

**SOUTHERN CHARTER FINANCIAL
GROUP LIMITED**

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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Southern Charter Financial Group Limited

DIRECTORS' REPORT

Dear Shareholders

The Directors of Southern Charter Financial Group Limited (“the Company”) are pleased to report its financial results for the year ended 31 March 2022.

Financial Results

The Company reported a net loss attributable to shareholders of \$164,650 for the year. This compares with a net loss attributable to shareholders of \$117,616 for the previous year.

The financial results consisted mainly of expenditure relating to the maintenance of the listed company and interest earned on short term cash deposits, as well as activities related to work undertaken on evaluation of suitable businesses for acquisition.

Future Growth Strategy

The Company remains in a position with a strong balance sheet which includes significant cash resources. The focus of the Board remains on identifying a suitable business opportunity to invest in and/or acquire. A number of potential initiatives were investigated during the year that were not suitable to progress. New opportunities are being investigated as they are identified or become available. The Company will provide the market with any updates as to material developments in due course.

On behalf of the Directors of Southern Charter Financial Group the Company extends its thanks to the shareholders for their support of the Company.

Southern Charter Financial Group Limited

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of Southern Charter Financial Group Limited are pleased to present to shareholders the financial statements for Southern Charter Financial Group Limited for the year ended 31 March 2022.

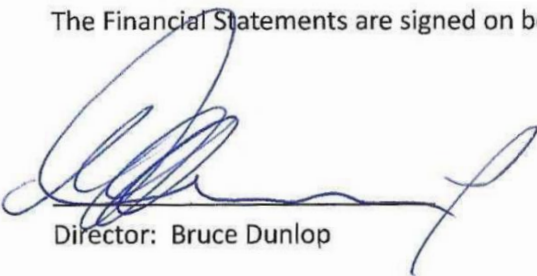
The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Company as at 31 March 2022 and the results of its operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the Company have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Financial Statements are signed on behalf of the Board by:



Director: Bruce Dunlop



Director: John Cilliers

30 June 2022

Southern Charter Financial Group Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 \$	2021 \$
Interest Income		11,264	25,256
Administrative expenses	2	(175,914)	(142,872)
Loss before income tax		(164,650)	(117,616)
Income tax expense	3	-	-
Net loss		(164,650)	(117,616)
Other comprehensive income		-	-
Total comprehensive income for the period attributable to shareholders		(164,650)	(117,616)
Earnings per share:		cents	cents
Basic and diluted earnings/(loss) per share	5	(0.0320)	(0.0228)

The accompanying notes form part of these financial statements

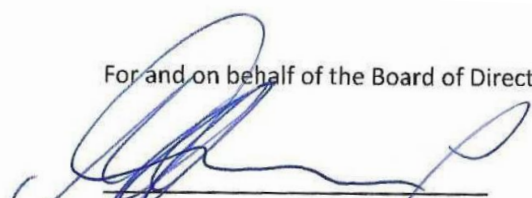
Southern Charter Financial Group Limited

STATEMENT OF FINANCIAL POSITION


As at 31 March 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	21,749	111,341
Term Deposit	6	1,980,000	2,009,556
Interest receivable		2,821	1,264
GST receivable		8,048	5,659
Income tax receivable (RWT)		2,718	6,718
		2,015,336	2,134,538
Non-current assets			
NZX Deposit	7	20,000	20,000
		20,000	20,000
Total assets		2,035,336	2,154,538
Equity and liabilities			
Current liabilities			
Trade and other payables	8	128,889	83,441
Total liabilities		128,889	83,441
Equity			
Issued capital	4	5,672,856	5,672,856
Accumulated loss		(3,766,409)	(3,601,759)
Total equity		1,906,447	2,071,097
Total equity and liabilities		2,035,336	2,154,538
		cents	cents
Net Tangible Asset per Share	12	0.3703	0.4022

For and on behalf of the Board of Directors, dated 30 June 2022



Director: Bruce Dunlop



Director: John Cilliers

The accompanying notes form part of these financial statements

Southern Charter Financial Group Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Issued capital	Accumulated Loss	Total equity
	\$	\$	\$
As at 1 April 2021	5,672,856	(3,601,759)	2,071,097
Loss for the year	-	(164,650)	(164,650)
Total comprehensive income	-	(164,650)	(164,650)
At 31 March 2022	5,672,856	(3,766,409)	1,906,447
As at 1 April 2020	5,672,856	(3,484,143)	2,188,713
Loss for the year	-	(117,616)	(117,616)
Total comprehensive income	-	(117,616)	(117,616)
At 31 March 2021	5,672,856	(3,601,759)	2,071,097

The accompanying notes form part of these financial statements

Southern Charter Financial Group Limited

STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 \$	2021 \$
Operating activities			
Interest received		9,707	23,992
Payments to suppliers		(132,855)	(156,241)
Income tax paid		4,000	8,649
Net cash flows from operating activities	9	(119,148)	(123,600)
Investing activities			
Cash and cash equivalents transferred to term deposits	6	-	(2,009,556)
Cash received from maturity of term deposit	6	29,556	-
Net cash flows from investing activities		29,556	(2,009,556)
Net increase / (decrease) in cash and cash equivalents		(89,592)	(2,133,156)
Cash and cash equivalents at beginning of year		111,341	2,244,497
Cash and cash equivalents at end of year	6	21,749	111,341

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity and statement of compliance

These financial statements and notes represent those of Southern Charter Financial Group Limited. References to “SNC” are used to refer to Southern Charter Financial Group Limited (the “Company”).

Southern Charter Financial Group Limited is a limited liability company incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993. SNC is listed on the NZX Main Board (“NZSX”). SNC is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013 and its financial statements have been prepared in accordance with the Companies Act 1993, The Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The registered office and principal place of business are disclosed in the directory to the annual report.

The Company is currently non trading.

Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The company is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The information is presented in New Zealand dollars which is the Company’s functional currency and presentation currency and is rounded to the nearest dollar.

Measurement base

The accounting principles adopted are those recognised as appropriate for the measurement and reporting of financial performance and financial position on the historical cost basis.

Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

There were no significant judgements and estimates in 2021 or 2022.

Specific accounting policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

a) Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

b) Adoption of new and revised standards

Changes in accounting policies

No new accounting policies were applied or standards came into effect which were required to be adopted by the company.

New NZ IFRS Standards and Interpretations Issued but not yet adopted.

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Company.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Upcoming standards and interpretations are not expected to have a significant impact on the financial statements of the Company.

2. ADMINISTRATION EXPENSES BY NATURE

		2022	2021
		\$	\$
Audit fees - financial statements		19,270	19,420
Contractors	11	52,677	62,790
Directors' fees	11	45,714	36,000
Travel and accommodation		31,595	-
Legal Fees		6,873	2,400
NZX Listing and registry costs		19,110	21,771
Other		675	491
		<u>175,914</u>	<u>142,872</u>

The operating expenses generally relate to the cost associated with being a listed entity. Travel and accommodation expenses for the current year were in relation to negotiation and due diligence on businesses considered for acquisition.

3. TAXATION

	2022	2021
	\$	\$
Income tax expense		
<i>Current tax</i>		
Current tax on profit/(loss) for the year	(46,102)	(32,932)
Total current tax benefit	(46,102)	(32,932)
<i>Deferred income tax</i>		
Decrease/(increase) in deferred tax assets [not yet recognised*]	46,102	32,932
Total deferred tax expense/(benefit)	46,102	32,932
Income tax expense	-	-

Numerical reconciliation of income tax expense to prima facie tax payable

	2022	2021
	\$	\$
Loss before tax	(164,650)	(117,616)
Prima facie income tax at 28%	(46,102)	(32,932)
Tax effect of expenses not deductible for tax purposes	-	-
Subtotal	(46,102)	(32,932)
Tax losses not recognised	46,102	32,932
Income tax expense	-	-

Deferred tax asset

Company Losses to carry forward as at 31 March 2022 are \$131,446 (2021: \$85,344).

* The deferred tax asset has not been recognized in the Statement of Financial Position as it is currently not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised. Deferred tax asset will only be recognised when the Company acquires or commences business activities that provide a taxable profit.

Tax losses carried forward.	2022	2021
	\$	\$
Opening balance	85,344	52,412
This Year	46,102	32,932
Closing balance	131,446	85,344

Accounting policy: Taxation

The income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The income tax expense or revenue attributable to amounts recognised directly in equity are also recognised directly in equity.

4. SHARE CAPITAL

Share Capital

	Number of Shares	Value in \$
Balance at 31 March 2022	514,894,500	5,672,856
Balance at 31 March 2021	514,894,500	5,672,856

All ordinary shares have been fully paid and have equal voting and dividend rights. The shares have no par value. No shares were issued or repurchased in the current or comparative years.

The Company's capital is managed with the objectives of maintaining adequate working capital so that all obligations can be met on time. All components of equity are regarded as "capital". The company is not subject to any externally imposed capital requirements.

Accounting policy: Share capital

Ordinary shares are classified as equity. Direct costs of issuing shares are deducted from the proceeds of the issue.

5. EARNINGS PER SHARE

At 31 March 2022 there were 514,894,500 shares on issue (2021: 514,894,500).

		2022	2021
Total comprehensive loss for the year	[\$]	(\$164,650)	(\$117,616)
Weighted average number of shares		514,894,500	514,894,500
Basic earnings/(loss) per share	[cents]	(0.0320)	(0.0228)
Diluted average shares on issue		514,894,500	514,894,500
Diluted earnings/(loss) per share	[cents]	(0.0320)	(0.0228)

Accounting policy: Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

6. CASH AND TERM DEPOSITS

	2022	2021
	\$	\$
Cash and bank	21,749	111,341
Term deposits at bank	1,980,000	2,009,555
Cash and term deposits at bank	2,001,749	2,120,896

The Term Deposit is not included in cash and cash equivalents as it has maturity dates longer than three months. The Term Deposit earns interest at 1% p.a. and matures on 8 June 2022.

Accounting policy: Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand, bank overdrafts, deposits at call and short term highly liquid deposits with maturities of three months or less.

7. NZX DEPOSIT

	2022	2021
	\$	\$
Bond held at NZX	20,000	20,000

The deposit is provided as security for all amounts payable to the NZX by the Company as an Issuer and is provided in accordance with NZX Listing Rule 1.23.

8. TRADE AND OTHER PAYABLES

		2022	2021
		\$	\$
Trade payables		2,239	4,386
Accrued expenses		22,200	22,200
Related party payables	11	104,450	56,855
		<u>128,889</u>	<u>83,441</u>

Accounting policy: Trade and other payables

Trade and other payables are initially recognised at fair value net of transaction costs and thereafter carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company by suppliers in the ordinary course of business prior to the end of the financial year that are unpaid and arise when the Company become obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within normal business trading terms.

9. RECONCILIATION OF OPERATING CASHFLOW AND REPORTED PROFIT

	2022	2021
	\$	\$
Net loss for the year	(164,650)	(117,616)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(1,557)	(1,264)
(Increase)/decrease in GST receivable	(2,389)	(14,765)
(Increase)/decrease in current tax asset	4,000	8,649
Increase/(decrease) in trade and other payables	45,448	1,396
Net cash flows from operating activities	<u>(119,148)</u>	<u>(123,600)</u>

10. FINANCIAL INSTRUMENTS

The Company has entered into a number of non-derivative financial instruments all of which are classified as financial assets and liabilities at amortised cost. The carrying values of these items approximate their fair value.

They are listed as follows:

	2022	2021
	\$	\$
Financial assets at amortised cost		
Cash and cash equivalents	21,749	111,341
Term deposit	1,980,000	2,009,555
NZX deposit	20,000	20,000
Other receivables	13,587	13,641
Total Financial assets	2,035,336	2,154,537
Financial liabilities at amortised cost		
Trade payables and other liabilities	24,439	26,586
Related party payables	104,450	56,855
Total financial liabilities	128,889	83,441

All financial instruments are classified as current and have maturity dates of less than twelve months, other than the NZX deposit which is repayable on delisting of SNC from NZX main board.

The Company is subject to a number of financial risks.

Credit risk: Financial instruments that potentially subject the Company to credit risk are bank balances and short term deposits. The maximum exposure to credit risk at reporting date is the value of the instruments as stated in the Statement of Financial Position. The Company only places cash on deposit with Westpac Bank which has a Standard & Poor's credit rating of AA- rating.

Liquidity risk: Liquidity risk represents the company's ability to meet its contractual obligations as they fall due. As at 31 March 2022, all financial liabilities have a contractual maturity of less than 3 months. Liquidity risk was substantially eliminated by the cash and cash equivalents and term deposit balance of \$2,001,749 in total. The Board regularly reviews its liquidity position by examining future cash requirements.

Currency risk: The Company has no exposure to foreign exchange risk.

Interest rate risk: Interest rate risk is the risk of loss to the Company arising from adverse changes in interest rates. Cash and short term deposits are subject to interest rate risk. Changes to interest rates can impact the Company's financial results by affecting the interest earned or payable on these assets and liabilities. There is minimal interest rate risk.

Interest rate sensitivity analysis

Effect of a 1% change in the bank deposit interest rate

Profit or loss		Equity	
Increase	Decrease	Increase	Decrease
\$	\$	\$	\$
19,800	(19,800)	19,800	(19,800)

Accounting policy: Financial instruments

Financial instruments recognised in the statement of financial position include cash balances, term deposits, receivables and payables. The Company has no financial instruments that are not reported in the Statement of Financial Position.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instruments.

A financial asset is derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all subsequent risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Impairment of financial assets

A financial asset is measured at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for financial assets at both specific asset and collective level.

All individual significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the suggested trends.

An impairment loss in respect of a financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Remuneration

The directors are considered to be the key management personnel of the Company.

The following table provides the compensation for key management personnel and directors.

		2022	2021
		\$	\$
Management and professional services fees		52,677	62,790
Directors' fees	2	45,714	36,000
		<u>98,391</u>	<u>98,790</u>

Related party trade and other payables

	2022	2021
	\$	\$
<i>Accrued management and professional service fees:</i>		
Kuan Chong NG	3,000	-
<i>Accrued directors fees:</i>		
<i>Chang Ku EE</i>	4,000	-
Kuan Chong NG	3,000	-
John Cilliers	3,000	-
Bruce Dunlop	3,000	-
<i>Reimbursement due for expenses incurred on behalf of the company</i>		
Kuan Chong NG	31,595	
<i>Payables for balance of funds received for shareholder transaction costs:</i>		
Chang Ku EE	56,855	56,855
	<u>104,450</u>	<u>56,855</u>

\$100,000 was received during 2019 from Mr Chang Ku EE to cover the compliance costs associated with the change in the majority shareholder from Golden Tower New Zealand Limited to Mr EE. Actual costs were less than the payment received. The remaining balance of \$56,855 is payable on demand, is unsecured and is included in trade and other payables (note 8)

Transactions: 2022

There were no transactions with related parties during the year, other than compensation paid to directors as disclosed above.

Transactions: 2021

There were no transactions with related parties during the year, other than compensation paid to directors as disclosed above.

12. SEGMENT INFORMATION

The company is organised into one operating segment and one geographical segment in New Zealand.

The Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Board of Directors.

13. COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at 31 March 2022 (2021: \$nil).

14. GOING CONCERN

The Company reported a loss of \$164,650 from continuing operations for the year ended 31 March 2022. As at 31 March 2022 the Company reported a net equity position of \$1,906,447. The current assets of \$2,015,336, which include cash and term deposits of \$2,001,749, provide the Company with sufficient resources to continue to cover expenditure in relation to maintaining the listed shell company until such time that a suitable investment opportunity for future development and growth is identified.

The Directors have concluded that the basis of preparation of the financial statements on a going concern basis is appropriate.

15. SIGNIFICANT EVENTS AFTER REPORTING DATE

There were no significant events subsequent to 31 March 2022.

16. COVID-19

Covid -19 had no impact on the Company as it had no operations during the year. However, this could have an impact on the future acquisition plans by limiting ability for travel to undertake relevant due diligence activities.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SOUTHERN CHARTER FINANCIAL GROUP LIMITED**

Opinion

We have audited the financial statements of Southern Charter Financial Group Limited (“the Company”), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the Annual Report, which includes information other than the financial statements and auditor’s report.

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

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

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Richard Croucher.

For and behalf of:



BDO Auckland
New Zealand
30 June 2022

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) of Southern Charter Financial Group (“SNC”) recognize the need for strong corporate governance practices and has adopted a comprehensive corporate governance code. The code is based on the recommendations set out in the NZX Corporate Governance Code and the requirements of the NZX Main Board Listing Rules. The Company’s website is currently under construction; but in the interim copies of key documents referred to in this section can be requested by emailing john.cilliers@outlook.co.nz. The information contained in this section is current as at 28 June 2022 and has been approved by the Board. The key documents within the code were last reviewed effective May 2022 and a summary statement of the key documents is as follows:

Code of Ethics and Financial Products Trading Policy

SNC has adopted policies that are designed to formalise its commitment to the highest standards of ethical conduct and to provide all Directors and representatives with clear guidance on those standards. These are governed by the Code of Ethics and also the Financial Products Trading Policy.

The Code of Ethics details the ethical and professional behavioural standards required of the Directors and all employees.

The Financial Products Trading Policy details the procedure whereby SNC Directors and employees may trade in the Company’s shares. Directors and employees may not trade in SNC shares when they have price sensitive information that is not publicly available. In addition, except where the Directors have the permission of the Board, the Directors may trade in the Company’s shares only during specified trading windows.

The Company maintains an interests register in which the particulars of certain transactions and matters involving Directors must be recorded. Details of all matters entered into the register by individual Directors are outlined in Note 11 of the Financial Statements.

Governance Code

The Board has adopted a Governance Code that sets out the roles and responsibilities of the Board and distinguishes between the role and responsibilities of the Board and Management. Board's role is to direct the Company and enhance its value for Shareholders in accordance with good governance principles. The Board recognises that the quality with which it performs its functions is an integral part of the performance of the Company and that there is a strong link between good governance and performance.

Role and Composition of the Board

SNC retains a Board of Directors which aims to ensure that shareholders’ interests are held paramount. The Board is responsible for the direction and control of SNC and is accountable to shareholders and others for the Company’s performance and compliance with the appropriate laws and standards. A key responsibility of the Board is to monitor the performance of management on an ongoing basis.

The Company’s Constitution requires a minimum of three Directors with a maximum of seven. At least two of the Directors must be ordinarily resident in New Zealand. The composition of the Board must include a minimum of two Independent Directors. The Board elects a Chairman whose primary responsibility is the efficient functioning

of the Board. The Board is currently made up of four Directors and the Board considers that two Directors are independent in terms of the New Zealand Exchange requirements.

Independent Directors

- Bruce Dunlop
- John Cilliers

Director

- Chang Ku EE (Chairman)
- Kuan Chong NG

Board meetings

The Board met regularly during the year. The Board is provided with accurate timely information on all aspects of the Company's operations. The Board is kept informed of key risks to the Company on a continuing basis. In addition, the Board meets whenever necessary to deal with specific matters needing attention between the scheduled meetings.

The table below shows director attendance at board meetings during the year ended 31 March 2022:

Chang Ku EE (Chairman)	-
Kuan Chong NG	8
Joseph van Wijk	6
John Cilliers	8
Bruce Dunlop	2

Diversity Policy

SNC believes that diversity and inclusion contribute to competitive advantage and sustainable business success which is reflected in the Companies Diversity Policy. SNC is committed to an inclusive workplace that fosters and promotes workplace diversity at all levels. This provides the capacity to view problems and opportunities from many different perspectives.

Board diversity table as at 31 March 2022:

- 4 male directors
- 0 female directors
- 0 gender diverse directors
- 0 male officers
- 0 female officers
- 0 gender diverse officers

The Board believes that the current makeup of the Board is appropriate at this time.

Board Committees – Audit Finance and Risk Committee

The Board has overall responsibility for the Company's system of risk management and internal control. The Board has established a Committee known as the Audit, Finance and Risk Committee. The primary purpose of the

Audit, Finance and Risk Committee is to assist the Board of SNC in fulfilling its responsibilities relating to the company's management systems, accounting and reporting, external and internal audit, finance and risk management activities. The Committee comprises John Cilliers (Chairman of Committee) and Bruce Dunlop. Meetings are held not less than twice a year having regard to the Company's reporting and audit cycle. Management tools used by SNC include the audit committee function, outsourcing of certain functions to experts, internal controls, financial and compliance reporting procedures and processes, business continuity planning and insurance.

Other Committees

Due to the importance of Nomination and Remuneration matters these are addressed by the Board as a whole and consequently there is no separate Nomination or Remuneration Committee at this time.

Continuous Disclosure

SNC's Market Disclosure Policy sets out the Company's arrangements to ensure material information is identified, reported, assessed and, where required, disclosed to the market in a timely manner. SNC is committed to ensuring the timely disclosure of material information about the Company to ensuring that the Company complies with the NZX Main Board Listing Rules.

Remuneration Policy

SNC's Remuneration Policy is included in its Remuneration, Nomination and Health & Safety Committee Charter which sets out the principles which apply to the remuneration of the Board and employees. Details of individual director remuneration are outlined on page 24 and in Note 11 of the Financial Statements.

Auditors

The Audit, Finance and Risk Committee is accountable for ensuring the performance and independence of the external auditors – BDO Auckland. The Committee also recommends to the Board, which services other than the statutory audit, may be provided by BDO Auckland as auditors.

Shareholder Relations

The Board recognises the importance of providing comprehensive and timely information to shareholders. Information is communicated to shareholders in the Interim Report and the Annual Report. The release of the Annual Report is followed by the Annual Shareholders Meeting, which the Board recognises as an important forum at which the shareholders can meet and question the Board. Full participation of shareholders is encouraged at the Annual Shareholders Meeting to ensure a high level of accountability and identification with the Company's strategies and goals. Shareholders are encouraged to submit questions in writing prior to the meeting.

Environmental, Social and Governance

SNC recognises the importance of minimising our environmental, social and governance impact. The Company is committed to minimise its environmental impact and achieve sustainable business practices.

Summary of Exceptions

The Company's corporate governance code is based on the recommendations set out in the NZX Corporate Governance Code and the requirements of the NZX Main Board Listing Rules. The Board considers that SNC's

corporate governance code has followed these recommendations and requirements in all material respects in the current year with the following exceptions:

- Recommendation 3.6 (protocols setting procedure to follow if takeover offer received including the set-up of a separate committee) - there are no written protocols at this time but the whole Board would be immediately involved and legal advice sought.
- Recommendation 4.2 (key governance documents being available on the company's website) - the Company's website is currently under construction but key documents can be obtained on request from the Company as above.
- Recommendation 4.3 (reporting includes non-financial disclosures such as exposure to environmental risks and how those risks are managed) – due to the Company's lack of current operations such reporting will be considered in future years.
- Recommendation 8.5 (the board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting) - the Company held the 2021 Annual Meeting on 30 September 2021. The notice of the Annual Meeting was released on 15 September 2020, being less than the 20 working days recommended.
- Recommendation 8.1 (having a website) – the Company's website is currently under construction.

The alternate governance practices described above have been approved by the Board.

ADDITIONAL INFORMATION

STOCK EXCHANGE LISTING

Southern Charter Financial Group Ltd is listed on NZSX under the code SNC for ordinary shares.

REGISTRY

Link Market Services is SNC's security register manager and holds all shareholder records electronically. Link Market Services is also responsible for the maintenance of shareholder records, SNC's call centre, and the preparation of distribution payments. Contact details for Link Market Services are set out in the business directory on the last page.

ANNUAL REPORT AND ANNUAL MEETING

All shareholders are entitled to receive a copy of the Annual Report. If you do not require the Annual Report, or if you receive more copies than you require, please notify Link Market Services at the address shown on the last page.

The next Annual General Meeting is intended to be held in August or September 2022. The Notice of Meeting and Proxy Form will be sent shortly.

PRINCIPAL ACTIVITIES AND CHANGES IN STATE OF AFFAIRS

The Company is currently a listed shell company investigation options for acquisition.

DIRECTORS

The following directors held office during the financial year:

Current directors:

Chang Ku EE	(appointed 17 December 2018)
Kuan Chong NG	(appointed 8 April 2019)
Joseph van Wijk	(resigned 24 February 2022)
John Cilliers	(appointed 19 February 2018)
Bruce Dunlop	(appointed 24 February 2022)

DIRECTORS INTEREST IN SOUTHERN CHARTER FINANCIAL GROUP LIMITED

The following table sets out each current director's relevant interest (direct and indirect) in shares of the company as at the date of this report.

Directors	Fully paid ordinary shares	%
Chang Ku EE	442,809,270	86.00%
John Cilliers	50,000	0.01%

REMUNERATION

The following table provides the compensation for key management personnel and directors.

	2022			
	Director fees	Professional services fees	Other employee benefits	Total
	\$	\$	\$	\$
Chang Ku EE	4,000	-	-	4,000
Kuan Chong NG	3,000	3,000	-	6,000
Joseph van Wijk	21,714	44,286	-	66,000
Johannes Cilliers	14,000	5,391	-	19,391
Bruce Dunlop	3,000	-	-	3,000
	45,714	52,677	-	98,391

During the financial year there were no employees or former employees who received remuneration and other benefits in their capacity as employees of the Company of which was or exceeded \$100,000 per annum.

The Board received no notice during the year from directors requesting to use the Company information received in their capacity as directors which would not have been otherwise available to them.

DIRECTORS DISCLOSURE OF INTERESTS

The following general disclosures of interest were received in relation to the year ended 31 March 2022:

Chang Ku EE

- ESA Holdings Limited

John Cilliers

- Incrementum Ltd
- Ascension Capital Ltd

Joseph van Wijk

- Tasman Capital Associates Ltd
- Tasman Capital Ltd
- Tasman Capital Nominees Ltd
- Trinity Portfolio Ltd

- Acanthus Ltd
- Myland Partners NZ Ltd
- Millenium Mineral Resources Ltd
- Callisto One Ltd
- Western City Holdings Ltd

- Black Hawk Aviation Ltd
- Staten Corporation Ltd

Bruce Dunlop

- Pracsol Limited
-

DISTRIBUTION OF SECURITY HOLDERS (AS AT 23 JUN 2022)

Size of Holding	Number of Security Holders		Number of Securities	
	Number	%	Number	%
1-1000	359	73.9%	195,500	0.04%
1001-5000	17	3.5%	41,000	0.01%
5001-10000	17	3.5%	148,995	0.03%
10001-50000	28	5.8%	677,592	0.13%
50001-100000	14	2.9%	1,129,728	0.22%
Greater than 100000	51	10.5%	512,701,685	99.57%
	486	100.0%	514,894,500	100.00%

20 LARGEST SHAREHOLDERS (AS AT 23 JUN 2022)

Ordinary shareholders	Fully paid	
	Number	%
Chang Ku Ee	442,809,270	86.0%
Trinity Portfolio Limited	12,395,630	2.4%
Robert Gregory Mcauley	7,464,312	1.4%
Roger Grice	7,459,505	1.4%
Dene Biddlecombe Family Trust	5,447,406	1.0%
Russell Maloney	5,015,092	1.0%
Tasman Capital Limited	5,000,000	1.0%
John Sydney Philpott	4,938,425	1.0%
Lei Pei	4,000,000	0.8%
Global Paradigm	2,785,714	0.5%
Murray Horton Blackwell	2,576,400	0.5%
Richard Black	1,540,754	0.3%
Michael Patrick Mckenna	1,200,000	0.2%
Custodial Services Limited	987,412	0.2%
Estate Dene Peter Biddlecombe	600,000	0.1%
M F Campbell Limited	600,000	0.1%
Christopher David Castle	579,432	0.1%
Graeme Craig Joynt	500,000	0.1%
Philip Stickland	500,000	0.1%
R & K Famularo Family Trust	413,425	0.1%
	506,812,777	98.40%

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, the following holders are Substantial Product Holders in SNC within the meaning of that expression under Section 274 of the Financial Markets Conduct Act 2013:

Holder	Shares Held	%	Classification of Holding
Chang Ku Ee	442,809,270	86.0%	Registered Holder and beneficial owner

VOTING RIGHTS

Under the Company's Constitution, each member present at a general meeting is entitled:

1. on a show of hands, to one vote; and
2. on a poll, to one vote for each share held or represented.

WAIVERS


There were no waivers granted or published by the NZX in relation to SNC or relied upon by the Company in the 12 month period to 31 March 2022.

DONATIONS


No donations were made during the year.

ANNUAL REPORT CERTIFICATE

This Annual Report is dated 30 June 2022 and is signed on behalf of the Board by:



Director: Bruce Dunlop



Director: John Cilliers

BUSINESS DIRECTORY

Company number: 4844319

Directors: Chang Ku EE, Chairman
Kuan Chong NG
Joseph van Wijk (resigned 24 Feb'22)
John Cilliers
Bruce Dunlop (appointed 24 Feb'22)

Registered office: Level 2 Tower Building
50 Customhouse Quay
Wellington, 6011
New Zealand

Share Registrar Link Market Services
Level 7, Zurich House
21 Queen Street
Auckland 1010

Bankers: Westpac Bank Limited

Solicitors: Duncan Cotterill
Wellington

Auditors: BDO Auckland
