

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

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**CIRCLE CORPORATION INTERNATIONAL LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**SOLE DIRECTOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The sole director presents his report together with the audited financial statements for the year ended 31 December 2016.

**1. PRINCIPAL ACTIVITIES**

The principal activities of the Company during the reporting period were advertising, branding, e-media services and creative marketing solution.

**2. SOLE DIRECTOR**

The sole director during the reporting period was as follows:

TAN Ho

**3. PERMITTED INDEMNITY PROVISION**

At no time during the reporting period and 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. 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**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**7. RECOMMENDED DIVIDENDS**

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

**8. APPROVAL OF THE SOLE DIRECTOR'S REPORT**

This report was approved by the sole director on 6 April 2017.

On behalf of the board



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TAN Ho  
Sole Director

Hong Kong, 6 April 2017

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

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**Opinion**

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 2016, and the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon ("Other Information")**

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation of financial statements in accordance with the SME-FRS issued by the 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.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



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

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**Auditor's Responsibilities for the Audit of the Financial Statements**

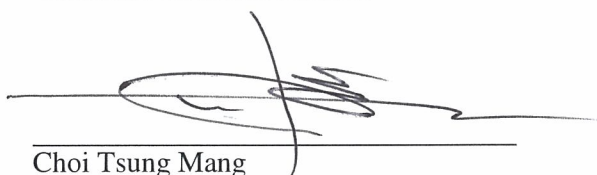
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Choi Tsung Mang  
HKICPA Practising Certificate No. P05072

Hong Kong, 6 April 2017

**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Year from 1.1.2016 to 31.12.2016 HK\$	Period from 7.5.2015 to 31.12.2015 HK\$
<b>Revenue</b>	2	16,642,859	5,350,314
Cost of services		<u>(9,617,032)</u>	<u>(2,174,532)</u>
Gross profit		7,025,827	3,175,782
Other revenue	2	4	1
Administrative expenses		<u>(805,134)</u>	<u>(246,380)</u>
<b>Profit before taxation</b>	3	6,220,697	2,929,403
Income tax	5(a)	<u>(1,006,414)</u>	<u>(464,831)</u>
<b>Profit for the year / period</b>		<u><u>5,214,283</u></u>	<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 2016**

	Note	<u>2016</u> HK\$	<u>2015</u> HK\$
<b>Non-current assets</b>			
Intangible asset	6	<u>11,750,000</u>	<u>300,000</u>
<b>Current assets</b>			
Accounts receivable		5,915,780	4,708,381
Deposits and prepayments		2,312	2,312
Other receivable		882,546	-
Cash at bank		2,258,423	128,856
Amounts due from the holding company	7	-	34,634
Amounts due from a related company	7	<u>42,625</u>	<u>-</u>
		<u>9,101,686</u>	<u>4,874,183</u>
<b>Current liabilities</b>			
Accounts payable		8,255,521	2,014,110
Accruals		41,566	20,670
Amounts due to the sole director	8	678,000	200,000
Amounts due to the holding company	8	2,316,499	-
Taxation payable	5(b)	<u>1,471,245</u>	<u>464,831</u>
		<u>(12,762,831)</u>	<u>(2,699,611)</u>
<b>Net current (liabilities) / assets</b>		<u>(3,661,145)</u>	<u>2,174,572</u>
<b>NET ASSETS</b>		<u>8,088,855</u>	<u>2,474,572</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	9	410,000	10,000
Retained profit		<u>7,678,855</u>	<u>2,464,572</u>
		<u>8,088,855</u>	<u>2,474,572</u>

Approved and signed 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 YEAR ENDED 31 DECEMBER 2016**

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	<u>Share capital</u> HK\$	<u>Retained profit</u> HK\$	<u>Total</u> HK\$
Issue of shares	10,000	-	10,000
Profit for the year	<u>-</u>	<u>2,464,572</u>	<u>2,464,572</u>
At 31 December 2015 and 1 January 2016	10,000	2,464,572	2,474,572
Issue of shares	400,000	-	400,000
Profit for the year	<u>-</u>	<u>5,214,283</u>	<u>5,214,283</u>
At 31 December 2016	<u>410,000</u>	<u>7,678,855</u>	<u>8,088,855</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 YEAR ENDED 31 DECEMBER 2016**

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**Reporting entity**

Circle Corporation International Limited ("the Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business were situated at Level 10, Central Building, 1-3 Pedder Street, Central, Hong Kong. The principal activities of the Company during the reporting period were advertising, branding, e-media services and creative marketing solution.

**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 recognized when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following basis:

Services income

Income earned from provision of advertising, branding, e-media services and creative marketing solution is recognised when the relevant services have been rendered.

Interest income

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

(d) Foreign exchange

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 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**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) Taxation

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 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 the income statement. 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) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable 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.

(i) Accounts and other payables

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

(j) 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 assets 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 the 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.

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

Lease 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.

**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(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**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. REVENUE AND OTHER REVENUE**

	Year from 1.1.2016 to 31.12.2016 HK\$	Period form 7.5.2015 to 31.12.2015 HK\$
Revenue:		
Sales of goods	<u>16,642,859</u>	<u>5,350,314</u>
Other revenue:		
Bank interest income	<u>4</u>	<u>1</u>

**3. PROFIT BEFORE TAXATION**

Profit before taxation is stated after charging:

	Year from 1.1.2016 to 31.12.2016 HK\$	Period form 7.5.2015 to 31.12.2015 HK\$
Staff costs:		
Salaries, bonus and allowance	<u>482,000</u>	<u>202,000</u>
Other items:		
Auditor's remuneration	31,000	11,000
Exchange loss	189,745	3,261
Operating lease charges	4,896	3,264
Preliminary expenses	<u>-</u>	<u>8,970</u>

**4. SOLE DIRECTOR'S REMUNERATION**

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

	Year from 1.1.2016 to 31.12.2016 HK\$	Period form 7.5.2015 to 31.12.2015 HK\$
Fees	-	-
Salaries and other emoluments	480,000	202,000
Mandatory Provident Fund contributions	<u>-</u>	<u>-</u>
	<u>480,000</u>	<u>202,000</u>

**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**5. INCOME TAX**

(a) Income tax in the income statement represents the provision for Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year less one-off tax reduction of 75% final tax capped at HK\$20,000 (2015: HK\$20,000).

(b) Current taxation in the statement of financial position represents:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Provision for Hong Kong profits tax for the year	1,006,414	464,831
Balance of Profits Tax provision relating to prior years	<u>464,831</u>	<u>-</u>
Current tax payable	<u><u>1,471,245</u></u>	<u><u>464,831</u></u>

**6. INTANGIBLE ASSET**

The intangible asset represents e-commerce system under development.

**7. AMOUNTS DUE FROM THE HOLDING COMPANY / A RELATED COMPANY**

Loans, quasi-loans and other dealings in favour of directors (including shadow directors) 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>Relationship</u>	<u>Name</u>	<u>Terms</u>	<u>Balance as at</u>		<u>Maximum balance outstanding during the year / period ended</u>	
			<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
			HK\$	HK\$	HK\$	HK\$
Holding company	CIRCLE CORP SDN. BHD.	Note (i)	-	34,634	4,453,690	434,234
Related company	CIRCLE INTERNATIONAL LIMITED	Note (i)	42,625	-	42,625	-

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

(ii) Circle international Limited is a related company which has the common shareholder as the Company

(iii) 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 and 31 December 2016.



**CIRCLE CORPORATION INTERNATIONAL LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**8. AMOUNTS DUE TO THE SOLE DIRECTOR / HOLDING COMPANY**

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

**9. SHARE CAPITAL**

	<u>2016</u> HK\$	<u>2015</u> HK\$
Issued and fully paid:		
410,000 (2015: 10,000) ordinary shares	<u>410,000</u>	<u>10,000</u>

**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:

	Year from 1.1.2016 to <u>31.12.2016</u> HK\$	Period from 7.5.2015 to <u>31.12.2015</u> HK\$
Services costs paid to the holding company	<u>7,972,509</u>	<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 6 April 2017.