

**ORIENTAL TECHNOLOGIES INVESTMENT LIMITED**

**ABN 13 060 266 248**

**ANNUAL REPORT**

**31 DECEMBER 2017**

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## Oriental Technologies Investment Limited – Annual Report 2017

### DIRECTORS' REPORT

The Directors of Oriental Technologies Investment Limited (the “**Company**”) present their report on the Company for the financial year ended 31 December 2017.

#### Directors

The names of the Directors of the Company during or since the end of the financial year are:

John Wardman – Appointed 27 September 2017

Scott Brown – Appointed 27 September 2017

Campbell Welch – Appointed 27 September 2017

Xinsheng Wang – Resigned 29 October 2017

Gerard McMahon – Resigned 29 October 2017

George Su Su – Resigned 27 September 2017

Lawrence Luo-Lin Xin – Resigned 3 October 2017

All the Directors named above held office during and since the end of the financial year, unless otherwise indicated.

#### Officer's Qualifications, Experience and Special Responsibilities

Particulars of qualifications, experience and special responsibilities of each current Officer are as follows:

##### (a) John Wardman FAICD

Non-Executive Chairman – appointed 27 September 2017

Mr Wardman is a stockbroker with over 25 years industry experience and special expertise in smaller stocks. For 13 years, John was with an Australian based investment bank and more recently with a boutique Australian wealth management firm. John has an extensive network of contacts and clients.

During the past three years, Mr Wardman has held no other listed company directorships.

##### (b) Scott Brown

Non – Executive Director – appointed 27 September 2017

Mr Brown has extensive experience in finance and the management of public companies including guiding numerous companies through the listing process. He has held a variety of roles in public companies including Mosaic Oil NL, Objective Corporation Limited, Turnbull & Partners Limited, Allegiance Mining NL, FTR Holding Limited and Garratt's Limited. He also worked at accounting firms EY and KPMG. He is a member of the Institute of Chartered Accountants in Australia and the Petroleum Exploration Society of Australia (PESA). Currently he is Managing Director of Real Energy Corporation Ltd.

During the past three years Mr Brown has held the following other listed company directorships:

- Real Energy Corporation Ltd (2 October 2009 to present)
- Kairiki Energy Limited (6 May 2016 to present)
- IOT Group Limited (1 April 2010 to 7 August 2017)

##### (c) Campbell Welch

Non – Executive Director – appointed 27 September 2017

Mr Welch has over 15 years of experience in accounting and financial markets, both in Australia and the UK. He is currently a senior advisor at Novus Capital Ltd, a boutique advisory and share dealing firm headquartered in Sydney, Australia. His prior work experience includes appointments at AMP, Challenger Ltd, Royal London Asset Management and Colonial First State. He holds a bachelor of Commerce from the University of Sydney and is a candidate in the CFA Institute program.

During the past three years Mr Welch has held the following other listed company directorships:

- Kairiki Energy Limited (23 March 2016 to present)

## **Oriental Technologies Investment Limited – Annual Report 2017**

### **(d) Wayne Kernaghan – BBus, ACA, FAICD, ACIS**

Company Secretary-appointed 6 October 2017

Mr Kernaghan is a Chartered Accountant and Company Secretary with over 30 years of experience in accounting and corporate administration. He provides secretarial and advisory to a range of companies, and is director and company secretary of other publicly listed companies.

Particulars of qualifications, experience and special responsibilities of each former Officer are as follows:

### **(e) Gerard McMahon**

Non-Executive Chairman – appointed 7 April 2000 and resigned 29 October 2017

### **(f) Lawrence Luo-Lin Xin**

Vice Chairman – appointed 24 December 1999 and resigned 3 October 2017

### **(g) Dr Xinsheng Wang**

Managing Director – appointed 31 August 2007 and resigned 29 October 2017

### **(h) George Su Su**

Non-Executive Director – appointed Director 17 February 1995 and resigned 27 September 2017

### **(i) Ian Morgan**

Company Secretary-appointed 31 December 2003 and resigned 6 October 2017

### **(j) Officers who were previously partners of the audit firm**

No person was an officer of the Company during the financial year and previously a partner of the current audit firm, RSM Australia Pty Ltd

## **Oriental Technologies Investment Limited – Annual Report 2017**

### **Remuneration Report (Audited)**

#### **REMUNERATION REPORT**

##### **Principles of compensation**

Remuneration of Directors and Executives is referred to as compensation as defined in *AASB 124 Related Party Disclosures*.

Compensation levels for key management personnel and secretaries of the entity and relevant key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and Executives.

The entity does not establish any relationship between remuneration and the entity's performance. No Director or Executive has an entitlement to a termination payment, other than any statutory payment made in lieu of notice at the existing rate of pay.

##### **Remuneration of directors and specified executives**

The remuneration structure for key management personnel, including Executive Directors, seeks to remunerate with due regard to performance and other factors.

The Corporate Governance Policy provides the framework to consider Directors and Executive remuneration, as required.

The Board is responsible for all elements of the remuneration of the Executive Directors of Oriental Technologies Investment Limited:

- The basic salary paid to the Executive Directors and any recommendations made by the Managing Director of Oriental Technologies Investment Limited for changes to that basic salary;
- The remuneration and terms of employment of prospective Executive Directors of Oriental Technologies Investment Limited;
- Any bonuses to be paid to the Executive Directors and, in respect of any element of remuneration of an Executive Director which is performance-related, to formulate suitable performance-related criteria and monitor their operation;
- Consider any recommendations of the Managing Director of Oriental Technologies Investment Limited regarding bonuses or performance-related remuneration; and
- All performance-related formulae relevant to the remuneration of the Directors of Oriental Technologies Investment Limited, including the terms of their service contracts and changes to those contracts, and to consider the eligibility of Directors for any executive share option scheme operated by or to be established by Oriental Technologies Investment Limited including but not limited to (subject always to the rules of that scheme and any applicable legal and ASX requirements):-
  - the selection of those eligible Directors of Oriental Technologies Investment Limited and its related entities to whom options should be granted;
  - the timing of any grant;
  - the numbers of shares over which options are to be granted; the exercise price at which options are to be granted;
  - the imposition of any objective condition which must be complied with before any option may be exercised;
  - disclosure of details of remuneration packages and structures in addition to those required by law or by the ASX; and
  - other benefits granted to the Executive Directors and any recommendations of the Managing Director of Oriental Technologies Investment Limited for changes in those benefits. The Board shall have regard in the performance of duties and any published guidelines or

## **Oriental Technologies Investment Limited – Annual Report 2017**

### **Remuneration Report (Audited)**

recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes, which the Board considers relevant or appropriate.

Oriental Technologies Investment Limited does not formalise remuneration and other terms of employment into service or employment agreements.

## Oriental Technologies Investment Limited – Annual Report 2017

### Remuneration Report (Audited)

Details of the nature and amount of each major element of remuneration of each key management person of the Company are:

		Short-term				Post-employment	Other long term	Termination benefits	Share-based payments	Total	Proportion of remuneration related	Value of options as proportion of remuneration
		Salary & fees	Cash bonus	Non-monetary benefits	Total	Superannuation benefits						
		\$	\$	\$	\$	\$	\$	\$	\$	%	%	
John Wardman	2017	-	-	-	-	-	-	-	-	-	-	
Scott Brown	2017	-	-	-	-	-	-	-	-	-	-	
Campbell Welch	2017	-	-	-	-	-	-	-	-	-	-	
Gerard McMahon (Chairman)	2017	32,539	-	-	32,539	3,091	-	-	35,630	-	-	
	2016	49,297	-	-	49,297	4,684	-	-	53,981	-	-	
Lawrence Luo-Lin Xin (Vice Chairman) <sup>1</sup>	2017	-	-	-	-	-	-	-	-	-	-	
	2016	-	-	-	-	-	-	-	-	-	-	
George Su Su (Non-executive Director)	2017	16,202	-	-	16,202	1,539	-	-	17,741	-	-	
	2016	25,350	-	-	25,350	2,408	-	-	27,758	-	-	
Xinsheng Wang (Managing Director)	2017	57,501	-	-	57,501	5,463	-	-	62,964	-	-	
	2016	104,000	-	-	104,000	9,880	-	-	113,880	-	-	
Ian Morgan (Company Secretary) <sup>2</sup>	2017	-	-	-	-	-	-	-	-	-	-	
	2016	-	-	-	-	-	-	-	-	-	-	
<b>Total Compensation of Key Management Personnel</b>	2017	<b>106,242</b>	-	-	<b>106,242</b>	<b>10,093</b>	-	-	<b>116,335</b>	-	-	
	2016	178,647	-	-	178,647	16,972	-	-	195,619	-	-	

End of Audited Section of Directors' Report

<sup>1</sup> For the year ended 31 December 2017, the Company paid or incurred fees totaling \$146,250 excluding GST (2016 \$195,000) to an entity related to Mr. Lawrence Xin until his resignation on 3 October 2017. Refer to Note C (c) of the attached accounts for more details.

<sup>2</sup> For the year ended 31 December 2017, the Company incurred or paid a total of \$34,782 excluding GST (2016 \$45,382) to an entity related to Mr. Ian Morgan for the provision of company secretarial services until his resignation on 6 October 2017.

## Oriental Technologies Investment Limited – Annual Report 2017

### Directors' Report

#### Share Options

There are no un-issued ordinary shares for which options are outstanding at the date of this report (2016 Nil).

#### Directors' Relevant Interests in Securities at the date of this report

Director	Number of ordinary shares		
	Beneficial	Non-Beneficial	Total
John Wardman	-	12,500,000	12,500,000
Scott Brown	4,530,000	8,250,000	12,780,000
Campbell Welch	-	-	-

#### Directors' Meetings

During the financial year, thirteen Directors' meetings and one Audit Committee meeting were held. Meetings attended by each Director are as follows:

Director	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
John Wardman	4	4	-	-
Scott Brown	4	4	-	-
Campbell Welch	4	4	-	-
Gerard McMahon	12	12	1	1
Lawrence Luo-Lin Xin	10	10	1	1
Xinsheng Wang	12	11	-	-
George Su Su	9	8	1	1

#### Principal Activities

The Company has been endeavouring to finalise the disposal which commenced during the year ended 31 December 2014 of the Oriental Technologies Investment Limited (**Company**) investment in Yangzhou Apollo Battery Company Limited (**Apollo**), but it had some problems doing so.

During the year the Company finalised the disposal of its investment in Yangzhou Apollo Battery Company Limited. The Company received the final cash proceeds of \$58,002.

#### Non Audit Services

Details of amounts paid to the Auditor for non-audit services provided during the year are set out in Note 0 SECTION F of these financial statements. The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for the auditors imposed by the *Corporations Act 2001 (Cth)* because:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

## **Oriental Technologies Investment Limited – Annual Report 2017**

### **Directors' Report**

#### **Operating Results**

Net loss attributable to members of Oriental Technologies Investment Limited for the financial year was \$294,552 (2016 \$696,441 net loss).

#### **Dividends**

No dividend was paid or declared by the Company in the period since the end of the previous financial year and up to the date of this report.

#### **Review of Operations and Outlook**

During the year the Company finalised the disposal of its investment in Yangzhou Apollo Battery Company Limited. The Company received the final cash proceeds of \$58,002.

On 27 September 2017 Messrs John Wardman, Scott Brown., Campbell Welch were appointed Directors of the Company. Mr John Wardman was subsequently appointed Chairman. Messrs George Su, Laurence Xin, Gerard McMahon and Xinsheng Wang all resigned as Directors in September and October 2017.

On completion of the sale of Apollo, the Company will have disposed of its main undertaking and was subsequently suspended from the Australian Stock Exchange on 2 November 2017.

The new Board has significantly reduced the expenses of the Company while it has begun the search for a new business to acquire.

The Company announced on 7 December 2017 that it has secured an option agreement ("the Option") to acquire the business of eGrowcery. eGrowcery is the trading name of NoQ, Inc.

OTI has invested AUD \$150,000 into eGrowcery's Series-A Fundraising, and in return eGrowcery has granted OTI an exclusive 6-month option to acquire the business at a valuation of AUD \$17,000,000 in an all-scrip transaction which is following the completion of the Series-A Fundraising. A capital-raising of \$5 million by OTI and the merger of Sherpa Pty Ltd ("Sherpa") are also proposed.

If OTI elects to exercise the purchase option the proposed transaction would be a significant change in the nature and scale of the Company's activities. Under Chapter 11 of the ASX Listing Rules, OTI will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules and seek shareholder approval to complete the transaction. The ASX under Listing Rule 11.1.2 or 11.1.3 will require OTI to re-comply and seek shareholder approval prior to exercising the purchase option. Furthermore, eGrowcery would be required to obtain shareholder approval, which will be required to complete the transaction.

In addition, eGrowcery has agreed to merge with Sherpa, which operates a last-mile goods delivery SaaS platform enabling the movement and delivery of goods via independent contracted couriers. The Sherpa solution is available in Australia's major cities including Sydney, Melbourne, Brisbane and other urban and metropolitan areas.

#### **Outlook**

Due diligence is continuing in respect to the eGrowcery investment and the Board will update its shareholders accordingly in due course.

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

Significant changes to the Company's state of affairs are referred to in the Review of Operations and the Financial Statements.

## Oriental Technologies Investment Limited – Annual Report 2017

### Directors' Report

#### Environmental Regulations

The Directors are not aware of any environmental regulations under the law of the Commonwealth and State with which the Company does not fully comply.

#### Subsequent Events

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Company's operations, the results of these operations or the Company's state of affairs in future financial years.

#### Future Developments

Likely developments in the Company's operations known at this date have been covered generally within this Directors' Report and the Review of Operations. In the Directors' opinion, any further disclosure of information would prejudice the interests of the Company.

#### Indemnification of Officers and Auditors

No indemnity has been given to a current or former Officer or Auditor.

The Company paid a premium of \$11,348 (2016 \$12,764) to insure Directors, Secretary and Executive Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as Director, Secretary or Executive Officer of the Company other than conduct involving a wilful breach of duty in relation to the Company.

#### Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the financial year ended 31 December 2017.

Signed in accordance with a resolution of the Directors



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John Warman  
Chairman  
23 March 2018

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Oriental Technologies Investment Limited for the year ended 31 December 2017, 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.

A handwritten signature in blue ink that reads "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads "C J Hume".

**C J Hume**  
Partner

Sydney, NSW  
Dated: 23 March 2018

**Oriental Technologies Investment Limited – Annual Report 2017**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
Revenue	SECTION A (j)	60,675	21,216
Employee benefits expense		(116,902)	(195,618)
Other expenses	SECTION A (l)	(238,325)	(522,039)
(Loss) from continuing operations before income tax		(294,552)	(696,441)
Income tax benefit / (expense)	0 (a)	-	-
(Loss) from continuing operations, net of tax		(294,552)	(696,441)
<hr/>			
Loss from operations, net of tax		(294,552)	(696,441)
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(294,552)</b>	<b>(696,441)</b>
		<b>Cents per Share</b>	Cents per Share
<hr/>			
Basic and diluted (losses) / earnings per share from continuing and discontinued operations	0 SECTION E		
Continuing		(0.3)	(0.6)

The accompanying notes form part of these financial statements.

Oriental Technologies Investment Limited – Annual Report 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	SECTION A (i)	321,765	750,753
Investments	SECTION A (j)	150,000	-
Other	SECTION A (g)	26,203	34,083
<b>Total current assets</b>		<b>497,968</b>	<b>784,836</b>
<b>Non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>497,968</b>	<b>784,836</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other	SECTION A (h)	17,548	139,864
<b>Total current liabilities</b>		<b>17,548</b>	<b>139,864</b>
<b>Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>17,548</b>	<b>139,864</b>
<b>NET ASSETS</b>		<b>480,420</b>	<b>644,972</b>
<b>EQUITY</b>			
Issued capital	SECTION A (d)	16,681,552	16,551,552
Accumulated Losses	SECTION A (e)	(16,201,132)	(15,906,580)
<b>Total equity</b>		<b>480,420</b>	<b>644,972</b>
		<b>Cents</b>	<b>Cents</b>
Net tangible assets per share		<b>0.3</b>	<b>0.5</b>

The accompanying notes form part of these financial statements.

**Oriental Technologies Investment Limited – Annual Report 2017**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		-	-
Cash paid to suppliers and employees		(469,663)	(686,747)
Interest received		2,673	21,216
<b>Net cash (outflow) from operating activities</b>	SECTION A 0	<u>(466,990)</u>	<u>(665,531)</u>
<b>Cash flows from investing activities</b>			
Acquisition of Investments		(150,000)	-
Proceeds from disposal of investment in subsidiary		58,002	-
<b>Net cash (outflow) from investing activities</b>		<u>(91,998)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Dividend paid to Shareholders		-	(1,263,611)
Proceeds from the issue of shares		130,000	-
<b>Net cash inflow/(outflow) from financing activities</b>		<u>130,000</u>	<u>(1,263,611)</u>
Net decrease in cash and cash equivalents		(428,988)	(1,929,142)
Net foreign exchange differences		-	(510)
Cash and cash equivalents at beginning of year		750,753	2,680,405
<b>Cash at the end of the financial year</b>		<u>321,765</u>	<u>750,753</u>

The accompanying notes form part of these financial statements.

**Oriental Technologies Investment Limited – Annual Report 2017**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
<b>At 1 January 2016</b>	16,551,552	(13,946,528)	2,605,024
Loss for the year	-	(696,441)	(696,441)
Dividend paid by the Company	-	(1,263,611)	(1,263,611)
<b>At 31 December 2016</b>	<u>16,551,552</u>	<u>(15,906,580)</u>	<u>644,972</u>
<b>At 1 January 2017</b>	16,551,552	(15,906,580))	<b>644,972</b>
Loss for the year	-	(294,552)	<b>(294,552)</b>
Issue of share capital	130,000	-	<b>130,000</b>
<b>At 31 December 2017</b>	<u><b>16,681,552</b></u>	<u><b>(16,201,132)</b></u>	<u><b>480,420</b></u>

The accompanying notes form part of these financial statements.

## Oriental Technologies Investment Limited – Annual Report 2017

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2017

#### GENERAL INFORMATION

The financial report of Oriental Technologies Investment Limited (**Company**) for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 26 March 2018

The Company has no subsidiaries and operates as a stand-alone entity.

The financial report is presented in Australian currency.

Oriental Technologies Investment Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX: OTI**).

The address of the registered office and principal place of business is Level 3, 32 Walker Street North Sydney NSW 2060.

The notes to the financial statement are set out in the following main sections:

KEY FINANCIAL INFORMATION AND PREPARATION BASIS

RISK AND JUDGEMENT

KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

OTHER DISCLOSURES

#### **SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS**

This section sets out the basis upon which the Company's financial statements have been prepared as a whole and explains the results and performance of the Company that the Directors consider most relevant in the context of the operations of the entity.

##### **(a) Statement of Compliance**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001 (Cth)*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, including the measurement of land and buildings, except for financial assets and financial liabilities at fair value through profit or loss, which are measured at fair value as explained in the accounting policies.

The financial report of the Company complies with all International Financial Reporting Standards (IFRS) in their entirety.

The accounting policies set out below have been consistently applied to all years presented.

**Notes to and forming part of the Financial Statements for the year ended 31 December 2017**

**(b) Basis of Preparation**

The financial report is presented in Australian dollars (AUD), which is also the Company's functional currency.

The financial report is prepared on the historical cost basis other than share-based transactions that are assessed at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) 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.

As disclosed in the financial statements, the Company no longer derives operating income and incurred a loss of \$294,552 and had net cash outflows from operating activities of \$466,990 for the year ended 31 December 2017. As at that date the Company had net assets and net current assets of \$480,420.

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 forward cash flow forecast to March 2019 discloses ongoing operating cost outflows of \$115,100 excluding any due diligence costs. The Company has an unrestricted cash balance of \$321,765 as at 31 December 2017.
- Directors have indicated their willingness to financially support the Company by either deferring or reducing amounts payable to them to ensure the Company will have sufficient cash to meet its external obligations when these are due and payable for at least twelve months from the date these financial statements are signed.

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

#### (d) Issued Capital

##### Share Capital

	2017		2016	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares – no par value fully paid and authorised	<b>139,361,087</b>	<b>16,681,552</b>	126,361,087	16,551,552
	<b>139,361,087</b>	<b>16,681,552</b>	126,361,087	16,551,552

##### Movements in ordinary share capital

Date	Details	Number of shares		\$
1 Jan 2016	Opening balance	126,361,087	16,551,552	
<b>31 Dec 2016</b>	<b>Closing balance</b>	<b>126,361,087</b>	<b>16,551,552</b>	
1 Jan 2017	Opening balance	126,361,087	16,551,552	
24 Nov 2017	Placement of 13m shares at \$0.01	13,000,000	130,000	
<b>31 Dec 2017</b>	<b>Closing balance</b>	<b>139,361,087</b>	<b>16,681,552</b>	

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

A dividend may be declared and would be paid on all ordinary shares in proportion to the number of ordinary shares and the amounts paid up, or deemed to be paid up, on these shares. Any proceeds on winding up, where assets are insufficient, would be distributed to the members in proportion to the number of ordinary shares and the amounts paid up on these shares. At a general meeting every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and one vote for each share held on a poll.

#### (e) Accumulated Losses

	2017	2016
	\$	\$
<b>Accumulated Losses</b>		
Balance at start of year	(15,906,580)	(13,946,528)
Dividend paid	-	(1,263,611)
(Loss) for the year	(294,552)	(696,441)
Balance at end of year	<b>(16,201,132)</b>	(15,906,580)

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

#### (f) Cash Flow Reconciliation

	Note	2017 \$	2016 \$
(Loss) for the year		(294,552)	(696,441)
Non-cash flows in (loss) / profit			
Gain from disposal of investment in subsidiary		(58,002)	-
Net foreign exchange differences		-	510
Changes in assets and liabilities			
Decrease in receivables		7,880	1,671
Increase / (Decrease) in payables		(122,316)	28,729
Net cash outflow from operating activities		<u>(466,990)</u>	<u>(665,531)</u>

#### (g) Other Receivables

Prepayments		13,406	14,762
Amount receivable from a Director	SECTION C (f)	-	3,470
Sundry receivables		12,797	15,851
		<u>26,203</u>	<u>34,083</u>

Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are stated at amortised cost less impairment losses.

#### (h) Other Payables

	Note	2017 \$	2016 \$
Amount payable to a Director	SECTION C 0	-	118,177
Accrual		15,000	15,000
Sundry payables		2,548	6,687
		<u>17,548</u>	<u>139,864</u>

Other payables are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these transactions are measured at amortised cost using the effective interest rate method.

#### (i) Cash and Cash Equivalents

	2017 \$	2016 \$
Cash at bank and on hand - unrestricted	<u>321,765</u>	<u>750,753</u>
	<b>Per annum</b>	<b>Per annum</b>
	<b>%</b>	<b>%</b>
Interest rates on cash at bank and in hand	<u>1.2</u>	<u>1.2</u>

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with 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 and bank overdrafts.

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

#### (j) Investments

	2017	2016
	\$	\$
Investment in eGrowcery	150,000	-
	<u>150,000</u>	<u>-</u>

The Company has invested \$150,000 into eGrowcery's Series – A Fundraising. This will convert into ordinary shares in eGrowcery.

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss and receivables, held to maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of assets not a fair value through profit or loss, directly attributable costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

#### (k) Revenue

	2017	2016
	\$	\$
Other income	58,002	-
Interest income	2,673	21,216
	<u>60,675</u>	<u>21,216</u>

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

##### Interest

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### (l) Other Expenses

	2017	2016
	\$	\$
Technical and advisory fees	126,443	240,382
General and administrative costs	109,493	156,107
Foreign currency loss	2,389	125,550
	<u>238,325</u>	<u>522,039</u>

#### (m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (n) Segments

The Company determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Company's chief operating decision maker. This is due to the adoption of AASB 8 *Operating Segments*.

Since 15 May 2014, when the Company's 55.57% investment in YABC was disposed, the Company has only operated in Australia.

#### (o) Subsequent Events

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Company's operations, the results of these operations or the Company's state of affairs in future financial years.

## SECTION B RISK AND JUDGEMENT

This section sets outlines the key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. This section also outlines the significant financial risk the Company is exposed to which the directors would like to draw the attention of the readers to.

#### (a) Financial Risk Management Policies and Objectives

Activities undertaken by the Company may expose the Company to market risk, credit risk, liquidity risk and fair value and cash flow interest rate risk. The Company's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Company, where such impacts may be material.

The Company's principal financial instruments comprise cash at bank. The main purpose of this financial instrument is to raise and maintain finance for the Company's operations. The Company has various other financial instruments such as receivables and payables, which arise directly from its business activities.

#### Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash and cash equivalents. Interest rates and terms of repayment have been disclosed in Note SECTION B (c) to the financial statements.

Management does not expect any significant interest rate risk as at the end of the reporting period.

This analysis was performed on the same basis as for the year ending 31 December 2016.

If interest rates had been 100 basis point higher / lower and all other variables were held constant, the Company's net profit would decrease / increase by \$7,507 (2016 \$17,156), but there would be no impact on the other equity reserves.

This sensitivity analysis has been determined assuming that the change in interest rates occurred at 31 December 2016 and applies to exposure to interest rate risk of all the Company's financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year ending 31 December 2017.

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Floating rates \$	< 1 year \$	1 - 2 years \$	2 - 3 years \$	3 - 4 years \$	4 - 5 years \$	> 5 years \$	Non- interest bearing \$	Total \$
<b>2017</b>									
Investments	-	-	-	-	-	-	-	150,000	<b>150,000</b>
Other receivables	-	-	-	-	-	-	-	12,797	<b>12,797</b>
	-	-	-	-	-	-	-	162,797	<b>162,797</b>
Weighted average interest rate	-	-	-	-	-	-	-	-	-
<b>2016</b>									
Other receivables	-	-	-	-	-	-	-	19,321	<b>19,321</b>
	-	-	-	-	-	-	-	19,321	<b>19,321</b>
Weighted average interest rate	-	-	-	-	-	-	-	-	-

### Foreign currency risk

Details of the Company's financial assets and financial liabilities denominated in foreign currencies as at 31 December 2017 are as follows:

	2017 \$	2016 \$
<b>Cash and cash equivalents</b>		
Renminbi	-	8,284
	-	8,284
<b>Net foreign exchange exposure</b>		
Renminbi	-	8,284
	-	8,284

### Sensitivity analysis

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Company's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual statement of financial position.

If Renminbi had weakened/strengthened by 2% (2016: 2%) against the Australian dollar with all the other variables held constant, the Company's net gain for the year ended 31 December 2017 would have been higher / lower by RMB Nil (2016 RMB 833), which is equivalent to AUD Nil (2016 AUD 166).

This would have been because of foreign exchange gains/losses on translation of Renminbi denominated bank and cash balances, but there would be no impact on other equity reserves.

Notes to and forming part of the Financial Statements for the year ended 31 December 2017

**Liquidity risk**

Liquidity risk refers to the risk in which the Company is unable to meet its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycles. The Company's operations are financed through operating cash flows, proceeds from disposal of YABC and equity raisings.

**Credit risk**

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Company, resulting in a loss to the Company. The Company's credit risk is primarily attributable to cash at bank.

**Capital management**

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to provide returns for shareholders. The Company manages its capital structure, including any payment of dividend, return of capital to shareholders, raising additional capital, or selling assets to reduce debt.

The Company monitors capital on the basis of debt to equity, which is net debt divided by equity. The debt to equity ratios at 31 December 2017 were as follows:

	2017	2016
	\$	\$
Cash and cash equivalents	321,765	750,753
Less: Total Liabilities	17,548	139,864
Net cash	<u>304,217</u>	<u>610,889</u>
Equity	<u>480,420</u>	<u>644,972</u>
Net cash / Equity	<u>63%</u>	<u>95%</u>

**(b) Critical judgements**

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and assumptions about the future made by management at the reporting date other than as disclosed elsewhere in these Financial Statements.

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

#### (c) Financial Instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

The following is the carrying amount of the financial instruments, assets/ (liabilities) that are exposed to interest rate risk:

	Less than 3 months	3 to 12 months	Over 12 months	Undiscounted contractual cash flows	Carrying amount	Effective Interest Rate % per annum
	\$	\$	\$	\$	\$	
<b>2017</b>						
<i>Variable rate</i>						
Cash and cash equivalents	321,765	-	-	321,765	<b>321,765</b>	1.2
<b>2016</b>						
<i>Variable rate</i>						
Cash and cash equivalents	750,753	-	-	750,753	<b>750,753</b>	1.2

#### SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

This section includes information about key management personnel's remunerations, related parties information and any transactions key management personnel or related parties may have had with the Company during the year.

##### (a) Employee and Key Management Personnel Expenses

###### Key management personnel compensation

Refer to the Remuneration Report section of the Directors' Report, which has been identified as audited.

##### (b) Specified Directors

The names of specified directors for the reporting period were as follows:

John Wardman – appointed 27 September 2017  
Scott Brown – appointed 27 September 2017  
Campbell Welch – appointed 27 September 2017  
Gerard McMahon – resigned 29 October 2017  
Xinsheng Wang – resigned 29 October 2017  
Lawrence Luo-Lin Xin – resigned 3 October 2017  
George Su Su – resigned 27 September 2017

##### (c) Related party transactions with Directors

###### (i). Remuneration, retirement benefits and service agreements

Payments were made to Red Investment & Development Limited (**RIDL**), a company of which Mr. Lawrence Xin is a Director, in respect of management advisory fees.

Total fees paid and payable to RIDL during the year ended 31 December 2017 amounted to \$146,250 (2016 \$195,000).

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

(ii). Transactions of Directors and Director-related entities concerning shares

#### (d) Directors' Security Holdings

The aggregate number of ordinary shares held directly or indirectly by Directors or their Director-related entities at 31 December 2017 was 25,280,000 (2016: 55,998,301).

The movement during the reporting period in the number of securities of Oriental Technologies Investment Limited held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Securities	Number held at 1 January	(Sale) / Purchase during the year	Number at date of (resignation) /appointment	Number held at 31 December
<b>2017</b>					
Directors					
J Wardman	Ordinary fully paid shares		-	12,500,000	12,500,000
S Brown	Ordinary fully paid shares	-		12,780,000	12,780,000
C Welch	Ordinary fully paid shares	-	-	-	-
G McMahon	Ordinary fully paid shares	498,301		(498,301)	-
Lawrence Xin	Ordinary fully paid shares	44,400,000	(44,400,000)	-	-
George Su	Ordinary fully paid shares	-	-	-	-
Xinsheng Wang	Ordinary fully paid shares	11,100,000	-	(11,100,000)	-
<b>2016</b>					
Directors					
G McMahon	Ordinary fully paid shares	498,301	-	-	498,301
Lawrence Xin	Ordinary fully paid shares	44,400,000	-	-	44,400,000
George Su	Ordinary fully paid shares	-	-	-	-
Xinsheng Wang	Ordinary fully paid shares	11,100,000	-	-	11,100,000

#### (e) Aggregate Compensation for Key Management Personnel

The aggregate compensation made to key management personnel of the Company is set out below:

For the year ended 31 December	2017 \$	2016 \$
Short-term employee benefits	106,242	178,647
Post-employment benefits	10,093	16,972
	<b>116,335</b>	<b>195,619</b>

#### (f) Amount owing by a Director for Company expenses

	Note		
As at 31 December			
George Su Su	SECTION A (g)	-	3,470

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

#### (g) Amount owing to a Director for Company expenses

As at 31 December	Note		
Xinsheng Wang	SECTION A (h)	-	<u>118,177</u>

#### SECTION D OTHER DISCLOSURES

This section includes information that the directors do not consider to be significant in understanding the financial performance and position of the Company, but must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001 (Cth)* or the Corporations Regulations.

##### (a) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## Oriental Technologies Investment Limited – Annual Report 2017

### Notes to and forming part of the Financial Statements for the year ended 31 December 2017

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

	2017	2016
	\$	\$
Current tax(expense) / benefit	-	-
Deferred tax expense	-	-
Total income tax (expense) / benefit	-	-

Deferred tax assets not recognised because it is not considered probable that there would be sufficient future taxable income to utilise these benefits:

Current year	1,641,245	2,255,550
Prior year	-	(546,448)
	<u>1,641,245</u>	<u>1,709,102</u>

#### Reconciliation of the effective tax rate

(Loss) from continuing operations before income tax	(294,552)	(696,441)
Prima facie tax benefit / (expense) at the Australian tax rate of 27.5% per annum (2016: 30% per annum)	81,002	208,932
Movement	(37)	-
Adjustment to reflect reduction in company tax rate	(148,822)	-
Unrecognised temporary differences	67,857	(208,932)
Income tax (expense) / benefit from continuing operations. Effective tax rate Nil% (2016: Nil%)	-	-

#### SECTION E Earnings per Share

Basic earnings or losses per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the financial year.

For the purpose of calculating diluted earnings or losses per share, profit or loss attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Profit or loss attributable to ordinary equity holders of the Company is adjusted by the after-tax effect of:

- (i) any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of Oriental Technologies Investment Limited;
- (ii) any interest recognised in the period related to dilutive potential ordinary shares ; and
- (iii) any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Notes to and forming part of the Financial Statements for the year ended 31 December 2017

Reconciliation of earnings used in calculating earnings per share:

	2017 \$	2016 \$
Basic and diluted (losses) / earnings	<u>(294,552)</u>	<u>(696,441)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted profit per share	<u>127,714,512</u>	<u>126,361,087</u>

**SECTION F Auditor's Remuneration**

	2017 \$	2016 \$
<b>Assurance Services</b>		
Amounts paid/payable to RSM Australia for audit or review of the financial report for the entity or any entity in the Company	25,584	20,384
Amounts paid/payable to RSM China for assisting RSM Australia with audit work for the Company	2,650	6,491
Total remuneration for assurance services	<u>28,234</u>	<u>26,875</u>
<b>Non-assurance Services</b>		
Amounts paid/payable to RSM Australia for non-audit services performed for the entity or any entity in the Company:	-	9,200
Total remuneration for taxation services	-	9,200
Total remuneration	<u>28,234</u>	<u>36,075</u>

**SECTION G New Standards and Interpretations Issued But Not Yet Effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

**AASB 9 Financial Instruments**

AASB 9 replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

**AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including *AASB 118 Revenue*, *AASB 111 Construction Contracts* and *IFRIC 13 Customer Loyalty Programmes*. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

**AASB 16 Leases**

*AASB 16 Leases* removes the lease classification test and required all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees. AASB 16 is effective for annual reporting periods beginning on or after 1

**Oriental Technologies Investment Limited – Annual Report 2017**

**Notes to and forming part of the Financial Statements for the year ended 31 December 2017**

January 2019 with early adoption permitted for entities that also adopt *AASB 15 Revenue from Contracts with Customers*. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and accompanying notes, and the Remuneration report in the Directors' Report, set out on pages 5 to 7, are in accordance with the *Corporations Act 2001 (Cth)* and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



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John Wardman  
Chairman  
23 March 2018

## INDEPENDENT AUDITOR'S REPORT To the Members of Oriental Technologies Investment Limited

### Opinion

We have audited the financial report of Oriental Technologies Investment Limited. (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 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 31 December 2016 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### *Material Uncertainty Related to Going Concern*

Without modifying our conclusion, we draw attention to Note 1 (c) of the financial report which indicates that the Company incurred a loss before tax benefit of \$294,552 and had net cash outflows from operating activities of \$466,990 for the half-year ended 31 December 2017. As stated in Note 1 (c), these conditions, along with other matters as set forth in Note 1 (c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to be communicated in our report.

## **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 31 December 2017, 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.

## **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 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 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/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 4 to 6 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Oriental Technologies Investment Limited., for the year ended 31 December 2017, complies with section 300A of the Corporations Act 2001.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**RSM Australia Partners**



**C J Hume**  
Partner

Sydney, NSW  
Dated: 23 March 2018

## SHAREHOLDERS' INFORMATION

At 6 March 2018 issued capital was 139,361,087 ordinary shares held by 498 holders. At a general meeting every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and one vote for each share held on a poll.

### (a) 20 largest holders of ordinary shares and their holdings at 6 March 2018

Rank	Name	Number of Shares	% of Total Shares
1	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	12,500,000	8.97
2	MS HONG YANG	11,100,000	7.96
3	WIRTZ FAMILY INVESTMENT COMPANY	9,984,000	7.16
4	BROWN BROTHERS PTY LIMITED <BROWN BROTHERS S/F A/C>	8,250,000	5.92
5	MRS ERICA MAY BINNIE	5,000,000	3.59
6	CHINA VENTURETECHNO INTERNATIONAL CO LIMITED	4,978,627	3.57
7	H F STEVENSON (AUST) P/L	4,913,346	3.53
8	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD <C K H SUPERFUND A/C>	4,725,629	3.39
9	MR MARK ALLEN BARTON + MR MITCHELL JAMES BARTON	4,650,769	3.34
10	MR SCOTT BROWN	4,530,000	3.25
11	RED LION RESOURCES LIMITED	4,498,455	3.23
12	ANNLEW INVESTMENTS PTY LTD <ANNLEW INVESTMENTS PL SF A/C>	4,000,000	2.87
13	MR PAUL LYNTON SPINDLER	4,000,000	2.87
14	L & S INVESTMENTS (AUST) PTY LTD <L&S SUPERANNUATION FUND A/C>	3,000,000	2.15
15	MORETTI PTY LTD <SEADOG SUPER FUND A/C>	3,000,000	2.15
16	MR ADRIAN ROBERT NIJMAN + MRS JENNY ANN NIJMAN	3,000,000	2.15
17	MR ROBERT LESLIE ROGERS	2,900,000	2.08
18	MRS CYNTHIA WARDMAN	2,000,000	1.44
19	MR COLIN GARY KUPKE + MRS VIRGINIA ANN KUPKE <C & V KUPKE SUPER FUND A/C>	1,875,000	1.35
20	LANGWAY PTY LTD <THE DMA UNIT A/C>	1,875,000	1.35
	<b>Total</b>	<b>100,780,826</b>	<b>72.32</b>

### SECTION H Distribution of Holders and Holdings at 6 March 2018

Range	Total holders	Number of Shares	% of Total Shares
1 - 1,000	57	40,890	0.03
1,001 - 5,000	177	533,883	0.38
5,001 - 10,000	54	472,050	0.34
10,001 - 100,000	131	4,917,569	3.53
100,001 - 9,999,999,999	79	133,396,695	95.72
<b>Total</b>	<b>498</b>	<b>139,361,087</b>	<b>100.00</b>

### SECTION I Unmarketable Parcels at 6 March 2018

	Minimum Parcel Size	Number of Holders	Number of Shares
Minimum \$ 500.00 parcel at \$ 0.014 per unit	35,715	366	2,596,754

SHAREHOLDER INFORMATION (continued)

SECTION J Substantial shareholders at 6 March 2018

Substantial Shareholder	Number Of Shares	Proportion Of Issued Shares
Mr Scott Brown	12,780,000	9.17%
John Wardman & Associates Pty Ltd	12,500,000	8.97%
Ms Hong Yang	11,100,000	7.96%
Wirtz Family Investment Company LLC	9,984,000	7.16%

SECTION K Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 31 December 2017 is available for members to download and access from <http://www.orientech.com.au>

SECTION L Securities Exchange Listing

The Company's ordinary shares are listed on the Australian Securities Exchange.

SECTION M Share Registrar

Computershare Investor Services Pty Ltd  
GPO Box 2975EE  
Melbourne VIC 3000  
Investor enquiries: (within Australia) 1300 850 505 (outside Australia) +61(0) 3 9415 4000  
Facsimile: +61(0) 3 9473 2500

SECTION N Registered Office

Level 3, 32 Walker Street  
North Sydney NSW 2060  
Telephone: +61(0) 2 9955 4008  
Facsimile: +61(0) 2 9954 6408  
E-mail: [orientech@orientech.com.au](mailto:orientech@orientech.com.au)

SECTION O Auditors

RSM Australia Pty Ltd  
Level 13  
60 Castlereagh Street  
Sydney NSW 2000  
Telephone: +61(0) 2 9233 8933  
Facsimile: +61(0) 2 9233 8521

SECTION P Company Secretary

Wayne Kernaghan BBus, ACA, FAICD, ACIS