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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

OCPA HOLDINGS PTY LTD

ACN

621 378 354

Lodgement details

Registered auditor number

528780

Registered auditor name

WIS AUDIT PTY LTD

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial year ends

Financial year end date
30-06-2022

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?
132570249

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?
48821793

How many employees are employed by the large proprietary company and the entities that it controls?
64

How many members does the large proprietary company have?
5

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Change address

Name

WIS AUDIT PTY LTD

Address

SUITE 801 LEVEL 8
50 MARGARET STREET
SYDNEY NSW 2000
Australia

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been authenticated by
Name WIS AUDIT PTY LTD
This form has been submitted by
Name Zhiyuan LIANG
Date 31-10-2022

For more help or information
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Telephone	1300 300 630

OCPA Holdings Pty Ltd

ACN 621 378 354

Annual Report - 30 June 2022

OCPA Holdings Pty Ltd
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of OCPA Holdings Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of OCPA Holdings Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Yuchen Hou
Chao Duan
Yanfeng Zhao
Yunzhi Lin
Thanh Dai M. Tran

Principal activities

The principal activities of the company during the course of the year were Mobile Phone sales. No significant change in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $10,022,142 (30 June 2021: $5,738,842).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Yuchen Hou
Director

31 October 2022

Achieving
together
with wisdom

WIS AUDIT PTY LTD
ABN 35 645 416 860

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Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of OCPA Holdings Pty Ltd.

As lead auditor for the audit of the financial report of OCPA Holdings Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OCPA Holdings Pty Ltd during the year ended 30 June 2022.

Wis Audit Pty Ltd

Zhiyuan Liang
Director

Sydney, 31 October 2022

OCPA Holdings Pty Ltd
Contents
30 June 2022

General information

The financial statements cover OCPA Holdings Pty Ltd as a consolidated entity consisting of OCPA Holdings Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is OCPA Holdings Pty Ltd's functional and presentation currency.

OCPA Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 5 Talavera Road
Macquarie Park NSW 2113

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 October 2022. The directors have the power to amend and reissue the financial statements.

OCPA Holdings Pty Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Revenue	3	132,570,249	165,145,910
Cost of sales		(112,962,313)	(144,729,927)
Gross profit		19,607,936	20,415,983
Other income	4	51,549	521,148
Foreign exchange gain/(loss)		(7,133,860)	7,622,179
Expenses			
Administrative expense		(1,311,808)	(1,370,643)
Professional consulting fee		(564,128)	(576,276)
Employee benefits expense		(7,118,896)	(7,050,181)
Marketing and promotion expense		(9,371,024)	(21,351,105)
Depreciation and amortisation expense		(896,389)	(513,516)
Repairing expense		(2,059,973)	(1,863,628)
Rent and utilities		(283,633)	(432,187)
Finance costs		(64,953)	(30,884)
Other expense		(876,963)	(1,109,732)
Loss before income tax expense		(10,022,142)	(5,738,842)
Income tax expense	5	-	-
Loss after income tax expense for the year		(10,022,142)	(5,738,842)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(10,022,142)	(5,738,842)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

OCPA Holdings Pty Ltd
Consolidated statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	6	7,586,705	8,103,777
Trade and other receivables	7	24,774,621	21,719,789
Inventories	8	12,071,402	15,409,794
Other assets	11	641,188	546,645
Total current assets		45,073,916	45,780,005
Non-current assets			
Trade and other receivables	7	-	384,769
Property, plant and equipment	9	755,505	896,134
Right-of-use assets	10	1,314,786	852,041
Other assets	11	1,677,586	1,837,923
Total non-current assets		3,747,877	3,970,867
Total assets		48,821,793	49,750,872
Liabilities			
Current liabilities			
Trade and other payables	12	67,136,738	46,214,949
Borrowings	13	30,499,808	42,927,946
Lease liabilities	14	830,448	376,350
Employee benefits	15	470,252	397,090
Total current liabilities		98,937,246	89,916,335
Non-current liabilities			
Lease liabilities	14	545,969	512,348
Employee benefits	15	84,241	45,710
Total non-current liabilities		630,210	558,058
Total liabilities		99,567,456	90,474,393
Net liabilities		(50,745,663)	(40,723,521)
Equity			
Issued capital	16	100	100
Accumulated losses		(50,745,763)	(40,723,621)
Total deficiency in equity		(50,745,663)	(40,723,521)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

OCPA Holdings Pty Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Foreign Exchange Reserve $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2020	100	932,396	(65,474,296)	(64,541,800)
Loss after income tax expense for the year	-	-	(5,738,842)	(5,738,842)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,738,842)	(5,738,842)
Revaluation as of 28 September 2020	-	(318,030)	-	(318,030)
Loss of control of subsidiary as of 28 September 2020	-	(614,366)	30,489,517	29,875,151
Balance at 30 June 2021	100	-	(40,723,621)	(40,723,521)

	Issued capital $	Foreign Exchange Reserve $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2021	100	-	(40,723,621)	(40,723,521)
Loss after income tax expense for the year	-	-	(10,022,142)	(10,022,142)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(10,022,142)	(10,022,142)
Balance at 30 June 2022	100	-	(50,745,763)	(50,745,663)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

OCPA Holdings Pty Ltd
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		141,439,932	175,826,764
Payments to suppliers (inclusive of GST)		(126,299,330)	(185,100,433)
Receipts of government grant		13,906	483,517
Interest received		11,513	36,953
Net cash from/(used in) operating activities		15,166,021	(8,753,199)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(130,703)	(677,616)
Repayment from a related party		384,769	265,231
Net cash from/(used in) investing activities		254,066	(412,385)
Cash flows from financing activities			
Proceeds from borrowings		-	13,314,000
Repayment of borrowings		(13,314,000)	-
Proceeds from shareholder		-	144,552
Repayment to shareholder		(1,544,424)	(657,590)
Repayment of lease liabilities		(1,078,735)	(405,455)
Net cash from/(used in) financing activities		(15,937,159)	12,395,507
Net increase/(decrease) in cash and cash equivalents		(517,072)	3,229,923
Cash and cash equivalents at the beginning of the financial year		8,103,777	4,873,854
Cash and cash equivalents at the end of the financial year	6	7,586,705	8,103,777

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

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

Basis of preparation
These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Going concern
The consolidated entity incurred a net loss of $10,022,142 during the year ended on 30 June 2022 (2021: net loss of $5,738,842) and carried a net liability of $50,745,663 on that date (2021: net liability of $40,723,521). Directors has assessed the situation and considered that the company will be able to continue as a going concern based on the following:

- The shareholder of OCPA Holdings Pty Ltd confirmed that they will subordinate the amount owing from OCPA Holdings Pty Ltd in favour of other creditors and will provide necessary financial support to OCPA Holdings Pty Ltd to ensure its ability to pay off the debt when they fall due.
- The consolidated entity will control the budget of marketing and promotion expenditure in the next 12 months while the sales is still expected to increase gradually.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OCPA Holdings Pty Ltd ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. OCPA Holdings Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
The company sells a range of mobile handsets. Sales are recognised when control of the products has transferred, being when the products are delivered to customers, there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the products in accordance with the sales contract or the company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and customer return. A provision for potential rebate and return (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or 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: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or 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.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Note 1. Significant accounting policies (continued)

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	10-20 years
Fixtures and fittings	3-7 years
Motor vehicle	4 years
Electronic equipment	3-4 years
Office equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

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.

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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

Note 1. Significant accounting policies (continued)

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.

Note 2. Critical accounting judgements, estimates and assumptions

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.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As at 30 June 2022, no deferred tax assets were recognised as management is uncertain about the timing of recovering the tax losses and other temporary difference. Management reviews the position at the end of each year-end and make appropriate adjustment when necessary.

Note 3. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2022 $	2021 $
Major product lines		
Sales of mobile handset and accessory	132,481,851	165,097,418
Sales of smart home device	88,398	48,492
	132,570,249	165,145,910
Geographical regions		
Australia	132,570,249	165,145,910
Timing of revenue recognition		
Goods transferred at a point in time	132,570,249	165,145,910

Note 4. Other income

	2022 $	2021 $
Government grants	13,906	483,517
Insurance recoveries	26,130	623
Interest income	11,513	37,008
Other income	51,549	521,148

Note 5. Income tax benefit

	2022 $	2021 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	44,875,541	36,128,415
Potential tax benefit @ 30%	13,462,662	10,838,525

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	2022 $	2021 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	166,348	75,316
Leases	18,489	10,997
Unrealised foreign exchange loss	1,595,426	326,034
Provision for inventory impairment	-	(29,189)
Total deferred tax assets not recognised	1,780,263	383,158

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 6. Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash at bank	7,586,705	8,103,777

Note 7. Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	24,728,265	21,653,894
Other receivables	17,992	37,531
Interest receivable from OPPO ADMIN	28,364	28,364
	24,774,621	21,719,789
Non-current assets		
Other receivable from OPPO ADMIN	-	384,769
	24,774,621	22,104,558

The loan to OPPO Admin of principal amount of $384,769 was fully repaid during the year.

Note 8. Inventories

	2022 $	2021 $
Current assets		
Stock in transit - at cost	327,939	351,371
Handsets	8,831,479	12,539,322
Accessories	3,011,707	2,618,824
Less: provision for inventory	(99,723)	(99,723)
	12,071,402	15,409,794

Note 9. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Leasehold improvements - at cost	543,914	631,549
Less: Accumulated depreciation	(179,636)	(190,399)
	364,278	441,150
Fixtures and fittings - at cost	55,924	56,995
Less: Accumulated depreciation	(19,453)	(15,684)
	36,471	41,311
Motor vehicles - at cost	341,935	341,935
Less: Accumulated depreciation	(127,365)	(55,841)
	214,570	286,094
Electronic equipment - at cost	231,184	202,054
Less: Accumulated depreciation	(105,041)	(90,484)
	126,143	111,570
Office equipment - at cost	24,393	24,393
Less: Accumulated depreciation	(10,350)	(8,384)
	14,043	16,009
	755,505	896,134

Note 9. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvement $	Fixture and Fitting $	Motor Vehicle $	Electronic Equipment $	Office Equipment $	Total $
Balance at 1 July 2021	441,150	41,311	286,094	111,570	16,009	896,134
Additions	72,389	-	-	58,314	-	130,703
Write off of assets	(122,442)	(609)	-	(7,015)	-	(130,066)
Depreciation expense	(26,819)	(4,231)	(71,524)	(36,726)	(1,966)	(141,266)
Balance at 30 June 2022	364,278	36,471	214,570	126,143	14,043	755,505

Note 10. Right-of-use assets

	2022 $	2021 $
Non-current assets		
Right of Use Assets - 15 Talavera Road	-	406,256
Less: Accumulated depreciation	-	(336,212)
	-	70,044
Right of Use Assets - VIC Repair Center	423,335	423,335
Less: Accumulated depreciation	(295,923)	(197,282)
	127,412	226,053
Right of Use Assets - 5 Talavera Road (Warehouse)	677,557	677,557
Less: Accumulated depreciation	(330,092)	(121,613)
	347,465	555,944
Right of Use Assets - 5 Talavera Road (Office)	1,217,868	-
Less: Accumulated depreciation	(377,959)	-
	839,909	-
	1,314,786	852,041

As at 1 October 2021, the company recognised right of use assets with an aggregate of $1,217,868 for the lease of the warehouse at Part Level 3, 5 Talavera Road, Macquarie Park, NSW, as a result of entering into new lease.

The company leases buildings for its offices and warehouses under agreements of between two to five years with no options to extend. The leases have fixed indexation increase clauses. The premises rented by the company are follows:

- Part Level 11, South Tower, 459 Collins Street, Melbourne, VIC

- Unit 4A, Building B, The Park, 5 Talavera Road, Macquarie Park, NSW

- Part Level 3, 5 Talavera Road, Macquarie Park, NSW

- Suite 2 Level 5, 15 Talavera Road, Macquarie Park, NSW (expired during the current year)

Note 11. Other assets

	2022 $	2021 $
Current assets		
Security deposits	5,000	5,000
Prepayments	380,188	285,645
Deposit held with Western Union Business Solution	256,000	256,000
	641,188	546,645
Non-current assets		
Bank guarantee for lease	1,677,586	1,837,923
	2,318,774	2,384,568

Note 12. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	62,574,827	39,896,233
PAYG withholding payable	142,197	104,942
Superannuation payable	144,693	121,781
Accrued rebates/Discounts	2,125,815	3,190,153
Accrued marketing expense	1,451,691	1,769,425
GST payable	686,424	1,048,384
Other payables	11,091	84,031
	67,136,738	46,214,949

Note 13. Borrowings

	2022 $	2021 $
Current liabilities		
USD Loan from shareholders	28,698,808	27,812,946
AUD loan from shareholders	1,800,000	1,800,000
Loan from directors	1,000	1,000
Loan from Long Shining Development Ltd	-	13,314,000
	30,499,808	42,927,946

The loans borrowed from shareholders and directors are unsecured and interest free.

As at 17 February 2021, the company has entered the new loan agreement with external supplier, Long Shining Development Limited. This loan is unsecured and interest free. The total principal amount of US$25,000,000 will be repaid in 6 months. During the year, the company has fully repaid the loan.

Note 14. Lease liabilities

	2022 $	2021 $
Current liabilities		
Lease liability - 15 Talavera Rd	-	75,090
Lease liability - VIC Repair Center	111,211	101,622
Lease liability - 5 Talavera Rd (Warehouse)	215,153	199,638
Lease liability - 5 Talavera Rd (Office)	504,084	-
	830,448	376,350
Non-current liabilities		
Lease liability - VIC Repair Center	33,746	144,956
Lease liability - 5 Talavera Rd (Warehouse)	152,239	367,392
Lease liability - 5 Talavera Rd (Office)	359,984	-
	545,969	512,348
	1,376,417	888,698

Note 15. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	470,252	397,090
Non-current liabilities		
Long service leave	84,241	45,710
	554,493	442,800

Note 16. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	100	100	100	100

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.

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2022 $	2021 $
Aggregate compensation	848,477	827,720

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company:

	2022 $	2021 $
Audit services - Wis Audit Pty Ltd		
Audit of the financial statements	45,000	44,400
Other services -		
Preparation of statutory financial report	5,000	5,600
	50,000	50,000

Note 20. Related party transactions

Parent entity
OCPA Holdings Pty Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Note 20. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	2022 $	2021 $
Sale of goods and services:		
OPPO Administration Pty Ltd	504,135	162,341
OMC Electronic NZ Limited	136,616	179,436
Konec Home Pty Ltd	160	39,682
Konec Solution Pty Ltd	420,275	8,810
Other charges to related party:		
OPPO Administration Pty Ltd	-	35,255
Loan proceeds from/(Loan lend to) related parties:		
Proceed from/(repayment to) LY&Z Pty Ltd	(266,028)	120,460
Proceed from/(repayment to) Sunny Summit Pty Ltd	(266,028)	120,460
(Loan lend to) / repayment from OPPO Administration Pty Ltd	384,769	(357,000)
(Repayment to) LANIAKEA Pty Ltd	(877,893)	-
(Repayment to) RXD Group Pty Ltd	(133,014)	-
Other charges from related party:		
OPPO Administration Pty Ltd	208,261	1,055,394
OMC Electronics NZ Limited	187	48,166
Konec Solution Pty Ltd	1,186	-

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $	2021 $
Current receivables:		
Trade receivables from OPPO Administration Pty Ltd	281,183	41,132
Trade receivables from OMC Electronic NZ Ltd	-	123,227
Trade receivables from Konec Home Pty Ltd	-	21,107
Trade receivables from Konec Solution Pty Ltd	-	9,691

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2022 $	2021 $
Non-current receivables:		
Loan to OPPO Administration Pty Ltd	-	384,769
Non-current loan payable:		
Loan from Harmony Unity Pty Ltd	30,498,808	28,043,682
Loan from LANIAKEA Pty Ltd	-	877,893
Loan from LY&Z Pty Ltd	-	266,028
Loan from RXD Group Pty Ltd	-	133,014
Loan from Sunny Summit Pty Ltd	-	266,028
Loan from key management personnel	10,000	10,000

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2022 $	Parent 2021 $
Loss after income tax	(371)	(392)
Total comprehensive income	(371)	(392)

Statement of financial position

	Parent 2022 $	Parent 2021 $
Total current assets	210	606
Total assets	30,499,218	29,613,752
Total current liabilities	30,500,061	29,614,224
Total liabilities	30,500,061	29,614,224
Equity		
Issued capital	100	100
Accumulated losses	(943)	(572)
Total deficiency in equity	(843)	(472)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
OMC Electronics Pty Ltd	Australia	100.00%	100.00%
OCPA Electronics Pty Ltd	Australia	100.00%	100.00%

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

OCPA Holdings Pty Ltd
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Yuchen Hou
Director

31 October 2022

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Independent Audit Report to the members of OCPA Holdings Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OCPA Holdings Pty Ltd (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and cash flow statement 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 Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year then ended; and
- complying with Australian Accounting Standards - Simplified Disclosure and the *Corporation 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 Consolidated Entity 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 (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Consolidated Entity incurred a net loss of $10,022,142 during the year ended 30 June 2022 and, as of that date, the Consolidated Entity's liabilities exceeded its total assets by $50,745,663. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 in accordance with Australian Accounting Standards – Simplified Disclosure and the *Corporations Act 2001* and for 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 Consolidated Entity 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 Consolidated Entity or to cease operations, or has n 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.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.

- Obtains 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 entity's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

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- Concludes on the appropriateness of those charged with governance's 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 entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Wis Audit Pty Ltd (AAC No. 528780)

Zhiyuan Liang

Director
Sydney, 31 October 2022