

# **Sun Property Group Australia Limited**

**Special Purpose Financial Statements  
for the Year Ended 30 June 2020**

**Sun Property Group Australia Limited**  
**Special Purpose Financial Report for the Year Ended 30 June 2020**

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## **Sun Property Group Australia Limited Directors' Report**

Your Director presents this report on the Company for the Year ended 30 June 2020.

### **Directors**

The name of the Director in office at any time during or since the end of the reporting period is:

- Wayne Sun

The Director has been in office since the start of the reporting period to the date of this report unless otherwise stated.

### **Company Secretary**

Wayne Sun

### **Review of Operations and Financial Results**

The net profit after tax for the year was \$1,802,724 (2019 loss: \$18,997).

### **Principal Activities and Strategy**

Sun Property is devoted to the creation of living environments that are founded upon engagement with people and place.

### **Significant Changes in State of Affairs**

No significant changes in the Company's state of affairs occurred during the financial period.

### **COVID-19**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

### **Matters Subsequent to Balance Date**

No matters or circumstances have arisen since reporting date which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future reporting periods.

### **Likely Developments and Expected Results of Operations**

Information on likely developments in the operations of the Company and the expected results of operations have not been included in these financial statements because the directors believe it could potentially result in unreasonable prejudice to the Company.

### **Material Risk Exposure**

The Board considers that adequate systems are in place to manage the Company's obligations and is not aware of Group's material exposure to economic, environmental and social sustainability risks.

## **Sun Property Group Australia Limited Directors' Report (Continued)**

### **Environmental Regulation**

The Company's projects are subject to standard regulation under state and local municipality legislation, including relevant planning and zoning laws under Local Environment Plans (LEP's).

The Company's operations are not subject to any significant environmental regulation under Commonwealth legislation. The Board considers that adequate systems are in place to manage the Company's obligations and is not aware of any breach of environmental requirements as they relate to the Company.

### **Dividends**

No dividends were paid to members during the financial year (2019: \$Nil).

### **Indemnification of Officers**

The Company indemnifies each of its directors and officers, to the maximum extent and in the manner permitted by the relevant legislation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the Company.

### **Indemnity and Insurance of Auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Shares Under Option and Share Issued on the Exercise of Options**

No share under options or share issued on the exercise of options during the financial year (2019: Nil)

### **Proceedings on Behalf of the Company**

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration is set out on page 6.

**Sun Property Group Australia Limited  
Directors' Report (Continued)**

**Auditor**

RSM Australia Partners is the Company's appointed auditor.

This report is made in accordance with a resolution of directors.

On behalf of the directors,



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**Wayne Sun**  
**Director**  
**30/11/2020**  
**Sydney**

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the aggregated financial report of Sun Property Group Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*RSM*

**RSM AUSTRALIA PARTNERS**

*David Talbot*

**David Talbot**  
Partner

Sydney, NSW

Dated: 30 November 2020

**Sun Property Group Australia Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2020**

	Notes	For the Year Ended 30 June 2020 \$	For the Year Ended 30 June 2019 \$
Revenue	3	2,939,182	-
Professional expenses and management fees		(592,585)	(23,587)
Advertising and marketing		(55,850)	(2,210)
Administration expenses		(4,951)	(406)
		<hr/>	<hr/>
Profit/(Loss) before income tax		<b>2,285,796</b>	<b>(26,203)</b>
Income tax (expense)/income	5	(465,072)	7,206
		<hr/>	<hr/>
Profit/(Loss) for the year		<b>1,820,724</b>	<b>(18,997)</b>
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<hr/> <b>1,820,724</b> <hr/>	<hr/> <b>(18,997)</b> <hr/>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Sun Property Group Australia Limited**  
**Statement of Financial Position**  
**As at 30 June 2020**

	Notes	As at 30 June 2020 \$	As at 30 June 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	74,058	20,300
Trade and other receivables	7	3,219,838	6,448
<b>Total Current Assets</b>		<b>3,293,896</b>	<b>26,748</b>
<b>Non-Current Assets</b>			
Investments in related parties		2	2
Loans to related parties		38,287,352	12,505,237
Deferred tax assets	10	-	823,708
<b>Total Non-Current Assets</b>		<b>38,287,354</b>	<b>13,328,947</b>
<b>Total Assets</b>		<b>41,581,250</b>	<b>13,355,695</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	437,634	372,860
<b>Total Current Liabilities</b>		<b>437,634</b>	<b>372,860</b>
<b>Non-Current Liabilities</b>			
Borrowings	9	19,231,290	12,187,790
Deferred tax liabilities	10	-	358,636
<b>Total Non-Current Liabilities</b>		<b>19,231,290</b>	<b>12,546,426</b>
<b>Total Liabilities</b>		<b>19,668,924</b>	<b>12,919,286</b>
<b>Net Assets</b>		<b>21,912,326</b>	<b>436,409</b>
<b>EQUITY</b>			
Share capital	11	19,656,193	1,000
Retained earnings		2,256,133	435,409
<b>Total Equity</b>		<b>21,912,326</b>	<b>436,409</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*



**Sun Property Group Australia Limited**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2020**

	Notes	Share Capital \$	Retained Earnings \$	Total \$
<b>2019</b>				
At 1 July 2018		1,000	454,406	455,406
Loss for the year		-	(18,997)	(18,997)
Other comprehensive income		-	-	-
Total comprehensive income		-	<b>(18,997)</b>	<b>(18,997)</b>
<b>At 30 June 2019</b>		<b>1,000</b>	<b>435,409</b>	<b>436,409</b>
<b>2020</b>				
At 1 July 2019		1,000	435,409	436,409
Profit for the year		-	<b>1,820,724</b>	<b>1,820,724</b>
Other comprehensive income		-	-	-
Total comprehensive income		-	<b>1,820,724</b>	<b>1,820,724</b>
<i>Transactions with owners in their capacity as owners:</i>				
Share capital contributions received	11	19,655,193	-	19,655,193
<b>At 30 June 2020</b>		<b>19,656,193</b>	<b>2,256,133</b>	<b>21,912,326</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Sun Property Group Australia Limited**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Notes	<b>For the Year Ended 30 June 2020</b>	<b>For the Year Ended 30 June 2019</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Rental income received		12,057	-
Payments to suppliers and employees		(643,387)	(21,741)
<b>Net cash outflow from operating activities</b>	14	<b>(631,330)</b>	<b>(21,741)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash outflow from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Loans to related parties		(6,358,412)	(3,704,622)
Loan proceeds received		8,443,500	3,701,234
Loans repayments		(1,400,000)	-
<b>Net cash inflow from financing activities</b>		<b>685,088</b>	<b>(3,388)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>53,758</b>	<b>(25,129)</b>
Cash and cash equivalents at the beginning of the financial year		20,300	45,429
<b>Cash and cash equivalents at end of the year</b>	6	<b>74,058</b>	<b>20,300</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of significant accounting policies**

These financial statements and notes represent those of Sun Property Group Australia Limited (the “Company”). The financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Directors’ have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. AASB 1048 Interpretation of Standards and AASB 1054 Australian Additional Disclosures.

**Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the ability to continue to raise funds from banks and related parties
- the Company expects to raise funds through capital market upon IPO

**Accounting policies**

(a) Revenue recognition

To determine whether to recognise revenue and what price, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of significant accounting policies (continued)**

(a) Revenue recognition (continued)

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Company has identified the following revenue streams:

**Sale of properties**

Revenue from the sale of properties is recognised on settlement as this corresponds to the completion of sales contracts, being the transfer of the completed property to the customer.

**Management income**

Revenue from management services is charged periodically to related entities. Management fee revenue is determined on an ad hoc basis and is not subject to any performance obligations.

**Rental income**

The Company earned lease income from operating leases of properties and continues to recognise related income in line with AASB 16 Leases.

**Interest revenue**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(b) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income) of the aggregated Group.

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of significant accounting policies (continued)**

(b) Income tax (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(d) Impairment of assets

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows 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.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of significant accounting policies (continued)**

(f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when:

- i. It is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is expected to be realised within 12 months after the reporting period; or
- iv. The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- i. It is either expected to be settled in the Company's normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within 12 months after the reporting period; or
- iv. There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(g) Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses and borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended sale. Suitable portions of related development overheads are also allocated, based on normal operating capacity.

Costs of call options purchased on prospective properties are capitalised on the date of contract. These costs are expensed through profit and loss at the earlier of the option lapsing or when the underlying the asset is sold.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of significant accounting policies (continued)**

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually payable within 30 days of recognition.

(j) Employee benefits

(i) *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(k) Share capital

Ordinary shares are classified as equity.

(l) Financial instruments

*Initial recognition and measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Effective interest rate method*

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 exactly discounts estimated future cash receipts through the expected life of the financial assets or, where appropriate, a shorter period.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of significant accounting policies (continued)**

(l) Financial instruments (continued)

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

*Borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(m) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(n) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The Company applied AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

**AASB 16 Leases**

The Company has no leases and therefore AASB 16 has no impact.

(o) Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.



**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

(o) Accounting standards and interpretations issued but not yet effective (continued)

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

*AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

These standards are applicable to annual reporting periods beginning on or after 1 July 2021. AASB 2020-2 will prohibit certain for-profit entities from preparing special purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. Given that the company will be moving to general purpose financial statements in the future, there is likely to be increased disclosure for areas such as key management personnel, related parties, tax and financial instruments; and some disclosures will be removed. If the company adopts the standards prior to the mandatory application date it will be able to take advantage of certain special transitional disclosure relief relating to comparative information in the first year of adoption.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Provision for impairment of inventory*

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

*Recovery of deferred tax assets*

Deferred tax assets have been recognised for deductible temporary differences as the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**2 Critical accounting judgements, estimates and assumptions (continued)**

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**3 Sales revenue**

The Company's revenue disaggregated by operating segment is as follows:

	<b>Management fee</b>	<b>Rental Income</b>	<b>Total</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	2,927,125	12,057	2,939,182
	<b>2,927,125</b>	<b>12,057</b>	<b>2,939,182</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	-	-	-
	-	-	-

Management fee revenue is determined on an ad hoc basis and is not subject to any performance obligations.

	<b>For the</b>	<b>For the</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
<b>4 Remuneration of auditors</b>		
<i>RSM Australia</i>		
Audit or review of the financial statements	12,000	-
	<b>12,000</b>	<b>-</b>

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**5 Income tax expense**

	As at 30 June 2020	As at 30 June 2019
	\$	\$
<b>The components of tax expense comprise:</b>		
Current tax expense	-	-
Deferred tax expense/(income)	465,072	(7,206)
	<b>465,072</b>	<b>(7,206)</b>
<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(loss) from continuing operations before income tax expense	2,285,796	(26,203)
Tax at the Australian tax rate of 27.5% (2019 – 27.5%)	<b>628,594</b>	<b>(7,206)</b>
<i>Add tax effect of:</i>		
- Deferred tax assets not recognised	351,749	-
- Utilised brought forward tax losses	(515,271)	-
Total income tax expense	<b>465,072</b>	<b>(7,206)</b>

**6 Cash and cash equivalents**

Cash at bank and in hand	74,058	20,300
	<b>74,058</b>	<b>20,300</b>

**7 Trade and other receivables**

<b>CURRENT</b>		
Trade receivable	3,219,838	-
GST receivable	-	6,448
	<b>3,219,838</b>	<b>6,448</b>

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	As at 30 June 2020 \$	As at 30 June 2019 \$
<b>8 Trade and other payables</b>		
CURRENT		
Trade payables	10,000	-
GST payable	230,250	-
Other payables	32,100	6,000
Interest payable to shareholders	165,284	366,860
	<b>437,634</b>	<b>372,860</b>

**9 Borrowings**

NON-CURRENT

Loans from related parties	19,231,290	12,187,790
	<b>19,231,290</b>	<b>12,187,790</b>

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

**Total facilities**

Loans from related parties	21,731,290	14,687,790
	<b>21,731,290</b>	<b>14,687,790</b>

**Used at the reporting date**

Loans from related parties	19,231,290	12,187,790
	<b>19,231,290</b>	<b>12,187,790</b>

Unrestricted access was available at the reporting date to the following lines of credit:

**Unused at the reporting date**

Loans from related parties	2,500,000	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**10 Deferred tax assets and liabilities**

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	At beginning of year \$	Recognised in other comprehensive income \$	Recognised in profit and loss \$	At end of year \$
<b>2020</b>				
<b>Deferred tax assets</b>				
Carried forward tax losses	823,708	-	(823,708)	-
	<b>823,708</b>	-	<b>(823,708)</b>	-
<b>Deferred tax liabilities</b>				
Capitalised borrowing costs	358,636	-	(358,636)	-
	<b>358,636</b>	-	<b>(358,636)</b>	-
<b>2019</b>				
<b>Deferred tax assets</b>				
Carried forward tax losses	560,002	-	263,706	823,708
	<b>560,002</b>	-	<b>263,706</b>	<b>823,708</b>
<b>Deferred tax liabilities</b>				
Capitalised borrowing costs	102,136	-	256,500	358,636
	<b>102,136</b>	-	<b>256,500</b>	<b>358,636</b>

**11 Share capital**

	As at 30 June 2020 Shares	As at 30 June 2019 Shares	As at 30 June 2020 \$	As at 30 June 2019 \$
Ordinary shares – fully paid	<b>377,850,000</b>	57,425,501	<b>19,655,193</b>	1,000
	<b>Date</b>		<b>Share</b>	<b>\$</b>
Balance	01/07/2018		57,425,501	1,000
Balance	01/07/2019		57,425,501	1,000
Issue of shares on conversion of shareholder loans	01/06/2020		320,497,399	19,654,193
Balance	<b>30/06/2020</b>		<b>377,850,000</b>	<b>19,655,193</b>

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**12 Commitments**

**Operating lease commitments**

As at 30 June 2020, the Company does not have any operating lease commitments.

**Capital commitments**

As at 30 June 2020, the Company does not have any capital commitments.

**13 Events occurring after the balance sheet date**

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- a) The Company's operations in future financial years; or
- b) The results of those operations in future financial years; or
- c) The Company's state of affairs in future financial years.

**14 Reconciliation of profit after income tax to net cash outflow from operating activities**

	<b>For the Year Ended 30 June 2020</b>	<b>For the Year Ended 30 June 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Profit/(Loss) for the year</b>	1,820,724	(18,997)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	(3,219,838)	12,596
Increase /(Decrease) in trade and other payables	302,712	(8,134)
Decrease/(Increase) in tax provision and deferred tax	465,072	(7,206)
<b>Net cash outflow from operating activities</b>	<b>(631,330)</b>	<b>(21,741)</b>

**Sun Property Group Australia Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**15 Changes in liabilities arising from financing activities**

	<b>Related Party Loans</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	8,486,556	<b>8,486,556</b>
Net cash from financing activities	3,861,053	<b>3,861,053</b>
Interest accrued	207,041	<b>207,041</b>
Balance at 30 June 2019	<u>12,554,650</u>	<b><u>12,554,650</u></b>
Net cash from financing activities	7,043,500	<b>7,043,500</b>
Interest accrued	(201,576)	<b>(201,576)</b>
Balance at 30 June 2020	<u>19,396,574</u>	<b><u>19,396,574</u></b>

**16 Company details**

*Corporate Head Office and Principal Place of Business*

Sun Property  
Suite 39.02  
Level 39  
100 Miller Street  
NORTH SYDNEY NSW 2060

**Sun Property Group Australia Limited  
Directors' Declaration  
For the Year Ended 30 June 2020**

**Declaration by Directors**

The Director has determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 23, are in accordance with the Corporations Act 2001:
  - a. Comply with Accounting Standards as described in Note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. Give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the Director's Resolution



**Wayne Sun  
Director  
30/11/2020**



**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Sun Property Group Australia Limited

#### Opinion

We have audited the financial report of Sun Property Group Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

### **Other Matter**

The financial report of the Entity for the year ended 30 June 2019 was not audited.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



**David Talbot**  
Partner

RSM Australia Partners

Sydney

Dated: 30 November 2020