

CIRCLE CORPORATION INTERNATIONAL LIMITED
(世傑國際集團有限公司)
(INCORPORATED IN HONG KONG)

REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 7 MAY 2015 (DATE OF INCORPORATION)
TO 31 DECEMBER 2015

CIRCLE CORPORATION INTERNATIONAL LIMITED
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CIRCLE CORPORATION INTERNATIONAL LIMITED
SOLE DIRECTOR'S REPORT
FOR THE PERIOD FROM 7 MAY 2015 (DATE OF INCORPORATION)
TO 31 DECEMBER 2015

The sole director has pleasure in submitting his first report together with the audited financial statements for period from 7 May 2015 (date of incorporation) to 31 December 2015.

1. PRINCIPAL ACTIVITY

The principal activity of the Company during the period was provision of marketing services.

2. SOLE DIRECTOR

The sole director during the reporting period was as follows:

TAN Ho (Appointed as the first director on 7 May 2015)

3. PERMITTED INDEMNITY PROVISION

At no time during the reporting period and the at the time of approval of this report were there any permitted indemnity provisions in force for the benefit of one or more directors of the Company.

4. MANAGEMENT CONTRACTS

There were no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

5. BUSINESS REVIEW

The Company falls within the reporting exemption for the financial period. Accordingly, the Company is exempted from preparing a business review.

6. SHARE ISSUED

On 7 May 2015, the Company issued 10,000 ordinary shares with the amount of HK\$10,000 for the purpose of providing initial working capital. The Company received all of the consideration at the time of issue.

7. EQUITY-LINKED ARRANGEMENTS

During the reporting period, the Company entered into no equity-linked agreement. At the end of the reporting period, the Company subsisted of no equity-linked agreement.

CIRCLE CORPORATION INTERNATIONAL LIMITED
SOLE DIRECTOR'S REPORT
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8. RECOMMENDED DIVIDENDS

The sole director does not recommend the payment of dividend for the reporting period.

9. APPROVAL OF THE SOLE DIRECTOR'S REPORT

This report was approved by the sole director on 29 June 2016

On behalf of the Sole Director

TAN Ho
Sole Director

Hong Kong, 29 June 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CIRCLE CORPORATION INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)**

We have audited the financial statements of Circle Corporation International Limited ("the Company") set out on pages 5 to 13, which comprise the statement of financial position as at 31 December 2015, and the income statement and statement of changes in equity for the period from 7 May 2015 (date of incorporation) to 31 December 2015, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 405 Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other persons for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CIRCLE CORPORATION INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

In our opinion, the financial statements of the Company for the period from 7 May 2015 (date of incorporation) to 31 December 2015 are prepared, in all material respects, in accordance with the Small and Medium-sized Entity Financial Reporting Standard and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

For and on behalf of
WINSON ASIA CPA LIMITED
Certified Public Accountants

Choi Tsung Mang
HKICPA Practising Certificate No. P05072

Hong Kong, 29 June 2016

CIRCLE CORPORATION INTERNATIONAL LIMITED
INCOME STATEMENT
FOR THE PERIOD FROM 7 MAY 2015 (DATE OF INCORPORATION)
TO 31 DECEMBER 2015

	Note	Period from 7.5.2015 to <u>31.12.2015</u> HK\$
Revenue	2	5,350,314
Cost of services		<u>(2,174,532)</u>
Gross profit		3,175,782
Other revenue	2	1
Administrative expenses		<u>(246,380)</u>
Profit before taxation	3	2,929,403
Income tax	5	<u>(464,831)</u>
Profit for the period		<u><u>2,464,572</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
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	<u>2015</u> HK\$
Non-current assets		
Intangible asset	6	<u>300,000</u>
Current assets		
Accounts receivable		4,708,381
Deposits and prepayments		2,312
Cash at bank		128,856
Amounts due from the holding company	7	<u>34,634</u>
		<u>4,874,183</u>
Current liabilities		
Accounts payable		2,014,110
Accruals		20,670
Amounts due to the sole director	8	200,000
Taxation payable	5	<u>464,831</u>
		<u>(2,699,611)</u>
Net current assets		<u>2,174,572</u>
NET ASSETS		<u><u>2,474,572</u></u>
CAPITAL AND RESERVES		
Share capital	9	10,000
Retained profits		<u>2,464,572</u>
		<u><u>2,474,572</u></u>

Approved by the Sole Director

TAN Ho
Sole 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
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 7 MAY 2015 (DATE OF INCORPORATION)
TO 31 DECEMBER 2015

	<u>Share capital</u> HK\$	<u>Retained profits</u> HK\$	<u>Total</u> HK\$
Issue of shares	10,000	-	10,000
Loss for the period	<u>-</u>	<u>2,464,572</u>	<u>2,464,572</u>
At 31 December 2015	<u>10,000</u>	<u>2,464,572</u>	<u>2,474,572</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
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 7 MAY 2015 (DATE OF INCORPORATION)
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Reporting entity

Circle Corporation International Limited ("the Company") is a company incorporated in Hong Kong with limited liability on 7 May 2015. The Company's registered office and principal place of business were situated at Level 10, Central Building, 1-3 Pedder Street, Central, Hong Kong. The principal activity of the Company during the period was provision of marketing services.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company qualifies for the reporting exemption as a small private company under Section 359(1)(a) and 361 of the Hong Kong Companies Ordinance. Therefore, The Company is entitled to prepare and present its annual financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of these financial statements is historical cost basis.

(c) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, as follows:

(I) Services income

Income earned from provision of marketing services is recognised when the relevant services have been rendered.

(II) Interest income

Interest income from bank deposit is accrued on a time apportionment basis by reference to the principal deposited and at the rate applicable.

(d) Foreign exchange

The reporting currency of the company is Hong Kong Dollars, which is the currency of the primary economic environment in which the company operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognized in the income statement.

CIRCLE CORPORATION INTERNATIONAL LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

(f) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a systematic basis over their estimated useful lives using the straight-line method.

(g) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

(h) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Company, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalized leased assets are depreciated over the shorter of the estimate useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(i) Accounts and other receivables

Accounts and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

CIRCLE CORPORATION INTERNATIONAL LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Accounts and other payables

Accounts and other payables are initially recognised at transaction price and subsequently stated at amortised cost using the effective interest method.

(k) Related parties

(I) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Company's parent.

(II) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (I).
- (vii) A person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

CIRCLE CORPORATION INTERNATIONAL LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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2. REVENUE AND OTHER REVENUE

	Period from 7.5.2015 to 31.12.2015 HK\$
Revenue:	
Marketing services income	<u>5,350,314</u>
Other revenue:	
Bank interest income	<u>1</u>

3. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	Period from 7.5.2015 to 31.12.2015 HK\$
Staff costs (including sole director's remuneration):	
Salaries and allowances	<u>202,000</u>
Other items:	
Auditor's remuneration	11,000
Exchange loss	3,261
Operating lease charges	3,264
Preliminary expenses	<u>8,970</u>

4. SOLE DIRETOR'S REMUNERATION

Sole director's remuneration disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Period from 7.5.2015 to 31.12.2015 HK\$
Fees	-
Salaries and other remuneration	202,000
Mandatory Provident Fund contributions	-
	<u>202,000</u>

CIRCLE CORPORATION INTERNATIONAL LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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5. INCOME TAX

The provision for Hong Kong profits tax for the period is calculated at 16.5% of the estimated assessable profits for the period.

6. INTANGIBLE ASSET

The intangible asset represents e-commerce system under development.

7. AMOUNTS DUE FROM THE HOLDING COMPANY

Loans, quasi-loans and other dealings in favour of the sole director of the Company disclosed pursuant to Section 383(1)(d) of Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Terms</u>	Balance as at <u>31.12.2015</u> HK\$	Maximum balance outstanding during the period from 7.5.2015 to <u>31.12.2015</u> HK\$
CIRCLE CORP SDN. BHD.	Holding company	Note (a)	34,634	434,234

- (i) The amounts due were unsecured, interest-free and repayable on demand.
- (ii) There was no amount due but unpaid, nor any provision made against the principal amount of or interest on these advancements at 31 December 2015.

8. AMOUNTS DUE TO THE SOLE DIRECTOR

The amounts due were unsecured, interest-free and repayable on demand.

9. SHARE CAPITAL

	<u>2015</u> HK\$
Issued and fully paid: 10,000 ordinary shares	<u>10,000</u>

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10. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in these financial statements, the Company entered into the following material related party transactions:

	Period from 7.5.2015 to <u>31.12.2015</u> HK\$
Services costs paid to the holding company	<u>2,160,852</u>

11. APPROVAL OF FINANCIAL STATEMENTS

The statement of financial position was approved and these financial statements were authorised for issue by the sole director on 29 June 2016