

Company No.: ARBN 622 412 186

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS

31 DECEMBER 2020

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.

Company No.: ARBN 622 412 186

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

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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 31 December 2020 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 48.

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 31 December 2020, 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 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: 

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 31 December 2020, the Group had property, plant and equipment amounting to A\$2,317,434. 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> 

Key audit matter	How our audit addressed the key audit matter
<p><u>Significance of property, plant and equipment</u></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.
<p><u>Assessment of fund requirements and ability to meet the short term obligations</u></p> <p>As at 31 December 2020, the Group had short term borrowings of A\$8,118,646 and other payables, deposits received and accruals of A\$1,267,386. We focused on the Group's funding and ability to meet their short term obligations due to the significant amount of the short term borrowings and other payables, deposits received and accruals, which resulted in the current liabilities of the Group exceeding current assets by A\$3,789,381 at that date.</p>	<ul style="list-style-type: none"> • Checked management's cash flow forecasts for the Group over the next 12 months to the annual budget which includes operating, investing and financing cash flows approved by the Directors; • Discussed with management on key assumptions used in the cash flow forecasts including cash collection trends, payment profiles and significant transactions that may occur in developing the cash flow forecasts for the Group; and • Checked the borrowing repayment profile of the Group against the loan agreements.

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.

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.

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

Kuala Lumpur, Malaysia
15 March 2021

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 48 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 31 December 2020 and of their financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors,



SHENG, ZEJUN
Director



SHENG, YANJUN
Director

People's Republic of China
15 March 2021

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group		Company	
		31.12.2020 A\$	30.11.2019 A\$	31.12.2020 A\$	30.11.2019 A\$
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	2,317,434	2,459,002	-	-
Intangible asset	6	1,681,108	1,775,043	-	-
Investment in subsidiaries	7	-	-	4,500,000	4,500,000
Goodwill	8	2,982,382	3,194,627	-	-
		<u>6,980,924</u>	<u>7,428,672</u>	<u>4,500,000</u>	<u>4,500,000</u>
CURRENT ASSETS					
Inventories	9	1,465,909	1,576,504	-	-
Trade receivables	10	4,966,250	5,671,007	-	-
Other receivables and advance payments	11	14,643,957	1,831,975	-	-
Other assets	12	10,850	11,456	-	-
Fixed deposits with bank	13	1,624,441	245,630	-	-
Cash and bank balances	14	98,930	191,344	-	-
		<u>22,810,337</u>	<u>9,527,916</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>29,791,261</u>	<u>16,956,588</u>	<u>4,500,000</u>	<u>4,500,000</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	4,500,000	4,500,000	4,500,000	4,500,000
Foreign currency translation reserves	17	38,006	303,826	-	-
Accumulated losses		<u>(1,610,435)</u>	<u>(361,584)</u>	<u>(24,951)</u>	<u>(20,271)</u>
SHAREHOLDERS' EQUITY		<u>2,927,571</u>	<u>4,442,242</u>	<u>4,475,049</u>	<u>4,479,729</u>
NON-CURRENT LIABILITY					
Other payable	18	<u>263,972</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

CTG FIBERSWAY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group		Company	
		31.12.2020	30.11.2019	31.12.2020	30.11.2019
		A\$	A\$	A\$	A\$
CURRENT LIABILITIES					
Trade payables		12,927,104	6,421,789	-	-
Other payables, deposit received and accruals	18	1,267,386	620,027	24,951	20,271
Borrowings	19	8,118,646	5,363,563	-	-
Amount owing to Directors	20	4,279,004	85,154	-	-
Tax payables		7,578	23,813	-	-
		<u>26,599,718</u>	<u>12,514,346</u>	<u>24,951</u>	<u>20,271</u>
TOTAL LIABILITIES		<u>26,863,690</u>	<u>12,514,346</u>	<u>24,951</u>	<u>20,271</u>
TOTAL EQUITY AND LIABILITIES		<u>29,791,261</u>	<u>16,956,588</u>	<u>4,500,000</u>	<u>4,500,000</u>

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

CTG FIBERSWAY INTERNATIONAL LIMITED
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Group		Company	
		1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
Revenue	21	22,311,064	18,196,238	-	-
Cost of sales		<u>(19,950,004)</u>	<u>(16,410,723)</u>	-	-
Gross profit		2,361,060	1,785,515	-	-
Other operating income		282,754	810,981	-	-
Other operating expenses		(6,578)	(112)	-	-
Distribution expenses		(604,013)	(464,537)	-	-
Administration expenses		<u>(2,708,689)</u>	<u>(2,473,555)</u>	<u>(4,680)</u>	<u>(12,187)</u>
Loss from operations	22	(675,466)	(341,708)	(4,680)	(12,187)
Finance expenses	23	<u>(589,756)</u>	<u>(378,598)</u>	-	-
Loss before tax		(1,265,222)	(720,306)	(4,680)	(12,187)
Income tax expenses	24	<u>16,371</u>	<u>22,159</u>	-	-
Loss for the period/year		<u><u>(1,248,851)</u></u>	<u><u>(698,147)</u></u>	<u><u>(4,680)</u></u>	<u><u>(12,187)</u></u>
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		<u>(265,820)</u>	312,541	-	-
Total comprehensive loss for the period/year		<u><u>(1,514,671)</u></u>	<u><u>(385,606)</u></u>	<u><u>(4,680)</u></u>	<u><u>(12,187)</u></u>
Losses per share:					
Basic - cents per share	25	<u><u>(0.62)</u></u>	<u><u>(0.35)</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 ENDED 31 DECEMBER 2020

	Share capital AS	Foreign currency translation reserves AS	Retained profit/ (Accumulated losses) AS	Total AS
Group				
As at 1 December 2019	4,500,000	(8,715)	336,563	4,827,848
Total comprehensive loss for the year	<u>-</u>	<u>312,541</u>	<u>(698,147)</u>	<u>(385,606)</u>
As at 30 November 2019	4,500,000	303,826	(361,584)	4,442,242
Total comprehensive loss for the period	<u>-</u>	<u>(265,820)</u>	<u>(1,248,851)</u>	<u>(1,514,671)</u>
As at 31 December 2020	<u>4,500,000</u>	<u>38,006</u>	<u>(1,610,435)</u>	<u>2,927,571</u>
Company				
As at 1 December 2019	4,500,000	-	(8,084)	4,491,916
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(12,187)</u>	<u>(12,187)</u>
As at 30 November 2019	4,500,000	-	(20,271)	4,479,729
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(4,680)</u>	<u>(4,680)</u>
As at 31 December 2020	<u>4,500,000</u>	<u>-</u>	<u>(24,951)</u>	<u>4,475,049</u>

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

CTG FIBERSWAY INTERNATIONAL LIMITED
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STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Group		Company	
	1.12.2019	1.12.2018	1.12.2019	1.12.2018
	to	to	to	to
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(1,265,222)	(720,306)	(4,680)	(12,187)
Adjustment for:				
Bad debts written off	279,887	-		
Depreciation of property, plant and equipment	328,696	317,963	-	-
Interest expenses	583,272	358,403	-	-
Interest income	(2,149)	(1,602)	-	-
Operating loss before working capital changes	(75,516)	(45,542)	(4,680)	(12,187)
Decrease/(Increase) in inventories	110,595	(31,214)	-	-
Decrease in trade receivables	704,757	160,915	-	-
Increase in other receivables and advance payments	(13,091,869)	(568,477)	-	-
Decrease/(Increase) in other assets	606	(4,685)	-	-
Increase in trade payables	6,505,315	1,544,905	-	-
Increase/(Decrease) in other payables, deposit received and accruals	647,359	(207,272)	4,680	12,187
Increase/(Decrease) in amount owing to Directors	4,193,850	(994,512)	-	-
Cash used in operations	(1,004,903)	(145,882)	-	-
Interest paid	(583,272)	(358,403)	-	-
Interest received	2,149	1,602	-	-
Tax paid	136	(39,630)	-	-
Net cash used in operating activities	(1,585,890)	(542,313)	-	-
CASH FLOWS FROM INVESTING ACTIVITY				
Purchase of property, plant and equipment	(316,599)	(183,060)	-	-
Net cash used in investing activity	(316,599)	(183,060)	-	-

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

CTG FIBERSWAY INTERNATIONAL LIMITED
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STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Group		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance from other payable	263,972	-	-	-
Proceeds from borrowings	10,734,832	5,311,701	-	-
Repayment of borrowings	<u>(7,695,910)</u>	<u>(4,761,139)</u>	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>3,302,894</u>	<u>550,562</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,400,405	(174,811)	-	-
Cash and cash equivalents at beginning of the period/year	227,034	266,348	-	-
Effect of exchange rate changes on cash and cash equivalents	<u>(102,898)</u>	<u>135,497</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the period/year	<u>1,524,541</u>	<u>227,034</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents comprise:				
Fixed deposits with bank	1,624,441	245,630	-	-
Cash and bank balances	<u>98,930</u>	<u>191,344</u>	<u>-</u>	<u>-</u>
	1,723,371	436,974	-	-
Less: Fixed deposits pledge with bank	<u>(198,830)</u>	<u>(209,940)</u>	<u>-</u>	<u>-</u>
	<u>1,524,541</u>	<u>227,034</u>	<u>-</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 ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The Company is a public limited liability company incorporated in Cayman Islands, registered in Australia and listed in National Stock Exchange of Australia (“NSX”), with its registered office in Australia located at Level 1, Office F, 1139 Hay Street, West Perth WA 6005, Australia.

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 changed its year end from 30 November to 31 December. Accordingly, the financial statements for the current period are drawn up for the period from 1 December to 31 December or a period of 13 months.

The Company was incorporated for the sole purpose of acquiring of subsidiaries and it holds 100% of the issued share capital of subsidiaries company which carry on business as disclose in Note 7. There have been no significant changes in the nature of these activities during the 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 GOING CONCERN ASSUMPTION

The Directors assessed and concluded that it is appropriate to prepare this set of financial statements on a going concern basis. While the Group and the Company recorded a net current liabilities of A\$3,789,381 and A\$24,951 as at 31 December 2020 (30.11.2019: A\$2,062,694 and A\$20,271), there is no reason for the Directors to believe that there is any significant uncertainty on the ability of the Company to continue as a going concern because the Directors have undertaken to provide appropriate financial support to the Company to enable it to meet its obligations as and when they fall due.

2.3 COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (“IASB”).

CTG FIBERSWAY INTERNATIONAL LIMITED
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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.

IFRSs, IFRICs and amendments to IFRSs effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3, Definition of a Business
- Amendments to IAS 1 and IAS 8, Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform

IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

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

STANDARDS ISSUED BUT 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 31 December 2020.

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

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

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16, Property, Plant and Equipment
- Annual Improvements to IFRS Standards 2018 – 2020

CTG FIBERSWAY INTERNATIONAL LIMITED
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IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2023:

- IFRS 17, Insurance Contracts
- Amendments to IFRS 17, Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IAS 8, Definition of Accounting Estimates

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 Company will adopt the above IFRSs in the respective financial years when they become effective.

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 statement of comprehensive income 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 statement of comprehensive income.

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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 statement of comprehensive income. 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 statement of comprehensive income. 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 statement of comprehensive income. 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 statement of comprehensive income.

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 statement of comprehensive income.

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 statement of comprehensive income. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income 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 statement of comprehensive income 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. Intangible assets are not amortised due to the indefinite lifespan. Subsequently, intangible assets are measured at cost less any accumulated impairment losses. The recoverable amount of intangible assets 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 ASSETS

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 statement of comprehensive income, 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 statement 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.

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 statement of comprehensive income 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, borrowings 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 statement of comprehensive income only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

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v) ***Impairment And Uncollectibility Of Financial Assets***

The Group applies the expected credit losses 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:

- (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 statement of comprehensive income and a corresponding amount is recorded in an allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in statement of comprehensive income 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.

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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:

- (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.

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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.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income, 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 statement of comprehensive income as part of the gain or loss on disposal.

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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.

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

Goods sold

Revenue is measure based on the considerations specified in a contract with a customer in exchange for transferring goods to customer, excluding amounts collected on behalf of third parties. The Company recognised revenue when or as it transfer control over a product to customer. An asset is transferred when or as the customer obtains control of the asset.

The Company transfers control of goods at a point in time unless one of the following overtime criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided as the Company's performs;
- b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) The Company's performance does not create an assets with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Interest income

Interest income is recognised as it accrues using the effective interest method in statement of comprehensive income.

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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.

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 statement of comprehensive income 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 statement of comprehensive income 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.

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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.

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 statement of comprehensive income for the period, except to the extent that the tax arises from items recognised outside statement of comprehensive income. 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.

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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.

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.

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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.

3.19 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income, 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.

The closing rates of exchange of the foreign currency used as at the end of the period/year is as follow:

	31.12.2020	30.11.2019
	AS	AS
1 Renminbi	0.1988	0.2099

3.20 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 Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company.

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- b) An entity is related to the Company if any of the following conditions applies:
- (i) the entity and the Company 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) 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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3.21 EARNINGS PER ORDINARY SHARE

The group presents basic earnings per share (“EPS”) data for its ordinary share.

Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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.

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:

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4.1 IMPAIRMENT OF LOANS AND RECEIVABLES

The Group and the Company recognises impairment losses for receivables using the expected credit losses 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 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.

4.3 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.

4.4 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.

4.5 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

31.12.2020

	As at 1 December 2019	Additions	Disposals	Exchange differences	As at 31 December 2020
	A\$	A\$	A\$	A\$	A\$
<u>Cost</u>					
Leasehold land	720,073	-	-	(38,106)	681,967
Building	1,296,404	-	-	(68,605)	1,227,799
Computer and software	45,651	-	-	(2,416)	43,235
Electrical equipment	24,687	-	-	(1,306)	23,381
Furniture and fittings	89,863	1,712	-	(4,849)	86,726
Motor vehicles	188,252	-	-	(9,962)	178,290
Office equipment	72,204	-	-	(3,821)	68,383
Plant and machinery	1,487,358	314,887	-	(95,857)	1,706,388
Renovation	254,650	-	-	(13,476)	241,174
	<u>4,179,142</u>	<u>316,599</u>	<u>-</u>	<u>(238,398)</u>	<u>4,257,343</u>

	As at 1 December 2019	Charges for the period	Disposals	Exchange differences	As at 31 December 2020
	A\$	A\$	A\$	A\$	A\$
<u>Accumulated Depreciation</u>					
Leasehold land	138,014	15,627	-	(8,155)	145,486
Building	308,130	63,302	-	(19,753)	351,679
Computer and software	44,505	1,149	-	(2,419)	43,235
Electrical equipment	15,086	6,933	-	(1,175)	20,844
Furniture and fittings	66,026	7,544	-	(3,905)	69,665
Motor vehicles	181,974	-	-	(9,630)	172,344
Office equipment	28,614	17,304	-	(2,455)	43,463
Plant and machinery	758,055	141,800	-	(47,836)	852,019
Renovation	179,736	75,037	-	(13,599)	241,174
	<u>1,720,140</u>	<u>328,696</u>	<u>-</u>	<u>(108,927)</u>	<u>1,939,909</u>

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	31.12.2020	30.11.2019
	A\$	A\$
<u>Carrying Amounts</u>		
Leasehold land	536,481	582,059
Building	876,120	988,274
Computer and software	-	1,146
Electrical equipment	2,537	9,601
Furniture and fittings	17,061	23,837
Motor vehicles	5,946	6,278
Office equipment	24,920	43,590
Plant and machinery	854,369	729,303
Renovation	-	74,914
	<u>2,317,434</u>	<u>2,459,002</u>

30.11.2019

	As at 1 December 2018	Additions	Disposals	Exchange differences	As at 30 November 2019
	A\$	A\$	A\$	A\$	A\$
<u>Cost</u>					
Leasehold land	675,485	-	-	44,588	720,073
Building	1,216,128	-	-	80,276	1,296,404
Computer and software	42,824	-	-	2,827	45,651
Electrical equipment	21,616	1,629	-	1,442	24,687
Furniture and fittings	84,298	-	-	5,565	89,863
Motor vehicles	176,595	-	-	11,657	188,252
Office equipment	15,544	55,096	-	1,564	72,204
Plant and machinery	1,300,653	99,874	-	86,831	1,487,358
Renovation	213,817	26,461	-	14,372	254,650
	<u>3,746,960</u>	<u>183,060</u>	<u>-</u>	<u>249,122</u>	<u>4,179,142</u>

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	As at 1 December 2018	Charges for the year	Disposals	Exchange differences	As at 30 November 2019
	A\$	A\$	A\$	A\$	A\$
<u>Accumulated Depreciation</u>					
Leasehold land	115,958	14,262	-	7,794	138,014
Building	234,324	57,774	-	16,032	308,130
Computer and software	37,354	4,640	-	2,511	44,505
Electrical equipment	7,183	7,357	-	546	15,086
Furniture and fittings	55,672	6,615	-	3,739	66,026
Motor vehicles	170,706	-	-	11,268	181,974
Office equipment	10,657	17,087	-	870	28,614
Plant and machinery	588,822	129,105	-	40,128	758,055
Renovation	91,764	81,123	-	6,849	179,736
	<u>1,312,440</u>	<u>317,963</u>	<u>-</u>	<u>89,737</u>	<u>1,720,140</u>

	30.11.2019	30.11.2018
	A\$	A\$
<u>Carrying Amounts</u>		
Leasehold land	582,059	559,527
Building	988,274	981,804
Computer and software	1,146	5,470
Electrical equipment	9,601	14,433
Furniture and fittings	23,837	28,626
Motor vehicles	6,278	5,889
Office equipment	43,590	4,887
Plant and machinery	729,303	711,831
Renovation	74,914	122,053
	<u>2,459,002</u>	<u>2,434,520</u>

The costs of fully depreciated property, plant and equipment of the Group are as follows:

	Group	
	31.12.2020	30.11.2019
	A\$	A\$
Computer and software	43,235	31,893
Furniture and fittings	52,073	54,982
Motor vehicles	178,290	188,252
Office equipment	10,327	10,904
Plant and machinery	509,302	-
Renovation	241,174	-
	<u>1,034,631</u>	<u>286,031</u>

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The carrying amounts of following property, plant and equipment were pledged as securities for other payable and bank borrowings granted to the Group as disclosure in Note 18 and 19:

	Group	
	31.12.2020	30.11.2019
	A\$	A\$
Leasehold land	536,481	582,059
Building	876,120	988,274
Plant and machinery	434,513	29,374
	1,847,114	1,599,707

6 INTANGIBLE ASSET

Group

	Trademark	Total
	A\$	A\$
<u>31.12.2020</u>		
<u>Cost</u>		
At beginning of the year	1,775,043	1,775,043
Exchange differences	(93,935)	(93,935)
At end of the period	1,681,108	1,681,108
<u>Carrying amounts</u>		
As at 31 December 2020	1,681,108	1,681,108
<u>30.11.2019</u>		
<u>Cost</u>		
At beginning of the year	1,665,128	1,665,128
Exchange differences	109,915	109,915
At end of the year	1,775,043	1,775,043
<u>Carrying amounts</u>		
As at 30 November 2019	1,775,043	1,775,043

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 15, no impairment is required for the intangible assets.

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7 INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2020 A\$	30.11.2019 A\$
Unquoted shares at cost	4,500,000	4,500,000

Details of the Company's Group are as follows:

Name of Group	Country of incorporation	Equity interest (%)	Principal activities
Fibersway Singapore Pte. Ltd. (<i>"Fibersway SG"</i>) #	Singapore	100%	Investment holding
<u>Subsidiary of Fibersway Singapore Pte. Ltd.</u>			
Zhejiang CTG Communication Technology Co., Limited (<i>"Zhejiang CTG"</i>) #	China	100%	Investment holding
<u>Subsidiaries of Zhejiang CTG Communication Technology Co., Limited</u>			
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

Not audited by HML & Co.

8 GOODWILL

	Group	
	31.12.2020 A\$	30.11.2019 A\$
At beginning of the period/year	3,194,627	2,996,808
Exchange difference	(212,245)	197,819
At end of the period/year	2,982,382	3,194,627

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.

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Based on the impairment assessment performed by the Group as disclose in Note 15, no impairment is required for the goodwill.

9 INVENTORIES

	Group		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
Raw materials	431,992	547,978	-	-
Work-in-progress	495,162	635,629	-	-
Finished goods	538,755	392,897	-	-
	<u>1,465,509</u>	<u>1,576,504</u>	<u>-</u>	<u>-</u>
Inventories recognised as cost of sales in statement of comprehensive income	<u>19,950,004</u>	<u>16,410,723</u>	<u>-</u>	<u>-</u>

10 TRADE RECEIVABLES

Included in trade receivables of the Group are amount of A\$2,442,007 (30.11.2019: A\$3,466,563) 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		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
Chinese Yuan	3,606,967	4,746,984	-	-
United States Dollar	1,359,283	924,023	-	-
	<u>4,966,250</u>	<u>5,671,007</u>	<u>-</u>	<u>-</u>

11 OTHER RECEIVABLES AND ADVANCE PAYMENTS

	Group		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
Other receivables	14,521,519	1,756,768	-	-
Advance payments	122,438	75,207	-	-
	<u>14,643,957</u>	<u>1,831,975</u>	<u>-</u>	<u>-</u>

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Included in other receivables of the Group are amount of A\$6,960,963 (30.11.2019: A\$784,774) owing from a company in which one of the Directors of the Company has interest.

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\$198,830 (30.11.2019: A\$209,940) are pledged to bank for bank borrowings granted to the Group as disclosed Note 19.

14 CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
Renminbi	97,533	175,592	-	-
Singapore Dollar	531	1,082	-	-
United States Dollar	866	14,670	-	-
	<u>98,930</u>	<u>191,344</u>	<u>-</u>	<u>-</u>

15 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	Xitianqi	Hangzhou
	A\$	Imp&Exp	Fibersway
	A\$	A\$	A\$
Goodwill allocated	2,925,964	117,843	(61,425)
Intangible asset allocated	-	1,681,108	-
Carrying amount of CGU	2,925,964	1,798,951	(61,425)
Recoverable amount	<u>3,965,818</u>	<u>3,647,259</u>	<u>1,964,897</u>
Excess of recoverable amount over carrying amount	<u>1,039,854</u>	<u>1,848,308</u>	<u>2,026,322</u>

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	CTG Jiangsu A\$	Xitianqi Imp&Exp A\$	Hangzhou Fibersway A\$
Basis of recoverable amount	Value-in use	Value-in use	Value-in use
Key Assumptions:			
(a) Forecast revenue increase	15%	11%	15%
(b) Profit margin	13.9%	4.2%	16%
Management approach	Past experience	Past experience	Past experience
Period of forecast/budget	5 years	5 years	5 years
Growth rate used in extrapolation	6%	6%	6%
Discount rate per annum	6%	6%	6%
Possible changes that may cause recoverable amount to equal carrying amount:			
Revenue decrease by	2%	1%	NA
Profit margin decrease by	0.15%	0.02%	(2%)
Discount rate increase by	NA	NA	NA

16 SHARE CAPITAL

Group and Company	Number of shares		Number of shares	
	31.12.2020	31.12.2020	30.11.2019	30.11.2019
	Units	A\$	Units	A\$
Issued and fully paid:				
Ordinary shares				
At beginning/end of the period/year	<u>200,000,000</u>	<u>4,500,000</u>	<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.

17 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.

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18 OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUALS

	Note	Group		Company	
		31.12.2020 A\$	30.11.2019 A\$	31.12.2020 A\$	30.11.2019 A\$
Non-current					
Other payable	(a)	263,972	-	-	-
Current					
Other payables	(a)	995,186	337,294	14,075	9,395
Deposit received		167,566	208,092	-	-
Accruals		104,634	74,641	7,567	7,567
		<u>1,267,386</u>	<u>620,027</u>	<u>24,951</u>	<u>20,271</u>
		<u>1,531,358</u>	<u>620,027</u>	<u>24,951</u>	<u>20,271</u>

- (a) Included in other payable is amount of A\$573,164 (30.11.2019: A\$Nil) advance by a third party and the interest is charge at the rate of 19% per annum, repayable over 36 months with a monthly repayment term. The advance is secured by the Group's certain plant and machinery as disclosed in Note 5.

19 BORROWINGS

	Group		Company	
	31.12.2020 A\$	30.11.2019 A\$	31.12.2020 A\$	30.11.2019 A\$
Secured:				
- Bankers' acceptance	397,660	419,880	-	-
- Short-term loans	<u>7,720,986</u>	<u>4,943,683</u>	<u>-</u>	<u>-</u>
	<u>8,118,646</u>	<u>5,363,563</u>	<u>-</u>	<u>-</u>

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

As at 31 December 2020, the borrowings are secured by:

- ii) the Group's leasehold land, building and certain plant and machinery as disclosed in Note 5;
- iii) fixed deposits with bank as disclosed in Note 13;
- iv) guarantee by certain Directors of the Company;
- v) guarantee by related companies and a company which one of the Directors of the Company has interest; and
- vi) guarantee by key management personnel.

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Note on Components of Financing Activities (excluding Equity)

	Group	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
Balance as at beginning of the period/year	5,363,563	4,509,926
Cash Flows:		
Inflows from new borrowings	10,734,832	5,311,701
Outflows of repayments	(7,695,910)	(4,761,139)
Non-Cash Changes:		
Exchange differences	(283,839)	303,075
Balance at end of the period/year	<u>8,118,646</u>	<u>5,363,563</u>

20 AMOUNT OWING TO DIRECTORS

This amount is unsecured, interest free and repayable on demand.

21 REVENUE

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

22 LOSS FROM OPERATIONS

22.1 DISCLOSURE ITEMS

	Group		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
This is arrived at after charging:				
Bad debts written off	279,887	-	-	-
Depreciation of property, plant and equipment	328,696	317,963	-	-
Loss on foreign exchange	<u>112,728</u>	<u>55,546</u>	<u>-</u>	<u>-</u>
And crediting:				
Bad debts recovery	-	(623,730)	-	-
Gain on foreign exchange	-	(58,787)	-	-
Interest income	<u>(2,149)</u>	<u>(1,602)</u>	<u>-</u>	<u>-</u>

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22.2 EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
Salaries, wages and bonus	1,228,850	1,074,571	-	-
Social insurance contribution	143,123	142,443	-	-
	<u>1,371,973</u>	<u>1,217,014</u>	<u>-</u>	<u>-</u>

23 FINANCE EXPENSES

	Group		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 AS	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 AS
Interest expenses	583,272	358,403	-	-
Processing fees	6,484	20,195	-	-
	<u>589,756</u>	<u>378,598</u>	<u>-</u>	<u>-</u>

24 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		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 AS	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 AS
Tax charges for the period/ year	-	17,649	-	-
Over provision in prior year	(16,371)	(39,808)	-	-
	<u>(16,371)</u>	<u>(22,159)</u>	<u>-</u>	<u>-</u>
Loss before tax	<u>(1,265,222)</u>	<u>(720,306)</u>	<u>(4,680)</u>	<u>(12,187)</u>
Tax income calculated at the tax rate of 25%	(316,306)	(180,077)	(1,170)	(3,047)
Expenses not deductible for tax purpose	99,486	19,742	-	-
Tax exempt loss	-	-	1,170	3,047
Unabsorbed of tax losses during the period/year	216,820	177,984	-	-
Over provision in prior period	(16,371)	(39,808)	-	-
	<u>(16,371)</u>	<u>(22,159)</u>	<u>-</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.

25 LOSSES PER ORDINARY SHARE

25.1 BASIC LOSSES PER ORDINARY SHARE

The basic losses per ordinary share is calculated by dividing the Group's loss attributable to owners of the Company of A\$1,248,851 (30.11.2019: A\$698,147) by weight average number of ordinary shares outstanding of 200,000,000 (2019: 200,000,000).

25.2 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 period.

26 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.

Group

	Revenue		Non-current assets	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	31.12.2020 A\$	30.11.2019 A\$
China	5,150,425	5,804,685	6,980,924	7,428,672
Overseas	17,160,639	12,391,553	-	-
	<u>22,311,064</u>	<u>18,196,238</u>	<u>6,980,924</u>	<u>7,428,672</u>

27 RELATED PARTY TRANSACTIONS

27.1 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.

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27.2 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 period/years:

	Group		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
Sales of goods to a company controlled by a Director of the Company	3,574,063	4,300,831	-	-
Purchase of goods from a company controlled by a Director of the Company	54,568	5,407,302	-	-
Advances from/(to) a Director	4,193,850	(994,512)	-	-
Advances to a company controlled by a Director of the Company	<u>(5,151,633)</u>	<u>(559,805)</u>	<u>-</u>	<u>-</u>

27.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Group		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
Short-term benefits	<u>297,711</u>	<u>234,276</u>	<u>-</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.

28 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.

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29 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		
31.12.2020		
Financial assets classified in the loans and receivables category:		
Trade receivables	4,966,250	4,966,250
Other receivables and advance payments	14,643,957	14,643,957
Fixed deposits with bank	1,624,441	1,624,441
Cash and bank balances	98,930	98,930
	<u>21,333,578</u>	<u>21,333,578</u>
Financial liabilities measured at amortised cost:		
Trade payables	(12,927,104)	(12,927,104)
Other payables, deposit received and accruals	(1,531,358)	(1,531,358)
Amount owing to Directors	(4,279,004)	(4,279,004)
Borrowings	(8,118,646)	(8,118,646)
	<u>(26,856,112)</u>	<u>(26,856,112)</u>
Company		
31.12.2020		
Financial liabilities measured at amortised cost:		
Other payables	<u>(24,951)</u>	<u>(24,951)</u>
Group		
30.11.2019		
Financial assets classified in the loans and receivables category:		
Trade receivables	5,671,007	5,671,007
Other receivables and advance payments	1,831,975	1,831,975
Fixed deposits with bank	245,630	245,630
Cash and bank balances	191,344	191,344
	<u>7,939,956</u>	<u>7,939,956</u>
Financial liabilities measured at amortised cost:		
Trade payables	(6,336,635)	(6,336,635)
Other payables, deposit received and accruals	(705,181)	(705,181)
Borrowings	(5,363,563)	(5,363,563)
Amount owing to a Director	(85,154)	(85,154)
	<u>(12,490,533)</u>	<u>(12,490,533)</u>
Company		
30.11.2019		
Financial liabilities measured at amortised cost:		
Other payables	<u>(20,271)</u>	<u>(20,271)</u>

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30 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:

30.1 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 period 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		Company	
	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
No past due	1,028,005	4,996,902	-	-
Past due 1 – 90 days	1,013,108	150,239	-	-
Past due more than 90 days	2,925,137	523,866	-	-
	<u>4,966,250</u>	<u>5,5671,007</u>	<u>-</u>	<u>-</u>

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

As at 31 December 2020, trade receivables of A\$3,938,245 (30.11.2019: A\$674,105) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

30.2 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			
31.12.2020			
Financial liabilities			
Trade payables	12,927,104	12,927,104	12,927,104
Other payables and accruals	1,531,358	1,622,659	1,622,659
Borrowings	8,118,646	8,610,617	8,610,617
	<u>22,577,108</u>	<u>23,160,380</u>	<u>23,160,380</u>
30.11.2019			
Financial liabilities			
Trade payables	6,421,789	6,421,789	6,421,789
Other payables and accruals	705,181	705,181	705,181
Borrowings	5,363,563	5,721,966	5,721,966
	<u>12,490,533</u>	<u>12,848,936</u>	<u>12,848,936</u>

30.3 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 period/year was:

	Group		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
Trade receivables	<u>1,359,283</u>	<u>924,023</u>	<u>-</u>	<u>-</u>

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Currency risk sensitivity analysis

A 6% strengthening of A\$ against the USD at the end of the reporting period/year would have increased profit before tax by A\$81,557 (30.11.2019: 55,441). A 6% weakening of A\$ against the USD at the end of the reporting period would have had equal but opposite effect.

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		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
<u>Fixed rate instruments</u>				
Borrowings	8,118,646	5,363,563	-	-

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.

31 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.

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

	Group		Company	
	31.12.2020	30.11.2019	31.12.2020	30.11.2019
	A\$	A\$	A\$	A\$
Total borrowings	8,118,646	5,363,563	-	-
Less: Fixed deposits with bank	(1,624,441)	(245,630)	-	-
Cash and bank balances	<u>(98,930)</u>	<u>(191,341)</u>	<u>-</u>	<u>-</u>
Net debts	<u>6,395,275</u>	<u>4,926,592</u>	<u>-</u>	<u>-</u>
Total equity	<u>2,927,571</u>	<u>4,442,242</u>	<u>4,475,049</u>	<u>4,479,729</u>
Gearing ratio (debt to equity)	<u>218.45%</u>	<u>110.90%</u>	<u>NA</u>	<u>NA</u>

32 SIGNIFICANT EVENTS DURING THE PERIOD

There are no significant events during the period.

33 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

34 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities and capital commitments as at the date of this financial statements.

35 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 15 March 2021.

Company No.: ARBN 622 412 186

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DETAILED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2020

	1.12.2019 to 31.12.2020 A\$	1.12.2018 to 30.11.2019 A\$
REVENUE	-	-
LESS: COST OF SALES	-	-
GROSS PROFIT	-	-
LESS: ADMINISTRATION EXPENSES		
GST expenses	-	420
Professional fees	4,680	7,567
Services fees	-	4,200
	<u>4,680</u>	<u>12,187</u>
LOSS BEFORE TAX	<u>(4,680)</u>	<u>(12,187)</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.