

**CIRCLE CORPORATION INTERNATIONAL LIMITED**

**世傑國際集團有限公司**

**REPORT OF THE DIRECTOR AND  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**世傑國際集團有限公司**

**REPORT OF THE DIRECTOR AND**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

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**Circle Corporation International Limited ("The Company")**

**INTERIM RESULTS**

The Board of directors of the Company is pleased to announce the unaudited results of the Company for the six months ended 30th June, 2017.

The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2016 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 audited financial statements. Details of these changes in accounting policies are set out in Note 2.

The interim financial report is unaudited, but has been reviewed by Raymond Li & Co., Certified Public Accountants (Practising) in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Company, and as issued by the HKICPA.

Raymond Li & Co., Certified Public Accountants (Practising) independent review report to the Board is include on Page 2 to P. 3

For and on behalf of the Board



Mr. TAN HO  
Chairman

Hong Kong 7th December, 2017

# **Raymond Li & Co.**

**李文偉會計師事務所**

*Certified Public Accountants (Practising)*

香港執業會計師

Room 902, 9/F., Fu Fai Commercial Centre, 27 Hillier Street, Sheung Wan, Hong Kong

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## **REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS CIRCLE CORPORATION INTERNATIONAL LIMITED**

**世傑國際集團有限公司**

**(Incorporated in Hong Kong with limited liability)**

### **Introduction**

We have reviewed the interim financial statements set out on pages 4 to 11, which comprise the statement of financial position of CIRCLE CORPORATION INTERNATIONAL LIMITED as at 30th June 2017 and the income statement, statement of change in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion, based on our review, on these interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Raymond Li & Co.**

**李文偉會計師事務所**

*Certified Public Accountants (Practising)*

香港執業會計師

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**REPORT OF THE AUDITORS**

**TO THE BOARD OF DIRECTORS**


**CIRCLE CORPORATION INTERNATIONAL LIMITED**

世傑國際集團有限公司

(Incorporated in Hong Kong with limited liability)

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at 30th June, 2017 are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".



**Raymond Li & Co.**

**李文偉會計師事務所**

*Certified Public Accountants (Practising)*

香港執業會計師

**LI MAN WAI 李文偉**

Practising Certificate Number 執業證書編號 PC02638

Hong Kong 7th December, 2017

**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**世傑國際集團有限公司**  
**INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

		Unaudited 1.1.2017- 30.6.2017	Audited 1.1.2016- 31.12.2016
	<u>Notes</u>	HKD	HKD
Revenues	3	11,042,692	16,642,859
Cost of sales		<u>(3,909,164)</u>	<u>(9,617,032)</u>
<b>Gross Profit</b>		7,133,529	7,025,827
Other income	3	1,607	4
Selling and distribution expenses		-	-
Administrative and operating expenses		(312,292)	(805,134)
Other operating expenses		-	-
Finance costs		<u>-</u>	<u>-</u>
<b>Profit / (Loss) before tax</b>	4	6,822,844	6,220,697
Taxation	5	<u>(1,105,767)</u>	<u>(1,006,414)</u>
<b>Profit / (Loss) for the period/year</b>		<u><u>5,717,077</u></u>	<u><u>5,214,283</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**CIRCLE CORPORATION INTERNATIONAL LIMITED**

世傑國際集團有限公司

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30TH JUNE 2017**

		Unaudited <u>30.6.2017</u>	Audited <u>31.12.2016</u>
	Notes	HKD	HKD
<b>Non-current assets</b>			
Intangible asset	7	<u>11,750,000</u>	<u>11,750,000</u>
<b>Current assets</b>			
Accounts receivables	8	7,257,909	5,915,780
Other receivables	8	4,212,546	882,546
Deposits and prepayments	8	2,312	2,312
Amounts due from a related company	9	78,275	42,625
Amounts due from holding company	10	4,326,798	-
Cash in hand and cash at bank		1,654,115	2,258,423
		<u>17,531,956</u>	<u>9,101,686</u>
<b>Current liabilities</b>			
Trade payables		(8,162,012)	(8,255,521)
Accruals		(3,819,000)	(41,566)
Amounts due to holding company	10	-	(2,316,499)
Amounts due to a director	11	(918,000)	(678,000)
Tax payables		(2,577,012)	(1,471,245)
		<u>(15,476,024)</u>	<u>(12,762,831)</u>
<b>Net current assets/(liabilities)</b>		<u>2,055,932</u>	<u>(3,661,145)</u>
<b>Net assets</b>		<u><u>13,805,932</u></u>	<u><u>8,088,855</u></u>
<b>Capital and reserves</b>			
Share capital	12	410,000	410,000
Retained earnings		<u>13,395,932</u>	<u>7,678,855</u>
<b>Shareholders' equity</b>		<u><u>13,805,932</u></u>	<u><u>8,088,855</u></u>

Approved by the Board of Directors on 7th December 2017 and are signed on its behalf by:



Mr. Tan Ho  
Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**世傑國際集團有限公司**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

	Share capital HKD	Retained earnings/ (Accumulated losses) HKD	Total HKD
Balance as at 1st January 2016	10,000	2,464,572	2,474,572
Issue of share capital	400,000	-	400,000
Profit/(Loss) for the year	-	5,214,283	5,214,283
Balance as at 31st December 2016 and 1st January 2017	410,000	7,678,855	8,088,855
Profit/(Loss) for the period	-	5,717,077	5,717,077
Balance as at 30th June, 2017	410,000	13,395,932	13,805,932

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.



**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**世傑國際集團有限公司**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

	Unaudited 1.1.2017- 30.6.2017 HKD	Audited 1.1.2016- 31.12.2016 HKD
<b>Operating activities</b>		
Profit before tax	6,822,844	6,220,697
Adjustment for:		
- Bank interest income	(13)	(4)
<b>Operating profit before changes in working capital</b>	<b>6,822,831</b>	<b>6,220,693</b>
- Accounts and other receivables	(4,672,130)	(2,089,945)
- Amounts due from a related company	(35,650)	(42,625)
- Trade payables and accruals	3,683,925	6,262,307
- Amounts due to a director	240,000	478,000
-Amounts due to holding company	(6,643,297)	2,351,133
<b>Cash generated from/ (used in) operations</b>	<b>(604,321)</b>	<b>13,179,563</b>
Hong Kong profits tax paid	-	-
<b>Net cash generated from/ (used in) operations</b>	<b>(604,321)</b>	<b>13,179,563</b>
<b>Investing activities</b>		
Bank interest income received	13	4
Payment for development of intangible asset	-	(11,450,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>13</b>	<b>(11,449,996)</b>
<b>Financing activities</b>		
Issue of share capital	-	400,000
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>400,000</b>
<b>Net increase in cash, cash equivalents and bank overdraft</b>	<b>(604,308)</b>	<b>2,129,567</b>
<b>Cash, cash equivalents and bank overdraft at start of period/year</b>	<b>2,258,423</b>	<b>128,856</b>
<b>Cash, cash equivalents and bank overdraft at end of period/year</b>	<b>1,654,115</b>	<b>2,258,423</b>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	1,654,115	2,258,423

**CIRCLE CORPORATION INTERNATIONAL LIMITED**

**世傑國際集團有限公司**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

**1. Basis of preparation and accounting policies**

The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited financial statements also include the appropriate disclosure requirements of the Hong Kong Companies Ordinances. They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 30 June 2017 have not been audited by the Company's auditors, but have been reviewed by the Company's director.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 31 December 2016.

**2. Basis of preparation and accounting policies**

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 January 2018, the adoption has no significant impact on the Company's results and financial position. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period and for those which are not yet effective, the Company is in the process of assessing their impact on the Company's results and financial position.

**3. Revenues and other income**

During the period, the Company is engaged in advertising, branding, e-media services and creative marketing solution.

An analysis of the Company's revenues and other income are as follows:

	Unaudited 1.1.2017- 30.6.2017 HKD	Audited 1.1.2016- 31.12.2016 HKD
Sales	11,042,692	16,642,859
Bank interest income	<u>13</u>	<u>4</u>
	<u>11,042,706</u>	<u>16,642,863</u>

**CIRCLE CORPORATION INTERNATIONAL LIMITED**

· 世傑國際集團有限公司

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****AS AT 30TH JUNE 2017****4. Profit / (Loss) before tax**

	Unaudited 1.1.2017- 30.6.2017 HKD	Audited 1.1.2016- 31.12.2016 HKD
After crediting the following items:		
Bank interest income	<u>13</u>	<u>4</u>
After charging the following items:		
Auditor's remuneration	19,000	31,000
Director remuneration	240,000	480,000
Legal and professional fee	7,770	60,878
Loss on exchange difference	8,119	189,745
Rental	4,896	4,896
Staff welfare	<u>-</u>	<u>2,000</u>

**5. Taxation**

Hong Kong profits tax has been provided at 16.5% on the assessable profit derived for the period.

**6. Director's emoluments**

Directors' remuneration disclosed pursuant to Section 383(1) of the Companies Ordinance is as follows:

	<u>Unaudited</u> 1.1.2017- 30.6.2017 HKD	<u>Audited</u> 1.1.2016- 31.12.2016 HKD
Fee	-	-
Other emoluments	<u>240,000</u>	<u>480,000</u>
	<u>240,000</u>	<u>480,000</u>

**7. Intangible asset**

Intangible asset represents e-commerce system under development.

**CIRCLE CORPORATION INTERNATIONAL LIMITED**

· 世傑國際集團有限公司

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

**8. Trade and other receivables**

	<u>Unaudited</u> 1.1.2017- 30.6.2017 HKD	<u>Audited</u> 1.1.2016- 31.12.2016 HKD
Trade receivables	7,257,909	5,915,780
Less: Provision for bad debts	-	-
	<u>7,257,909</u>	<u>5,915,780</u>
Other receivables	4,212,546	882,546
Deposit and prepayment	<u>2,312</u>	<u>2,312</u>
	<u><u>11,472,768</u></u>	<u><u>6,800,638</u></u>

**9. Amounts due from a related company**

Amounts due from a related company is as follows:

<u>Name of a related company</u>	<u>Unaudited</u> Balance at end of period HKD	Balance at beginning of period HKD	Max. amount outstanding during the period HKD
CIRCLE INTERNATIONAL HOLDINGS LIMITED	<u>78,275</u>	<u>42,625</u>	<u>78,275</u>

Amounts due from a related company is unsecured, non-interest bearing and repayable on demand. CIRCLE INTERNATIONAL HOLDINGS LIMITED, is a related company, which has the common shareholder as of the Company.

**10. Amounts due from/(to) holding company**

Amounts due from/(to) holding company is as follows:

<u>Name of holding company</u>	<u>Unaudited</u> Balance at end of period HKD	Audited Balance at beginning of period HKD	Max. amount outstanding during the period HKD
CIRCLE CORP SDN. BHD.	<u>4,326,798</u>	<u>(2,316,499)</u>	<u>4,326,798</u>

Amounts due from/(to) holding company is unsecured, non-interest bearing and repayable on demand.

**CIRCLE CORPORATION INTERNATIONAL LIMITED**

世傑國際集團有限公司

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30TH JUNE 2017****11. Amounts due to a director**

Amounts due to a director is as follows:

<u>Name of director</u>	Unaudited	Audited	Max. amount outstanding during the period
	Balance at	Balance at	
	<u>end of period</u>	<u>beginning</u>	
	HKD	HKD	HKD
TAN Ho	<u>918,000</u>	<u>678,000</u>	<u>918,000</u>

Amounts due to a director is unsecured, non-interest bearing and repayable on demand.

**12 Share capital**

	Unaudited	Audited
	1.1.2017-	1.1.2016-
	30.6.2017	31.12.2016
	HKD	HKD
Issued & fully paid :		
410,000 ordinary share of HKD1 each	<u>410,000</u>	<u>410,000</u>

**13. Related party transactions**

During the period, other than those have already been stated in other parts to these financial statements, the director is of the opinion that there is no material related party transactions required to be disclosed in accordance with the requirement of the Section 16 of SME-FRS.

**14. Subsequent event**

On 25 August 2017, Circle Corp Sdn Bhd, the holding company of the Company entered into an acquisition agreement with Circle International Holdings Limited, a related company incorporated in the Cayman Islands with limited liability and pursuant to which Circle Corp Sdn Bhd disposed to Circle International Holdings Limited the 410,000 shares of the Company, representing 100% of the issued share capital of the Company, at a total consideration of USD30 million and the completion date is on or before 14th day after the unconditional date as stated in the 2.1, 2.9 and 5.1 of the said agreement.

**15. Ultimate holding company**

The Company director considers that Circle Corp Sdn Bhd is the ultimate holding company.

**16. Approval of financial statements**

The financial statements were approved and authorised for issue by the board of directors of the Company on 7th December 2017.