of comprehensive income.

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(c) Basis of Combination

The combined financial statements comprise the financial statements of the CTG (Jiangsu) Electronics Co., Limited, Hangzhou Linan Xitianqi Import & Export Co., Limited and Hangzhou Fibersway Communication Technology Co., Limited for the year ended 30 November 2017. Consistent accounting policies are applied for like transactions and events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

The combined financial statements of the Combined Group for the year ended 30 November 2017 have been prepared in accordance with the principles of pooling of interest method.

The assets and liabilities of the combining entity are recorded at their carrying amounts reported in the combined financial statements of the parent company. Any difference between the consideration paid and the share capital of the combining entity is reflected within equity as merger reserve or merger deficit. The statement of comprehensive income reflects the results of the combining entity for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

(d) Property, Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services or for administrative purposes, are recognised as property, plant and equipment when the Combined Group obtains control of the asset. The assets are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All items of property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold land is amortised in equal instalments over the terms of the lease period of 50 years.

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Other property, plant and equipment are depreciated on a straight-line method so as to write off the cost or valuation of the assets net of the estimated residual values over their estimated useful lives, as follows:

	Estimated useful lives	Estimated residual value as a percentage of cost
Buildings	20 years – 50 years	Nil or 2%
Computer and software	3 years	Nil
Electrical equipment	3 years	5%
Furniture and fittings	10 years	20%
Motor vehicles	4 years	20%
Office equipment	10 years – 20 years	20%
Plant and machinery	10 years	10%
Renovation	3 years	-

The carrying value of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

(e) Impairment of Non-Financial Assets

At each reporting date, the Combined Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Combined Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

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Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statements of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The net realisable value is determined on an item-by-item basis or on group of similar items basis.

(g) Share Capital, Other Equity Instruments and Distributions

The Combined Group classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

(i) Share Capital

Ordinary shares and non-redeemable preference shares issued that carry no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Combined Group, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

(ii) Compound Financial Instruments

The Combined Group evaluates the terms of an issued financial instrument to determine whether it contains both a liability and an equity component. The proceeds of a convertible bond or other compound instruments are allocated to the liability component measured at fair value, using the discounted cash flow method, and balance to the equity component. Transaction costs are allocated pro rata based on the relative carrying amounts. Any tax effect arising from temporary differences of the liability component is charged or credited to the equity component.

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(iii) Distributions

The Combined Group establishes a distribution policy whereby cash dividends can only be paid out of retained profits.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Management declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Combined Group approve the proposed final dividend in an annual general meeting of shareholders.

(h) Financial Instruments

(i) Initial Recognition and Measurement

The Combined Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Combined Group becomes a party to the contractual provisions of the instrument.

If a contract, whether financial or non-financial, contains an embedded derivative, the Combined Group assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Combined Group becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Combined Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial asset out of the fair value through profit or loss category.

On initial recognition, all financial assets and financial liabilities (including government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of Financial Instruments

For derecognition purposes, the Combined Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

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A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Combined Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Combined Group acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Combined Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iii) *Subsequent Measurement of Financial Assets and Financial Liabilities*

For the purpose of subsequent measurement, the Combined Group classifies trade and other receivables, advances to related parties, and cash and cash equivalents in the category of loans and receivables. The Combined Group has no other categories of financial assets.

After initial recognition, the Combined Group measures financial assets in the loans and receivables category as at amortised cost using the effective interest method; and

The Combined Group's financial liabilities comprise trade and other payables and advances from related parties. After initial recognition, the Combined Group measures all financial liabilities at amortised cost using the effective interest method.

(iv) *Recognition of Gains and Losses*

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(v) *Impairment and Uncollectibility of Financial Assets*

The Combined Group applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Combined Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidence of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer, (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation, (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

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For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at its original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in an allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Combined Group's experience of loss ratio in each class, taking into consideration current market conditions.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

(j) Provisions

Provision are recognised when the Combined Group has a present obligation (legal or constructive) where as a result of a past event, and it is probable that the Combined Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Revenue

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

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(l) Foreign Currency

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Chinese Yuan or the Renminbi at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in statements of comprehensive income.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

The closing rates of exchange of the foreign currencies used as at the end of the financial year are as follow:

	2017	2016
	RMB	RMB
United States dollar	6.6034	6.8973

(m) Employment Benefits

The employees of the Combined Group are required to participate in a central pension scheme operated by the government. The Combined Group are required to contribute a certain percentage of its payroll costs to the central pension scheme.

These contributions are charged to the profit or loss in the period to which the contributions relate. The Combined Group's obligations under these plans are limited to the fixed percentage contributions payable.

(n) Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount VAT, except where the amount of VAT incurred is not recoverable from the Tax Office. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown as inclusive of VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

(o) Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

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A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for depreciation allowances for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax loss).

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Current and deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

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 they relate to income tax levied by the same taxation authority and the Combined Group intends to settle its current tax assets and liabilities on a net basis.

(p) Related Parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Combined Group if that person:
 - (i) has control or joint control over the Combined Group;
 - (ii) has significant influence over the Combined Group; or

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- (iii) is a member of the key management personnel of the Combined Group.
- b) An entity is related to the Combined Group if any of the following conditions applies:
 - (i) the entity and the Combined Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint control venture of a member of a group of which the other entity is a member).
 - (iii) both entities 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 past-employment benefit plan for the benefit of employees of either the Combined Group or an entity related to the Combined Group. If the Combined Group is itself such a plan, the sponsoring employers are also related to the Combined Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); a person identified in (a)(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).

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9 PROPERTY, PLANT AND EQUIPMENT

Combined Group (30 November 2017)

	As at 1 December 2016 RMB	Additions RMB	Disposals RMB	As at 30 November 2017 RMB
<u>Cost</u>				
Leasehold land	3,429,900	-	-	3,429,900
Buildings	3,055,422	795,000	-	3,850,422
Computer and software	151,913	65,534	-	217,447
Electrical equipment	-	46,449	-	46,449
Furniture and fittings	267,846	68,184	-	336,030
Motor vehicles	1,180,495	-	-	1,180,495
Office equipment	78,928	-	-	78,928
Plant and machinery	4,975,063	794,214	-	5,769,277
Renovation	-	833,212	-	833,212
	<u>13,139,567</u>	<u>2,602,593</u>	<u>-</u>	<u>15,742,160</u>

	As at 1 December 2016 RMB	Charges for the year RMB	Disposals RMB	As at 30 November 2017 RMB
<u>Accumulated Depreciation</u>				
Leasehold land	451,603	68,597	-	520,200
Buildings	782,245	158,692	-	940,937
Computer and software	148,527	18,060	-	166,587
Electrical equipment	-	5,768	-	5,768
Furniture and fittings	240,718	12,822	-	253,540
Motor vehicles	777,425	263,488	-	1,040,913
Office equipment	40,287	11,815	-	52,102
Plant and machinery	2,038,527	378,430	-	2,416,957
Renovation	-	138,869	-	138,869
	<u>4,479,332</u>	<u>1,056,541</u>	<u>-</u>	<u>5,535,873</u>

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	30.11.2017 RMB	30.11.2016 RMB
<u>Carrying Amounts</u>		
Leasehold land	2,909,700	2,978,297
Buildings	2,909,485	2,273,177
Computer and software	50,860	3,386
Electrical equipment	40,681	-
Furniture and fittings	82,490	27,128
Motor vehicles	139,582	403,070
Office equipment	26,826	38,641
Plant and machinery	3,352,320	2,936,536
Renovation	694,343	-
	<u>10,206,287</u>	<u>8,660,236</u>

Combined Group (30 November 2016)

	As at 1 December 2015 RMB	Additions RMB	Disposals RMB	As at 30 November 2016 RMB
<u>Cost</u>				
Leasehold land	3,429,900	-	-	3,429,900
Buildings	2,579,386	2,739	-	2,582,125
Computer and software	150,032	1,881	-	151,913
Furniture and fittings	261,896	5,950	-	267,846
Motor vehicles	1,180,495	-	-	1,180,495
Office equipment	470,967	81,259	-	552,226
Plant and machinery	3,860,106	1,114,957	-	4,975,063
	<u>11,932,782</u>	<u>1,206,786</u>	<u>-</u>	<u>13,139,568</u>

	As at 1 December 2015 RMB	Charges for the year RMB	Disposals RMB	As at 30 November 2016 RMB
<u>Accumulated Depreciation</u>				
Leasehold land	383,005	68,598	-	451,603
Buildings	474,572	87,205	-	561,777
Computer and software	144,223	4,304	-	148,527
Furniture and fittings	225,554	15,164	-	240,718
Motor vehicles	522,526	254,899	-	777,425
Office equipment	210,902	49,853	-	260,755
Plant and machinery	1,639,676	398,851	-	2,038,527
	<u>3,600,458</u>	<u>878,874</u>	<u>-</u>	<u>4,479,332</u>

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	30.11.2016 RMB	30.11.2015 RMB
<u>Carrying Amounts</u>		
Leasehold land	2,978,297	3,046,895
Buildings	2,020,348	2,104,814
Computer and software	3,386	5,809
Furniture and fittings	27,128	36,342
Motor vehicles	403,070	657,969
Office equipment	291,471	260,065
Plant and machinery	2,936,536	2,220,430
	<u>8,660,236</u>	<u>8,332,324</u>

All property, plant and equipment held by Combined Group are located in the PRC.

10 INTANGIBLE ASSET

	30.11.2017 RMB	30.11.2016 RMB
Trademark – at cost	<u>8,455,000</u>	<u>8,455,000</u>

11 INVENTORIES

	30.11.2017 RMB	30.11.2016 RMB
At cost:		
Raw materials	3,068,155	774,804
Finished goods	4,375,641	1,059,354
	<u>7,443,796</u>	<u>1,834,158</u>

12 RECEIVABLES

	30.11.2017 RMB	30.11.2016 RMB
Trade receivables	64,654,031	18,756,068
Other receivables	10,369,364	13,929,924
Prepayments	3,652,148	4,413,233
	<u>14,021,512</u>	<u>18,343,157</u>
	<u>78,675,543</u>	<u>37,099,225</u>

The Combined Group's normal trade credit term is 90 days. All trade and other receivables are denominated in RMB.

All receivables owing are not more than a period of one year.

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13 OTHER ASSETS

Other assets are the Combined Group's investment on agriculture products. The products are mainly used for the purpose of gift and staff welfare.

14 CASH AND CASH EQUIVALENTS

The Combined Group's cash management policy is to use cash and bank balances to manage cash flows to ensure sufficient liquidity to meet the Combined Group's obligations. The components of cash and equivalents consist of:

	30.11.2017	30.11.2016
	RMB	RMB
Cash and bank balances in the combined statements of financial position/combined statements of cash flows:		
Fixed deposit with licensed bank	1,170,000	170,000
Cash and bank balances	1,980,360	314,899
	<u>3,150,360</u>	<u>484,899</u>

The cash and bank balances are denominated in RMB.

15 SHARE CAPITAL

The share capital of the Combined Group consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital.

Ordinary shares participate in dividends in proportion to the number of shares held.

At the Shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

	30.11.2017	30.11.2016
	RMB	RMB
Paid-in capital:		
CTG (Jiangsu) Electronics Co., Limited	19,600,000	19,600,000
Hangzhou Linan Xitianqi Import & Export Co., Limited	3,000,000	3,000,000
Hangzhou Fibersway Communication Technology Co., Limited	300,000	-
	<u>22,900,000</u>	<u>22,600,000</u>

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16 PAYABLES

	30.11.2017	30.11.2016
	RMB	RMB
Trade payables	51,567,688	22,279,781
Other payables	15,640,639	2,910,000
Accruals	752,357	388,625
	<u>16,392,996</u>	<u>3,298,625</u>
	<u>67,960,684</u>	<u>25,578,406</u>

The normal trade credit terms granted to the Combined Group range from 60 to 90 days. All trade and other payables are denominated in RMB.

All trade payables owing are not more than a period of one year.

17 LOANS AND BORROWINGS

	30.11.2017	30.11.2016
	RMB	RMB
Current liabilities		
Secured bank loans	18,400,000	18,400,000
Unsecured bank loans	16,000,000	6,000,000
	<u>34,400,000</u>	<u>24,400,000</u>

The secured bank loans bear the interest rate range from 5.50% - 8.5% (2016: 4.35% - 8.5%).

18 REVENUE

Revenue represents invoiced value of goods sold net of discounts and returns.

19 OTHER INCOME

	Year ended	Year ended
	30.11.2017	30.11.2016
	RMB	RMB
Gain on foreign exchange	24,210	221,366
Government subsidy	44,050	51,830
Interest income	2,900	16,099
Other income	596,251	906,847
	<u>667,411</u>	<u>1,196,142</u>

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20 INCOME TAX EXPENSE

Current tax represents PRC enterprise Income tax ("EIT"). The provision for PRC EIT is calculated based on the PRC statutory income tax rate 25%.

	Year ended 30.11.2017 RMB	Year ended 30.11.2016 RMB
Current income tax	<u>9,659</u>	<u>264,464</u>
(Loss)/Profit before taxation	<u>(407,039)</u>	<u>1,676,665</u>
Tax calculated at the tax rate 25%	(101,760)	419,166
Expenses not deductible for tax purpose	111,419	30,688
Utilisation of unabsorbed tax losses brought forward	<u>-</u>	<u>(185,390)</u>
	<u>9,659</u>	<u>264,464</u>

21 (LOSS)/EARNING PER SHARE

The loss or earning per share is calculated by taking the loss for the year of RMB416,698 (2016: RMB1,412,201) and dividing it by 22,900,000 ordinary shares (2016: 22,600,000 ordinary shares) in issue and outstanding throughout the financial year.

22 COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Year ended 30.11.2017 RMB	Year ended 30.11.2016 RMB
Short term benefits	432,113	259,900
Other long term benefits	<u>26,472</u>	<u>7,200</u>
	<u>458,585</u>	<u>267,100</u>

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

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23 RELATED PARTY DISCLOSURES

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

With parties that have substantial financial interest in the Companies

During the year, the Companies has entered into the following trading transactions with the related entities:

	2017	2016
	RMB	RMB
Sales	47,900,963	-
Purchases	<u>36,272,624</u>	<u>15,209,850</u>

As at the end of the year, the Companies have following outstanding balances with the related entities:

	2017	2016
	RMB	RMB
Amount owing from related party	26,695,330	11,290,394
Amount owing from key management personnel	-	4,038,936
Amount owing to related party	24,246,912	15,270,345
Amount owing to key management personnel	<u>8,418,364</u>	<u>-</u>

The outstanding payables are unsecured, carries no interest chargeable and repayable on demand.