Company No. OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Company No. OI - 318051)
(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019
(In Australian Dollar)

Company No. OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS

CONTENTS **PAGE(S)**

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of **CIRCLE INTERNATIONAL HOLDINGS LIMITED** (the Company) and its subsidiaries, (the Group), which comprise the statements of financial position of the Group and of the Company as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including significant accounting policies as set out on pages 5 to 51.

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

Basis for Disclaimer of Opinion

(a) Revenue

During the year, the Group recorded revenue of AUD759,797. Revenue of AUD82,146 pertains to a subsidiary company. We were unable to obtain sufficient and appropriate audit evidence to verify the occurrence, completeness, accuracy, cutoff, classification and presentation of the revenue of the subsidiary company and there was no alternative audit procedures that we could perform to satisfy ourselves as to whether the revenue were free from material misstatement.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect, on the financial position of the Group as at 31 December 2019, the loss for the year and the related disclosures in the financial statements.

(Forward)

(b) Other receivables and other payables

The other receivables and other payables in the statement of financial position of the Group as of 31 December 2019 amounted to AUD298,335 and AUD834,809, respectively. Included in other receivables and other payables is an amount of AUD222,575 and AUD101,797 respectively which pertains to the Company. We were unable to obtain sufficient and appropriate audit evidence to verify the existence, rights and obligations, completeness, accuracy, valuation and allocation, classification and presentation of the other receivables and other payables of the Company and there was no alternative audit procedures that we could perform to satisfy ourselves as to whether the other receivables and other payables were free from material misstatement.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect, on the financial position of the Group and the Company as at 31 December 2019, the loss for the year and the related disclosures in the financial statements.

(c) Cash and bank balances, and bank overdrafts

The cash and bank balances, and bank overdrafts in the statement of financial position of the Group as of 31 December 2019 amounted to AUD8,782 and AUD66,416, respectively. Included in cash and bank balances, and bank overdrafts is an amount of AUD nil and AUD32 respectively which pertains to a subsidiary company. The confirmations in respect of cash and bank balances, and bank overdraft have not been received. There were no other satisfactory audit procedure that we could adopt to obtain sufficient evidence regarding the provision of accrued or contingent liabilities.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect, on the financial position of the Group as at 31 December 2019, the loss for the year and the related disclosures in the financial statements.

(d) Opening balances

Our independent auditor's report on the financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2018 dated 31 July 2021 included a disclaimer of opinion on the inability to obtain sufficient appropriate audit evidence on revenue and cost of sales, carrying amount of trade receivables and trade payables, impairment of intangible asset, write off of inventories, write off of trade receivables of a subsidiary company and carrying amounts of other receivables and other payables of the Company.

(Forward)

As the matters above have not been resolved in the financial year ended 31 December 2019, we have considered the impact as below.

In view of the significance of the matters described in the bases for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2018, we were unable to determine:-

(i) Whether the opening balances of the Group and of the Company as at 1 January 2019 were fairly presented; and

(ii) The impact on the current financial year's financial position of the Group and of the Company and the financial performance, changes in equity and cash flows of the Group and the Company..

Our opinion on the current financial year's consolidated financial statements of the Group and the statement of financial position of the Company is a disclaimer of opinion because of the significance of these matters on the comparability of the current financial year's figures and the corresponding figures.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group 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 responsibility is to conduct an audit of the financial statements of the Group and of the Company in accordance with International Standards on Auditing and to issue an auditor report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence and Other Ethical Responsibilities

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

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 towards any other person for the contents of this report.

ROBERT MENGKWAI & LOO PLT (LLP 0014479-LCA)
Chartered Accountants (AAL 0070)

LOO CHEE CHOU
Partner - 02783/09/2022 J
Chartered Accountant

Petaling Jaya,
27 August 2021

Company No: OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	AUD	AUD	AUD	AUD
Revenue		759,797	1,826,669	-	-
Cost of sales		(595,746)	(2,578,757)	-	-
Gross profit		164,051	(752,088)	-	-
Other income		23,405	1,412,367	4,137	386,291
Administrative expenses		(218,340)	(274,016)	(129,976)	(148,022)
Other operating expenses		(541,559)	(4,349,663)	(7,063)	(57,680,260)
Finance costs		(44,151)	(15,917)	-	-
Loss before tax	6	(616,594)	(3,979,317)	(132,902)	(57,441,991)
Tax credit/(expense)	7	177	(8,489)	-	-
Loss for the year		(616,417)	(3,987,806)	(132,902)	(57,441,991)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		30,700	(28,825)	6	(22,579)
Other comprehensive loss, net of tax		30,700	(28,825)	6	(22,579)
Total comprehensive loss		(585,717)	(4,016,631)	(132,898)	(57,464,570)
(Loss)/Earnings per share					
Basic and fully diluted (cents)	8	(0.34)	(2.22)		

The accompanying notes form an integral part of the Financial Statements.

Company No: OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	The Group 2019 AUD	The Group 2018 AUD	The Company 2019 AUD	The Company 2018 AUD
ASSETS					
Non Current Assets					
Property, plant and equipment	9	382,109	386,190	-	-
Intangible asset	10	-	-	-	-
Investment in subsidiaries	11	-	-	3	3
Other investment	12	5,586	5,488	-	-
Total Non Current Assets		387,695	391,678	3	3
Current Assets					
Trade and other receivables	13	478,821	870,792	58,588	209,820
Tax recoverable		3,278	-	-	-
Fixed deposits with licensed bank		-	36,464	-	-
Cash and bank balances		8,782	171,383	-	142
Total Current Assets		490,881	1,078,639	58,588	209,962
TOTAL ASSETS		878,576	1,470,317	58,591	209,965
EQUITY AND LIABILITIES					
Equity					
Share capital	14	57,656,229	57,656,229	57,656,229	57,656,229
Reserves	15	(59,824,074)	(59,238,357)	(57,990,166)	(57,857,270)
Total Equity		(2,167,845)	(1,582,128)	(333,937)	(201,041)
Non Current Liabilities					
Term loan	16	271,947	278,562	-	-
Trade and other payables	17	202,665	536,570	-	-
Deferred tax liabilities		-	174	-	-
Total Non Current Liabilities		474,612	815,306	-	-

(Forward)

Company No: OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 AUD	2018 AUD	2019 AUD	2018 AUD
Current Liabilities					
Trade and other payables	17	2,104,546	1,710,452	392,528	411,006
Term loan	16	66,192	110,773	-	-
Bank overdraft	18	66,416	33,597	-	-
Tax payable		334,655	382,317	-	-
Total Current Liabilities		2,571,809	2,237,139	392,528	411,006
TOTAL LIABILITIES		3,046,421	3,052,445	392,528	411,006
TOTAL EQUITY AND LIABILITIES		878,576	1,470,317	58,591	209,965

The accompanying notes form an integral part of the Financial Statements.

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

The Group	Share Capital AUD	Merger Reserve AUD	Foreign currency Translation Reserve AUD	Retained Earnings AUD	Total AUD
As of 1 January 2018	57,656,229	(57,388,344)	(104,126)	2,270,744	2,434,503
Loss for the year	-	-	-	(3,987,806)	(3,987,806)
Other comprehensive income, net of tax	-	-	(28,825)	-	(28,825)
Total comprehensive loss	-	-	(28,825)	(3,987,806)	(4,016,631)
Balance as of 31 December 2018	57,656,229	(57,388,344)	(132,951)	(1,717,062)	(1,582,128)
Loss for the year	-	-	-	(616,417)	(616,417)
Other comprehensive income, net of tax	-	-	30,700	-	30,700
Total comprehensive loss	-	-	30,700	(616,417)	(585,717)
Balance as of 31 December 2019	57,656,229	(57,388,344)	(102,251)	(2,333,479)	(2,167,845)

The Company	Share Capital AUD	Foreign currency Translation Reserve AUD	Accumulated Losses AUD	Total AUD
As of 1 January 2018	57,656,229	7,057	(399,757)	57,263,529
Loss for the year	-	-	(57,441,991)	(57,441,991)
Other comprehensive loss, net of tax	-	(22,579)	-	(22,579)
Total comprehensive loss	-	(22,579)	(57,441,991)	(57,464,570)
Balance as of 31 December 2018	57,656,229	(15,522)	(57,841,748)	(201,041)
Loss for the year	-		(132,902)	(132,902)
Other comprehensive loss, net of tax	-	6	-	6
Total comprehensive loss	-	6	(132,902)	(132,896)
Balance as of 31 December 2019	57,656,229	(15,516)	(57,974,650)	(333,937)

The accompanying Notes form an integral part of the Financial Statements.

Company No: OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

The Group

	2019 AUD	2018 AUD
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before tax	(616,594)	(3,979,317)
Adjustment for:		
Interest income	(1,197)	(1,078)
Interest expense	44,151	14,859
Depreciation of property, plant and equipment	11,309	12,285
Unrealised foreign exchange gain	4,310	(4)
Waiver of amount due to director	-	(198,468)
Waiver of amount due to a related company	-	(837,152)
Impairment of other receivables	55,473	-
Impairment of trade receivables	56,576	238,067
Impairment loss on intangible assets	-	3,030,495
Amortisation of intangible aasset	-	336,722
Property, plant and equipment written off	-	4,463
Operating (Loss)/Profit Before Working Capital Changes	(445,972)	(1,379,128)
(Increase)/Decrease in:		
Trade and other receivables	279,922	936,437
Inventories	-	873,226
(Decrease)/Increase in:		
Trade and other payables	249,828	(3,346,209)
Amount owing to directors	(141,620)	212,217
Amount owing to former holding company	-	2,431,208
Amount owing to related party	(37,012)	(26,776)
Cash Used In Operations	(94,854)	(299,025)
Tax paid	(47,662)	(14,859)
Tax refund	3,278	-
Net Cash Used In Operations	(139,238)	(313,884)

(Forward)

Company No: OI - 318051

The Group

	2019 AUD	2018 AUD
CASH FLOWS FROM INVESTING ACTIVITY		
Interest received	1,197	1,078
Purchase of property, plant and equipment	(417)	(4,733)
Net Cash From Investing Activity	780	(3,655)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(44,151)	(14,859)
Proceeds from term loan	-	137,206
Repayment of term loan	(51,196)	(74,517)
Net Cash Used In Financing Activities	(95,347)	47,830
NET DECREASE IN CASH AND CASH EQUIVALENTS	(233,805)	(269,709)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,921	37,391
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	174,250	406,568
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 19)	(57,634)	174,250

Company No: OI - 318051

The Company

	2019 AUD	2018 AUD
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss before tax	(132,902)	(57,441,991)
Adjustment for:		
Impairment of investment in subsidiaries	-	57,656,088
Operating (Loss)/Profit Before Working Capital Changes	(132,902)	214,097
(Increase)/Decrease in:		
Trade and other receivables	151,232	(209,820)
(Decrease)/Increase in:		
Trade and other payables	(18,478)	(4,277)
Net Cash Used In Operations	(148)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(148)	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	6	4
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	142	138
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 19)	-	142

The accompanying notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

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

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the Company is United States Dollars (USD), while the presentation currency of the Group and of the Company are Australian Dollars (AUD).

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 27 August 2021.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in compliance with International Financial Reporting Standards.

3. ADOPTION OF NEW IFRS AND AMENDMENTS TO IFRS

New IFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the IFRS Framework that were issued by the International Accounting Standards Board ('IASB') during the financial year.

Title	Effective Date
IFRS 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycles	1 January 2019

There is no material effect upon the adoption of the above Standards during the financial year.

New IFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The following are Standards of the IFRS Framework that have been issued by the International Accounting Standards Board ('IASB') but have not been early adopted by the Group and the Company.

Title	**Effective Date**
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 101 Definition of Material (Amendments to IFRS 101)	1 January 2020
IFRS 3 Business Combinations (Amendments to IFRS 3)	1 January 2020
IFRS 108 Definition of Material (Amendments to IFRS 108)	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 16 *Covid-19 Related Rent Concessions beyond 30th June, 2021*	1 January 2022
Annual improvements to IFRS Standards 2018 – 2020	1 January 2022
Amendments to IFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to IFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to IFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to IFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 17: Insurance Contracts	1 January 2023
Amendments to IFRS 101: Classification of Liabilities As Current and Non-Current	1 January 2023
Amendments to IFRS 101 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IFRS 108: Definition of Accounting Estimate	1 January 2023
Amendments to IFRS 10 and IFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity of IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Basis of consolidation

The combined financial statements incorporate the financial statements of the combining entities as disclosed in Power over the investee;Note 11. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Exposure, or right, to variable returns from its involvement with the investee; and
(b) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated in the combined financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment. The combined financial statements reflect external transactions only.

The financial statements of the combining entities are prepared for the same reporting period, using consistent accounting policies. The accounting policies of the combining entities are changed to ensure consistency with the policies adopted by the other entities in the combining entities, where necessary.

Non-controlling interests represent equity in the combining entities that are not attributable, directly or indirectly, to the common controlling shareholders, and is presented separately in the combined statement of profit or loss and other comprehensive income and within equity in the combined statement of financial position, separately from equity attributable to the common controlling shareholders. Profit or loss and each component of other comprehensive income are attributed to the common controlling shareholders and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary disposed of during the financial year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the common controlling shareholders' interest in a combining entity that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the combining entity. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the common controlling shareholders of the combining entities.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Property, Plant and Equipment

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

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect cost of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

All property, plant and equipment are subsequent measured at cost less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

Furniture and fittings	10 years
Renovation	10 years
Office equipment	10 years
Computer	3 years
Signboard	10 years
Billboard	10 years
Freehold land and building	50 years

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any changes in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial Instruments

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in IFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in IFRS 15 Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(i) **Financial assets**

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

Debt instruments

(a) Amortised cost

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

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

(b) Fair value through other comprehensive income

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

(c) Fair value through profit or loss

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

Equity instruments

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

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.
Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(ii) **Financial liabilities**

(a) Financial liabilities at fair value through profit or loss

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

(b) Other financial liabilities

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

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

(iii) **Equity instruments**

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

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

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

(iv) **Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(v) **Derecognition**

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

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

Impairment of Non-Financial Assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and non-current assets held for sale are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In the estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimate have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.
The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

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

Income Taxes

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 current tax liability (asset) is measured at the amount the Group and the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is not business combination and a 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 capital allowances and acquired intangible assets that are not deductible 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 taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.
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.

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 form the manner in which the Group and the Company expects, at the end of the reporting period, to cover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Group and the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

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

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under reasonably certain to be exercised by the Group and by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index rate used to determine such lease payments) or a change in assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group or the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Share Capital and Distributions

(a) Share Capital

Ordinary shares and non-redeemable preference shares issued that carry no put option and no mandatory contractual obligation to deliver cash or another financial assets or 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 private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair value of the assets received.

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 their fair value at the date of the exchange transaction.

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

(b) Distributions

Distributions to holders of an equity instrument are recognised as equity transaction and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend when approved by the shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

Employee Benefits

The Group recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if the accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group has a present legal or constructive obligation to make such payments as a results of past events and a reliable estimate of the obligation can be made.

(b) Post-Employment Benefits – Defined Contribution Plans

Entities in the Group makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group has no further payment obligations.

Revenue Recognition

The Company measure revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivables, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer. If the transaction price includes variable consideration amounts, or the most likely outcome method, depending on which method the Company expect to better predict the amount of consideration to which it is entitled.

For a contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If stand-alone selling price is not directly observable, the Company estimate it by using the costs plus margin approach.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group and the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

Fair Value Measurements

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

Foreign Currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Statement of Cash Flows

In prior years, the Group and the Company adopts the direct method in the preparation of the statement of cash flows. During the financial year, the Group and the Company change its method of presentation of statement of cash flows and adopted the indirect method. The comparatives have been changed accordingly.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Change in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

Critical judgements made to applying accounting policies

In the selection of accounting policies for the Group and the Company, there are no areas that require significant judgements and assumptions.

Key sources of estimation uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and the Company are in measuring:

Loss allowances of financial assets

The Group and the Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all financial assets. The Group and the Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 13 to the financial statements.

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 depreciation 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 gain or loss on an eventual disposal of an item of property, plant and equipment.

Impairment of tangible and intangible asset

At each reporting date, the Group and the Company reviews the carrying amounts of its tangible and intangible assets (other than goodwill) 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use.

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

Income taxes

The Group is subject to income taxes in the jurisdictions that it operates. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

6. LOSS BEFORE TAX

Loss before tax is arrived at:

	The Group		The Company	
	2019 AUD	2018 AUD	2019 AUD	2018 AUD
After charging:				
Audit fee	25,552	19,006	11,406	10,149
Amortisation of intangible asset	-	336,722	-	-
Depreciation of property, plant and equipment	11,309	12,285	-	-
Impairment of intangible assets	-	3,030,495	-	-
Impairment of investment in subsidiaries	-	-	-	57,656,088
Impairment of trade receivables	56,576	238,067	-	-
Impairment of other receivables	55,473	-	-	-
Overdraft bank interest	2,366	2,082	-	-
Property, plant and equipment written off	-	4,463	-	-
Remuneration of key management personnel	-	139,434	-	-
Rental of premise	28,686	26,286	-	4,282
Rental of office equipment	2,492	2,267	-	-
Staff costs	277,628	317,459	-	-
Term loan interest	41,785	12,447	-	-
Unrealised loss on foreign exchange	4,310	2,525	4,573	63
After crediting:				
Interest income	(1,197)	(1,042)	-	-

Staff costs and remuneration of key management personnel:

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Staff costs:				
Salaries, allowances and bonus	252,133	280,246	-	-
EPF contribution	23,155	33,566	-	-
SOCSO contribution	2,340	3,647	-	-
	277,628	317,459	-	-

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Remuneration of key management personnel:				
Director's fee	-	139,434	-	-

7. TAX (CREDIT)/EXPENSE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	AUD	**AUD**	**AUD**	**AUD**
Tax (credit)/expense	(177)	8,489	-	-

The numerical reconciliation between the tax (credit)/expenses and the product of accounting profit/(loss) multiplied by the applicable tax rate are as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	AUD	**AUD**	**AUD**	**AUD**
Loss before tax	(616,417)	(3,979,317)	(132,902)	(57,441,991)
Tax at statutory tax rate	(147,940)	(955,036)	(31,896)	(13,786,078)
Tax effects of:				
Non-deductible expenses	84,639	963,525	31,896	13,786,078
Deferred tax asset not recognised	63,124	-	-	-
Income tax expense for the financial year	(177)	8,489	-	-

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the Group's profit/(loss) for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of ordinary shares in issue is calculated as follows:

	The Group	
	2019	**2018**
Loss for the year, attributable to the owners of the Company (AUD)	(616,417)	(3,987,806)
Number of ordinary shares at beginning and end of the year	180,000,400	180,000,400
Weighted-average number of ordinary shares at 31 December	180,000,400	180,000,400
Basic (loss)/earnings per share (cents)	(0.34)	(2.22)

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per ordinary share equals basic (loss)/earnings per ordinary share.

9. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture and fittings AUD	Renovation AUD	Office equipment AUD	Computers AUD	Signboard AUD	Billboard AUD	Freehold land and buildings AUD	Total AUD
Cost								
At 1 January 2018	13,126	8,869	14,895	10,723	268	6,884	364,154	418,919
Additions	3,493	-	-	1,240	-	-	-	4,733
Written off	-	-	-	-	-	(7,495)	-	(7,495)
Translation reserve	1,164	787	1,321	951	24	611	32,311	37,169
At 1 January 2019	17,783	9,656	16,216	12,914	292	-	396,465	453,326
Additions	-	-	417	-	-	-	-	417
Translation reserve	264	143	240	192	5	-	7,553	8,397
At 31 December 2019	18,047	9,799	16,873	13,106	297	-	404,018	462,140
Accumulated depreciation								
At 1 January 2018	9,021	1,626	10,575	10,636	101	2,237	17,601	51,797
Charge for the year	1,562	965	1,405	395	29	437	7,492	12,285
Written off	-	-	-	-	-	(2,873)	-	(2,873)
Translation reserve	1,237	144	939	944	9	199	2,455	5,927
At 1 January 2019	11,820	2,735	12,919	11,975	139	-	27,548	67,136
Charge for the year	1,095	980	787	415	30	-	8,002	11,309
Translation reserve	1,184	41	191	178	2	-	(10)	1,586
At 31 December 2019	14,099	3,756	13,897	12,568	171	-	35,540	80,031

The Group

	Furniture and fittings AUD	Renovation AUD	Office equipment AUD	Computers AUD	Signboard AUD	Billboard AUD	Freehold land and buildings AUD	Total AUD
Net carrying amount								
At 31 December 2019	3,948	6,043	2,976	538	126	-	368,478	382,109
At 31 December 2018	5,963	6,921	3,297	939	153	-	368,917	386,190
Depreciation for 2018	1,562	965	1,405	395	29	437	7,492	12,285

Freehold building of the Group have been charged as security for bank borrowings as stated in Note 16.

10. INTANGIBLE ASSET

The intangible asset represents in e-commerce system under development.

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
At 1 January	-	3,238,023	-	-
Impairment	-	(3,030,495)	-	-
Amortisation	-	(336,722)	-	-
Translation reserve	-	129,194	-	-
At 31 December	-	-	-	-

11. INVESTMENT IN SUBSIDIARIES

	The Company	
	2019	2018
	AUD	AUD
Unquoted shares at cost	57,656,091	57,656,091
Impairment	(57,656,088)	(57,656,088)
	3	3

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest (%) 2019	Effective equity interest (%) 2018	Principal activities
Circle Corporation International Limited ^	Hong Kong	100	100	Advertising, branding, e-media services and creative marketing solution
Circle Corp Mediatech Sdn. Bhd. ^	Malaysia	100	100	Advertising, publication, entertainment, events, business circle mobile app and related services
Inno Mind Works Sdn. Bhd.	Malaysia	100	100	Event organiser, advertisement and media industries

^ Audited by another firms of accountants.

12. OTHER INVESTMENT

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Investment in Agro Growers Scheme, at fair value	5,586	5,488	-	-

13. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Trade receivables	238,445	379,261	-	-
Less: Impairment				
As at beginning of the year	(6,946)	-	-	-
Addition	(56,576)	(6,946)	-	-
	(63,522)	(6,946)	-	-
Trade receivables – net of impairment	174,923	372,315	-	-
Other receivables	298,335	486,184	222,575	209,820
Deposit and prepaid expenses	5,563	12,293	-	-
	478,821	870,792	222,575	209,820

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Receivables not yet due	10,355	256,935	-	-
Past due for:				
1 – 3 months	162,739	9,226	-	-
3 – 6 months	1,829	413	-	-
6 – 9 months	-	1,826	-	-
9 – 12 months	-	-	-	-
12 months and above	-	103,915	-	-
	174,923	372,315	-	-

Amount owing from related party is unsecured, interest free and with no fixed terms of repayment.

Information on financial risk of amount owing from related party is disclosed in Note 20.

Related party include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

14. SHARE CAPITAL

Share capital is represented by:

	2019 AUD	2018 AUD
Issued and fully paid:	57,656,229	57,656,229

15. RESERVES

	The Group		The Company	
	2019 AUD	2018 AUD	2019 AUD	2018 AUD
Accumulated losses	(2,333,479)	(1,717,062)	(57,974,650)	(57,841,748)
Exchange translation reserve	(102,251)	(132,951)	(15,516)	(15,522)
Merger reserve	(57,388,344)	(57,388,344)	-	-
	(59,824,074)	(59,238,357)	(57,990,166)	(57,857,270)

Exchange translation reserve

The foreign currency translation reserve arises from the translation of the financial statements from its functional currency in United States Dollar (USD), Hong Kong Dollar (HKD) and Malaysian Ringgit (RM) to presentation currency in Australian Dollar (AUD).

Merger reserve

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

16. TERM LOAN

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Payable within 12 months	66,192	110,773	-	-
Payable after 12 months	271,947	278,562	-	-
	338,139	389,335	-	-

The term loans, which are under the name of a director, are repayable over a period of 84 months to 360 months commencing August 2015 and November 2015 with effective interest rate of 4.75% to 4.85%. The term loans are secured by legal charge over the freehold building of the Group.

17. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Non-current				
Amount owing to directors	144,822	147,468	-	-
Amount owing to related party	57,843	389,102	-	-
Current				
Trade payables	564,253	414,367	-	-
Other payables	834,809	738,319	101,797	157,390
Accrued expenses	245,342	241,890	11,406	-
Amount owing to directors	460,142	315,876	-	-
Amount owing to subsidiaries	-	-	443,312	253,616
	2,307,211	2,247,022	556,515	411,006

(i) Amount owing to directors, related party and subsidiaries are unsecured, interest free and payable upon demand in cash and cash equivalents.

(ii) Information on financial risk of amount owing to directors, related party and subsidiaries are disclosed in Note 20.

(iii) The related party is a company in which certain directors of the Company have financial interest.

18. BANK OVERDRAFT

The bank overdraft facilities of a subsidiary company of AUD60,971 (RM200,000) (2019: AUD60,971 (RM200,000)) is guarantee by the directors and bear interest of 2.50% (2019: 2.50%) per annum above Bank Negara Malaysia's Funding Rate.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	The Group		The Company	
	2019 AUD	2018 AUD	2019 AUD	2018 AUD
Fixed deposits with licensed bank	-	36,464	-	-
Cash and bank balances	8,782	171,383	-	142
Bank overdraft	(66,416)	(33,597)	-	-
	(57,634)	174,250	-	142

20. FINANCIAL INSTRUMENTS

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's business whilst managing its market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies in respect of the major areas of treasury activity are as follow:

Financial Risk Management Policies

(a) Market Risk

(i) Foreign currency risk

Currency risk sensitivity analysis

A 5 percent strengthening of Australian Dollar against US Dollar (USD), Hong Kong Dollar (HKD) and Malaysian Ringgit (RM) at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant.

The Group

	Equity 2019 AUD	**Profit 2019 AUD**	**Equity 2018 AUD**	**Profit 2018 AUD**
USD	(160,047)	(43,898)	(112,371)	(283,234)
HKD	(20,557)	(5,638)	(14,348)	(36,163)
RM	(39,205)	(10,753)	(27,059)	(68,203)

The Company

	Equity 2019 AUD	**Profit 2019 AUD**	**Equity 2018 AUD**	**Profit 2018 AUD**
USD	(23,781)	(9,465)	(14,249)	15,206

The 5 percent weakening of the currencies against Australian Dollar at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

Interest rate risk that changes in interest rates will affect the Group's and the Company's financial position and cash flows.

The Group's and the Company's significant interest-bearing liability is in respect of term loans and bank overdraft. The Group and the Company monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

The following tables set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting date and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group

	Note	Weighted average effective interest rate %	Within 1 year AUD	1-2 years AUD	2-3 years AUD	3-4 years AUD	4-5 years AUD	More than 5 years AUD	Total AUD
As of 31 December 2019									
Fixed rates									
Term loan	17	4.75	10,753	10,753	10,753	10,753	10,753	284,374	338,139
Floating rates									
Bank overdraft	19	9.35	66,416	-	-	-	-	-	66,416
As of 31 December 2018									
Fixed rates									
Term loan	17	4.75	10,753	10,753	10,753	10,753	10,753	335,570	389,335
Floating rates									
Bank overdraft	19	9.35	33,597	-	-	-	-	-	33,597

Sensitivity analysis for interest rate risk

The following table details the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by 50 basis points with all variables held constant:

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Profit/(Loss) after tax				
- Increase by 0.5%	221	80	-	-
- Decrease by 0.5%	(221)	(80)	-	-

(b) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group and the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

At the end of each reporting period, there were no significant concentrations of credit risk other than the amount owing to related party of AUD57,843.

(c) Liquidity Risk

The Group's and the Company's exposure to liquidity risk arises from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances and the continuing funding from its shareholders to meet its working capital requirements.

Company No: OI - 318051

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

Group

	Carrying amounts AUD	**Contractual undiscounted cash flows AUD**	**Within 1 year AUD**	**1-5 years AUD**	**More than 5 years AUD**
As of 31 December 2019					
Trade and other payables	1,644,404	1,644,404	1,644,404	-	-
Amount owing to directors	604,964	604,964	-	604,964	-
Term loan	338,139	576,303	126,290	104,220	345,793
Bank overdraft	66,416	66,416	66,416	-	-
Amount owing to related party	57,843	57,843	-	57,843	-
	2,711,766	2,949,930	1,837,110	767,027	345,793
As of 31 December 2018					
Trade and other payables	1,336,926	1,336,926	1,336,926	-	-
Amount owing to directors	463,344	463,344	-	463,344	-
Term loan	389,335	615,665	128,403	86,867	400,395
Bank overdraft	33,597	33,597	33,597	-	-
Amount owing to related party	389,102	389,102	-	389,102	-
	2,612,304	2,838,634	1498,926	939,313	400,395

Company

	Carrying amounts AUD	Contractual undiscounted cash flows AUD	Within 1 year AUD	1-5 years AUD	More than 5 years AUD
As of 31 December 2019					
Trade and other payables	113,203	113,203	113,203	-	-
Amount owing to subsidiaries	279,325	279,325	279,325	-	-
	392,528	392,528	392,528	-	-
As of 31 December 2018					
Trade and other payables	157,390	157,390	157,390	-	-
Amount owing to subsidiaries	253,616	253,616	253,616	-	-
	411,006	411,006	411,006	-	-

Capital Risk Management

The Group and the Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximize shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Classification of Financial Instruments

	The Group		The Company	
	2019	2018	2019	2018
	AUD	AUD	AUD	AUD
Financial assets:				
Fair Value Through Profit or Loss				
Investment	5,586	5,488	-	-
Amortised cost				
Trade and other receivables	478,819	870,792	-	-
Fixed deposits with licensed bank	-	36,464	-	-
Cash and bank balances	8,782	171,383	-	142
	493,187	1,084,127	-	142
Financial liabilities:				
Amortised cost				
Trade and other payables	1,723,933	2,189,372	392,528	411,006
Term loan	66,192	389,335	-	-
Bank overdraft	66,416	33,597	-	-
	1,856,541	2,612,304	392,528	411,006

Methods and Assumptions Used To Estimate Fair Value

The fair values of the financial assets and liabilities approximately their carrying amounts. The fair values are included in Level 2 of their fair value hierarchy.

22. CONTINGENT LIABILITIES

The Company's subsidiary in Hong Kong has a total outstanding tax liability of AUD310,252 (HKD1,695,922) (2019: AUD362,933 (HKD2,001,065)), the Inland Revenue Department may impose penalties on the subsidiary company and the director of the subsidiary company. No provision for the penalty liabilities has been made in these financial statements, as the amount and consequence are uncertain at the reporting date.

23. SEGMENT INFORMATION

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

24. SUBSEQUENT EVENT

On 11 March 2020, the World Health Organisation declared Covid-19 a pandemic, causing huge impact on people's lives, families, communities and businesses around the world.

The outbreak has resulted in significant disruption to business operations and a significant increase in economic uncertainty.

As the situation continues to be fluid and rapidly evolving, the Group and the Company does not consider it practicable to provide a quantitative estimate of the potential impact of these economic conditions on the Group and the Company. However, the Group and the Company will actively monitor and manage the operations to minimise any potential impact.

Company No. OI - 318051

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)

STATEMENT BY DIRECTORS

The directors of **CIRCLE INTERNATIONAL HOLDINGS LIMITED** state that, in their opinion, the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance and cash flows of the Group and of the Company for the year then ended.

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

YAP CHEE LIM

JEROME AUGUSTUS BATEMAN

Puchong,
27 August 2021