

**SHKL GROUP LIMITED**  
**AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
(Incorporated in British Virgin Islands)

For the six months ended  
30 September 2019

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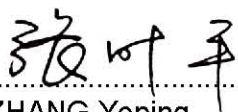
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**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**STATEMENT BY DIRECTORS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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In the opinion of the Directors, the accompanying interim consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2019 and of the results of the business, changes in equity and cash flows of the Group for the six month period ended on that date and as at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

  
.....  
ZHANG Yeping  
Independent, Non-executive Chairman

  
.....  
ZHOU Xinghang  
Executive director

Dated: 9 December 2019

**REVIEW REPORT**  
**TO THE MEMBERS OF SHKL GROUP LIMITED**

**Introduction**

We have reviewed the accompanying interim consolidated statement of financial position as at 30 September 2019 and the interim consolidated statements of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and selected explanatory notes and a summary of significant accounting policies ("Financial Information") of **SHKL GROUP LIMITED AND ITS CONTROLLED ENTITY (the Group)**. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information 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 International 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements does not present fairly, in all material respects, the financial position of the Group as at 30 September 2019, and of the Group's financial performance and its cash flows for the six months ended 30 September 2019 in accordance with the International Financial Reporting Standards.



**J. K. TAN & CO**

Chartered Accountants

Malaysia, 9 December 2019

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
**(ARBN 603010868)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

|  | Notes | <b>The Group</b>         |                      |
|--|-------|--------------------------|----------------------|
|  |       | <b>30 September 2019</b> | <b>31 March 2019</b> |
|  |       | <b>A\$</b>               | <b>A\$</b>           |
| <b>ASSETS</b>                                    |       |                          |                      |
| <b>Current Assets</b>                            |       |                          |                      |
| Trade and other receivables                      |       | 1,005,342                | 1,108,026            |
| Cash and cash equivalents                        |       | 23,524                   | 119,766              |
| Total current assets                             |       | 1,028,866                | 1,227,792            |
| <b>Non-Current Assets</b>                        |       |                          |                      |
| Plant and equipment                              |       | 25,804                   | 26,140               |
| Intangible assets                                |       | 938                      | 2,538                |
| Other receivables                                |       | 11,222,633               | 11,222,633           |
| Investments at fair value through profit or loss |       | 4,371,300                | 4,007,025            |
| Goodwill   |       | 510,002                  | 510,002              |
| Total non-current assets                         |       | 16,130,677               | 15,768,338           |
| <b>TOTAL ASSETS</b>                              |       | <b>17,159,543</b>        | <b>16,996,130</b>    |
| <b>LIABILITIES AND EQUITY</b>                    |       |                          |                      |
| <b>Current liabilities</b>                       |       |                          |                      |
| Trade and other payables                         |       | 2,843,901                | 2,677,283            |
| Taxation   |       | 4,443                    | 4,338                |
| Total current liabilities                        |       | 2,848,344                | 2,681,621            |
| <b>Non-Current Liabilities</b>                   |       |                          |                      |
| Amount due to directors                          |       | 1,777,305                | 1,800,454            |
| Total non-current liabilities                    |       | 1,777,305                | 1,800,454            |
| <b>EQUITY</b>                                    |       |                          |                      |
| Share capital                                    | 6     | 20,330,201               | 20,330,201           |
| Other reserve                                    |       | (2,757,478)              | (2,757,478)          |
| Translation reserve                              |       | 229,963                  | 201,078              |
| Accumulated loss                                 |       | (5,268,792)              | (5,259,746)          |
| Total equity                                     |       | 12,533,894               | 12,514,055           |
| <b>TOTAL LIABILITIES AND EQUITY</b>              |       | <b>17,159,543</b>        | <b>16,996,130</b>    |

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

|  |              | <b>From 01.04.19<br/>to 30.09.2019</b> | <b>From 01.04.18<br/>to 30.09.2018</b> |
|--|--------------|--|--|
|  | <b>Notes</b> | <b>A\$</b>                             | <b>A\$</b>                             |
| <b>Continuing operations</b>   |              |  |  |
| Revenue  |              | -                                      | -                                      |
| Net profit/(loss) on financial assets and liabilities at fair value through profit or loss |              | <b>364,275</b>                         | (242,850)                              |
|  |              | <b>364,275</b>                         | (242,850)                              |
| Cost of sales  |              | <b>(157,634)</b>                       | -                                      |
|  |              |  |  |
| <b>Gross profit/(loss)</b>   |              | <b>206,641</b>                         | (242,850)                              |
| Other income   |              | -                                      | 8                                      |
| Marketing and distribution   |              | -                                      | -                                      |
| Administrative expenses  |              | <b>(214,819)</b>                       | (68,783)                               |
| Other operating expenses   |              | -                                      | -                                      |
|  |              |  |  |
| <b>(Loss) before tax</b>   |              | <b>(8,178)</b>                         | (311,625)                              |
| Income tax expense   |              | <b>(868)</b>                           | (167)                                  |
| <b>(Loss) for the year from continuing operations</b>                                      |              | <b>(9,046)</b>                         | (311,792)                              |
| <b>Discontinued operation</b>  |              |  |  |
| Profit for the year from discontinued operation  |              | -                                      | -                                      |
|  |              |  |  |
| <b>Loss for the year</b>   |              | <b>(9,046)</b>                         | (311,792)                              |
| Exchange differences on translation foreign controlled entities                            |              | <b>28,885</b>                          | (235,485)                              |
| <b>Total comprehensive profit/ (loss) for the financial year</b>                           |              | <b>19,839</b>                          | (547,277)                              |
| Attributable to:   |              |  |  |
| Equity holders of the parent   |              | <b>19,839</b>                          | (547,277)                              |
| Non-controlling interests  |              | -                                      | -                                      |
|  |              |  |  |
| <b>(Loss) Per Share</b>  |              |  |  |
| Basic (loss) per share (cents)   | 7            | <b>(0.01)</b>                          | (0.28)                                 |
| Diluted (loss) per share (cents)   | 7            | <b>(0.01)</b>                          | (0.28)                                 |

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
**(ARBN 603010868)**  
**CONSOLIDATED STATEMENT OF CHANGES IN ENQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

|                                   | Share<br>capital<br>A\$ | Accumulated<br>loss<br>A\$ | Other<br>reserve<br>A\$ | Translation<br>reserve<br>A\$ | Total equity<br>A\$ |
|-----------------------------------|-------------------------|----------------------------|-------------------------|-------------------------------|---------------------|
| <b>At 01.04.2019</b>              | <b>20,330,201</b>       | <b>(5,259,746)</b>         | <b>(2,757,478)</b>      | <b>201,078</b>                | <b>12,514,055</b>   |
| Currency translation reserve      | -                       | -                          | -                       | 28,885                        | 28,885              |
| Comprehensive loss for the period | -                       | (9,046)                    | -                       | -                             | (9,046)             |
| <b>Balance at 30.09.2019</b>      | <b>20,330,201</b>       | <b>(5,268,792)</b>         | <b>(2,757,478)</b>      | <b>229,963</b>                | <b>12,533,894</b>   |

|                                    | Share<br>capital<br>A\$ | Accumulated<br>loss<br>A\$ | Other<br>reserve<br>A\$ | Translation<br>reserve<br>A\$ | Total equity<br>A\$ |
|------------------------------------|-------------------------|----------------------------|-------------------------|-------------------------------|---------------------|
| <b>At 01.04.2018</b>               | <b>20,330,201</b>       | <b>(4,132,275)</b>         | <b>(2,757,478)</b>      | <b>240,034</b>                | <b>13,680,482</b>   |
| Currency translation reserve       | -                       | -                          | -                       | (235,485)                     | (235,485)           |
| Reserves of disposal               |                         |                            |                         |                               |                     |
| Group classified as Held for sales | -                       |                            | (2,527,092)             | -                             | (2,527,092)         |
| Other reserve                      |                         |                            | 2,757,478               | -                             | 2,757,478           |
| Comprehensive loss for the period  | -                       | (311,792)                  | -                       | -                             | (311,792)           |
| <b>Balance at 30.09.2018</b>       | <b>20,330,201</b>       | <b>(4,444,067)</b>         | <b>(2,527,092)</b>      | <b>4,549</b>                  | <b>13,363,591</b>   |

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

|   | From 1 April 2019<br>to 30 September 2019<br>A\$ | From 1 April 2018<br>to 30 September 2018<br>A\$ |
|---|--|--|
| <b>Cash flow from operating activities</b>                                  |  |  |
| (Loss) before taxation  | (9,046)  | (311,625)  |
| Adjustments for:  |  |  |
| Amortisation of intangible assets   | 1,578  | -  |
| Depreciation of plant and equipment   | -  | -  |
| Cash flows from discounted operations                                       | -  | 1,854,587  |
| Net fair value profit on investment at fair value<br>through profit or loss | (364,275)  | 242,850  |
| Unrealised exchange profit or loss  | 29,243   | (235,485)  |
| Operating profit before working capital changes                             | (342,500)  | 1,550,327  |
| Other receivables   | 102,684  | 40,724   |
| Other payables  | 166,618  | (1,613,954)                                      |
| Tax paid  | 105  | (167)  |
| Net cash (used in) operating activities                                     | (73,093)   | (23,070)   |
| <b>Cash flow from investing activities</b>                                  |  |  |
| Purchase of plant and equipment   | -  | -  |
| Cash flow on acquisition of subsidiary                                      | -  | -  |
| Net cash (used in) investing activities                                     | -  | -  |
| <b>Cash flow from financing activities</b>                                  |  |  |
| Net proceeds from issuance of shares  | -  | -  |
| Amount due to directors   | (23,149)   | -  |
| Net cash generated from financing activities                                | -  | -  |
| Net (decrease) in cash and bank balances                                    | (96,242)   | (23,070)   |
| Cash and cash equivalents at the beginning of the<br>period                 | 119,766  | 24,970   |
| Effects of exchange rate on cash and cash<br>equivalents                    | -  | -  |
| Cash and cash equivalents at the end of the period                          | 23,524   | 1,900  |

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**1. CORPORATE INFORMATION**

SHKL Group Limited is the Group's ultimate parent company. The Company was incorporated in and under the laws of the British Virgin Islands on 29 October 2014.

The Company was listed on the National Stock Exchange of Australia on 18 August 2015. The registered office of the Company in British Virgin Islands located at Offshore Incorporations Centre, Coastal Building, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Company is an investing holding company. The Group is principally engaged in providing financial consulting and corporate services, and developing a one-stop service platform for the provision of these services.

**2. GENERAL INFORMATION AND BASIS OF PREPARATION**

The interim consolidated financial statements are for the six months ended 30 September 2019 and are presented in Australian Dollars which is the Company's functional currency. They have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the annual report for more information.

**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Principles of Consolidation**

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are carried at their cost of acquisition, less provision for impairment, in the Company's financial statements.

(ii) Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of specific borrowing or lending transactions. The financial statements of special purpose entities are included in the consolidated entity's financial statements where the substance of the relationship is that the consolidated entity controls the special purpose entity.

(iii) Transactions eliminated on consolidation

Intergroup balances and any unrealised gains and losses or income and expenses arising from intergroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED**

**3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

The Company adopted accounting policies which are effective for financial periods beginning on or after 1 April 2019. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

**Standards issued but not yet effective**

| Reference                             | Description  | Effective for annual periods beginning on or after |
|---------------------------------------|--|--|
| IFRS 16                               | Leases   | 1 January 2019                                     |
| IFRS 23                               | Uncertainty Over Income Tax Treatments   | 1 January 2019                                     |
| Amendments to IAS 28                  | Long-term Interests in Associates and Joint Ventures                                   | 1 January 2019                                     |
| Amendments to IFRS 9                  | Prepayment Features with Negative Compensation   | 1 January 2019                                     |
| Annual Improvements to IFRS Standards | 2015-2017 Cycles   | 1 January 2019                                     |
| Amendments to IAS 19                  | Plan Amendment, Curtailment or Settlement  | 1 January 2019                                     |
| IFRS 17                               | Insurance Contracts  | 1 January 2021                                     |
| Amendments to IFRS 10 And IAS 28      | Sale or Contribution of Assets between an Investor and its Associates or Joint Venture | Date to be determined                              |

The adoption of these new standards, where relevant to the Group, did not result in substantial changes to the Group's accounting policies or any significant impact on the Group's financial statements.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED**

**3.3 Plant and equipment**

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the straight-line basis so as to write off the cost of plant and equipment net of the estimated residual values over their estimated useful lives as follows:

|                      | Estimated useful<br>lives | Estimated residual<br>value as a<br>percentage of cost |
|----------------------|---------------------------|--|
| Office equipment     | 5 years                   | 5%   |
| Furniture & fittings | 5 years                   | 5%   |

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

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

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

**3.4 Intangible assets**

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further economic benefits are expected to arise.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED**

**3.5 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

*1) Net gain or loss on financial assets and liabilities at fair value through profit or loss*

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

*2) Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
 (ARBN 603010868)  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**4. CONTROLLED ENTITIES**

The consolidated financial statements include the financial statements of SHKL Holdings Limited and its controlled entities listed in the following table.

| <u>Name of entity</u>   | <u>Country of incorporation</u> | <u>Ownership interest at 30 September 2019</u> |
|---|---------------------------------|--|
| <b>Controlling entity</b>   |                                 |  |
| SHKL Holdings Limited   | BVI                             |  |
| <b>Controlled entities</b>  |                                 |  |
| (1) KSTV (Hong Kong) Limited ("KSTV")   | Hong Kong                       | 100%   |
| (2) Jiaxing Kunlun Technology Development Co., Limited ("JKTD")                 | China                           | 100%   |
| (3) Zhejiang Excellent Enterprises Management Consulting Co., Limited ("ZEEMC") | China                           | 100%   |
| (4) Shanghai Kunlun Cultural Media Co., Limited ("SKCM")*                       | China                           | 100%   |

\*During the financial period from 1/4/2018 to 30/09/2018, the Company had plan to disposal SKCM, the assets and liabilities related to SKCM have been presented as held-for-sale in the statements of financial position. During the current financial period, the Company has ceased to classify SKCM as held for sales, the results of previously presented in discontinued operations is reclassified and included in income from continuing operations for all periods presented. SKCM hasn't carried on any business and no income incurred since 1 April 2017.

**5. ISSUED CAPITAL**

|  | <b>30 September 2019</b> | <b>31 March 2019</b>     |
|--|--------------------------|--------------------------|
|  | <b>A\$</b>               | <b>A\$</b>               |
| <u>Ordinary share</u>                        |                          |                          |
| Issued and fully paid                        | <b>20,605,201</b>        | 20,605,201               |
| Share issue cost                             | <b>(275,000)</b>         | (275,000)                |
|  | <b>20,330,201</b>        | 20,330,201               |
|  |                          |                          |
|  | <b>Number Issued</b>     | <b>Total Share Price</b> |
| <u>Movements in ordinary shares on issue</u> |                          |                          |
| 1 April 2019                                 | 110,300,000              | 20,330,201               |
| Share issued                                 | -                        | -                        |
| Share issue cost                             | -                        | -                        |
| <b>30 September 2019</b>                     | <b>110,300,000</b>       | <b>20,330,201</b>        |

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
 (ARBN 603010868)  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**6. PROFIT PER SHARE**

The calculations of the basic and diluted loss per share attributable to owners of the Company are based on the following data:

|  | From 1 April 2019<br>to 30 September 2019<br>A\$ | From 1 April 2018<br>to 30 September 2018<br>A\$ |
|--|--|--|
| <b>Loss/Profit</b>   |  |  |
| Net (loss) attributable to owners of the Company   | <b>(9,046)</b>                                   | (311,792)  |
| <b>Number of shares</b>  |  |  |
| Weighted average number of ordinary shares for the purpose of basic earnings per share   | <b>110,150,000</b>                               | 110,150,000                                      |
| Effect of dilutive potential ordinary shares in respect of share options                 | -  | -  |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <b>110,150,000</b>                               | 110,150,000                                      |

**9. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions.

The Company did not conduct any transactions with related parties nor related companies except as disclosed elsewhere in the notes to the financial statements.

**10. DIVIDEND**

There were no dividends paid during the six months to 30 September 2019.

**11. FAIR VALUES AND FAIR VALUES HIERARCHY OF FINANCIAL INSTRUMENTS**

Management has assessed that the fair values of cash and cash equivalents, trade and other payables, amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

**12. CONTINGENT LIABILITIES**

There were no contingent liabilities at the date of this report to affect the interim financial statements.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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**13. EVENTS AFTER THE REPORTING DATE**

There have been no material events subsequent to 30 September 2019 which would require disclosure in this report.