

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Financial Statements
For the year ended 29 February 2020

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Financial Statements For the year ended 29 February 2020

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ASIA WEALTH GROUP HOLDINGS LIMITED

**Parent Company Directory
At 29 February 2020**

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Peter Upperton

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASIA WEALTH GROUP HOLDINGS LIMITED

Opinion

We have audited the consolidated financial statements of Asia Wealth Group Holdings Limited (the "Parent Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 29 February 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 32.

This report is made solely to the Parent Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Parent Company's shareholders those matters 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 Parent Company and the Parent Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

In our opinion the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 29 February 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Baker Tilly (BVI) Limited

**Chartered Accountants
Tortola, British Virgin Islands
29 July 2020**

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Statement of Financial Position

At 29 February 2020

Expressed in U.S. Dollars

	Note	2020	2019
Non-current assets			
Fixed assets	3	4,942	13,538
Investment property	4	355,236	378,523
		<u>360,178</u>	<u>392,061</u>
Current assets			
Cash and cash equivalents		672,014	1,083,880
Trade receivables (net of allowance for doubtful accounts of \$8,572 (2019: \$7,090))		180,452	158,027
Financial assets at fair value through profit or loss	5	228,979	230,302
Loans and other receivables	6	663,015	617,397
Prepaid tax		1,190	1,285
Prepayments and other assets		101,331	94,469
		<u>1,846,981</u>	<u>2,185,360</u>
Total assets		<u>\$ 2,207,159</u>	<u>\$ 2,577,421</u>
Equity			
Share capital	8	913,496	913,496
Treasury shares	8	(318,162)	(318,162)
Consolidation reserve		405,997	405,997
Translation reserve		28,822	29,325
Retained earnings		51,204	123,861
		<u>1,081,357</u>	<u>1,154,517</u>
Total equity		<u>1,081,357</u>	<u>1,154,517</u>
Non-current liabilities			
Liabilities under finance lease agreements	9	—	1,556
Current liabilities			
Trade payables		1,001,732	1,315,298
Due to director	7	4,342	3,114
Liabilities under finance lease agreements	9	—	7,779
Tax payable		1,072	879
Other payables and accrued expenses	7	118,656	94,278
		<u>1,125,802</u>	<u>1,421,348</u>
Total liabilities		<u>1,125,802</u>	<u>1,422,904</u>
Total equity and liabilities		<u>\$ 2,207,159</u>	<u>\$ 2,577,421</u>

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income For the year ended 29 February 2020

Expressed in U.S. Dollars

	Note(s)	2020	2019
Revenue			
Commission income		1,434,392	2,397,341
Rental income	4	<u>32,803</u>	<u>31,409</u>
		<u>1,467,195</u>	<u>2,428,750</u>
Expenses			
Commission expense		747,948	1,509,995
Professional fees	7	267,816	311,910
Directors' fees	7	304,096	298,276
Impairment losses		8,088	8,827
Travel and entertainment		77,488	76,010
Office expense		41,978	41,458
Wages and salaries		53,405	47,266
Depreciation	3,4	33,114	34,041
Rent		17,853	17,094
Marketing		10,641	9,623
Other expenses		<u>42,427</u>	<u>37,658</u>
		<u>1,604,854</u>	<u>2,392,158</u>
Net (loss)/income from operations		<u>(137,659)</u>	<u>36,592</u>
Other income/(expenses)			
Foreign currency exchange loss		(8,387)	(62,838)
Net change in financial asset at fair value through profit or loss	5	(1,323)	2,425
Other income		<u>76,831</u>	<u>292,463</u>
		<u>67,121</u>	<u>232,050</u>
Net (loss)/income before finance costs		<u>(70,538)</u>	<u>268,642</u>
Finance costs			
Interest expense		<u>632</u>	<u>822</u>
Net (loss)/income before taxation		<u>(71,170)</u>	<u>267,820</u>
Taxation	10	<u>1,487</u>	<u>1,050</u>
Total comprehensive (loss)/income		<u>\$ (72,657)</u>	<u>\$ 266,770</u>
Total comprehensive (loss)/income attributable to equity holders of the Parent Company		<u>\$ (72,657)</u>	<u>\$ 266,770</u>
Earnings per share attributable to the equity holders of the Parent Company:			
Basic earnings per share	11	\$ (0.00654)	\$ 0.02401
Diluted earnings per share	11	\$ (0.00654)	\$ 0.02401

ASIA WEALTH GROUP HOLDINGS LIMITED

**Consolidated Statement of Changes in Equity
For the year ended 29 February 2020
Expressed in U.S. Dollars**

		2020						
		Attributable to Equity Holders of the Parent Company						
		Share Capital						
	Note	Number	US\$	Treasury Shares	Consolidation Reserve	Translation Reserve	Retained Earnings	Equity
Balances at beginning of year		11,433,433	913,496	(318,162)	405,997	29,325	123,861	1,154,517
Translation differences		—	—	—	—	(503)	—	(503)
Total comprehensive loss		—	—	—	—	—	(72,657)	(72,657)
Balances at end of year		11,433,433	\$ 913,496	\$ (318,162)	\$ 405,997	\$ 28,822	\$ 51,204	\$ 1,081,357
		2019						
		Attributable to Equity Holders of the Parent Company						
		Share Capital						
		Number	US\$	Treasury Shares	Consolidation Reserve	Translation Reserve	(Accumulated Deficit)/ Retained Earnings	Equity
Balances at beginning of year		11,433,433	913,496	—	405,997	28,725	(135,730)	1,212,488
Change in accounting policy		—	—	—	—	—	(7,179)	(7,179)
Acquisition of treasury shares	8	—	—	(318,162)	—	—	—	(318,162)
Translation differences		—	—	—	—	600	—	600
Total comprehensive income		—	—	—	—	—	266,770	266,770
Balances at end of year		11,433,433	\$ 913,496	\$ (318,162)	\$ 405,997	\$ 29,325	\$ 123,861	\$ 1,154,517

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Statement of Cash Flows For the year ended 29 February 2020

Expressed in U.S. Dollars

	2020	2019
Operating activities		
Total comprehensive (loss)/income	(72,657)	266,770
Adjustments for:		
Impairment losses	8,088	8,827
Depreciation	33,114	34,041
Foreign currency exchange loss	696	57,965
Operating (loss)/income before changes in operating assets and liabilities	(30,759)	367,603
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(30,513)	54,544
Increase in loans and other receivables	(45,618)	(525,229)
Decrease/(increase) in financial assets at fair value through profit or loss	1,323	(230,302)
Decrease/(increase) in prepaid tax	95	(598)
(Increase)/decrease in prepayments and other assets	(6,862)	10,495
(Decrease)/increase in trade payables	(313,566)	120,706
Decrease in liabilities under finance lease agreements	(9,335)	(9,350)
Increase/(decrease) in tax payable	193	(1,707)
Increase in other payables and accrued expenses	24,378	10,740
<i>Cash flows used in operating activities</i>	<u>(410,664)</u>	<u>(203,098)</u>
Investing activities		
Acquisition of fixed assets	<u>(3,321)</u>	<u>(970)</u>
<i>Cash flows used in investing activities</i>	<u>(3,321)</u>	<u>(970)</u>
Financing activities		
Net advances from related party	<u>1,228</u>	<u>(1,683)</u>
<i>Cash flows from/(used in) financing activities</i>	<u>1,228</u>	<u>(1,683)</u>
Net decrease in cash and cash equivalents	(412,757)	(205,751)
Effects of exchange rate fluctuations on cash and cash equivalents	891	(57,024)
Cash and cash equivalents at beginning of year	<u>1,083,880</u>	<u>1,346,655</u>
Cash and cash equivalents at end of year	<u>\$ 672,014</u>	<u>\$ 1,083,880</u>

Cash and cash equivalents comprise cash at banks.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

1) GENERAL INFORMATION

Asia Wealth Group Holdings Limited (the "Parent Company") was incorporated in the British Virgin Islands on 7 October 2010 under the BVI Business Companies Act, 2004. The liability of the shareholders is limited by shares. The Parent Company maintains its registered office in the British Virgin Islands. The consolidated financial statements were authorised for issue by the Board of Directors on 29 July 2020.

The principal activity of the Parent Company and its subsidiaries (the "Group") is to provide wealth management advisory services to Asian-based high net worth individuals and corporations.

The Parent Company's shares were listed on the PLUS Stock Exchange based in London, United Kingdom. In June 2012, ICAP Plc, an interdealer broker based in London, United Kingdom, bought PLUS Stock Exchange and rebranded and relaunched it as ICAP Securities & Derivatives Exchange ("ISDX"). On 30 December 2016, ISDX was renamed NEX Exchange. The Parent Company's shares were automatically admitted to NEX Exchange.

The Parent Company has the following subsidiaries as at 29 February 2020 and 28 February 2019:

	Incorporation Date	Country of Incorporation	Functional Currency	Ownership Interest	
				2020	2019
Meyer Asset Management Ltd. ("Meyer BVI")	2000	British Virgin Islands	US Dollars	100.00%	100.00%
Meyer International Limited ("Meyer Thailand")	2010	Thailand	Thailand Bhat	49.00%	49.00%
Prime RE Limited ("Prime RE")	2016	Thailand	Thailand Bhat	49.00%	49.00%

On 13 June 2012, Meyer BVI was licensed to provide investment business services under Section 3 of the Securities and Investment Business Act, 2010 of the British Virgin Islands.

On 23 September 2016, Meyer Thailand acquired 51.00% of Prime RE.

On 20 October 2016, 51.00% of Meyer Thailand, owned beneficially via a trust agreement in favour of Meyer BVI, was acquired by Prime RE.

The Parent Company is the indirect owner of 51.00% of the outstanding shares of Prime RE and Meyer Thailand, and accordingly the Parent Company has accounted for them as wholly owned subsidiaries.

2) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Group's consolidated financial statements are set out below.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

2) **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

a) **Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRSs. The financial statements comply with IFRSs as issued by the International Accounting Standards Board ("IASB").

b) **Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical costs and do not take into account increases in the market value of assets except financial assets at fair value through profit or loss.

The Group's financial records and statements are maintained and presented in U.S. Dollars, rounded to the nearest dollar.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

There are no new, revised or amended IFRSs or IFRS IC interpretations that are effective for the first time for the financial period beginning 1 March 2019 that would be expected to have a material impact on the Group's consolidated financial statements.

c) **Use of estimates**

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and the 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 circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 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.

d) **Investment in subsidiaries**

Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries for the year ended 29 February 2020. Details of the Group are set out in note 1.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Investment in subsidiaries (Cont'd)

Basis of consolidation (Cont'd)

Subsidiaries are enterprises controlled by the Parent Company. Control is achieved when the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Parent Company gains control or until the date the Parent Company ceases to control the subsidiary.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as an "equity reserve" and attributed to the owners of the Group.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Parent Company.

All intra-group transactions, balances, income and expenses are eliminated in consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Investment in subsidiaries (Cont'd)

Acquisitions (Cont'd)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

e) Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to the consolidated statement of comprehensive income on a straight line basis over the estimated useful lives of the fixed assets.

The annual rates of depreciation in use are as follows:

Leasehold improvements	20%
Office equipment	20-33%
Vehicles	20%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses (refer to accounting policy (o)), if any, with any change therein recognised in the consolidated statement of comprehensive income.

Investment property comprises condominium units.

Cost includes expenditure that is directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of comprehensive income. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as fixed assets, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Depreciable investment property is stated at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the investment property.

The annual rate of depreciation in use for condominium units is 5%.

Subsequent expenditure incurred is capitalised only when it increases the future economic benefits embodied in that property. All other expenditure is recognised in the consolidated statement of comprehensive income when it is incurred.

g) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash includes current deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and bank overdrafts.

h) Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset is measured at fair value through profit or loss or other if;

- i) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or
- ii) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Financial assets measured at fair value through profit or loss ("FVTPL") (Cont'd)

- iii) at initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group recognises financial assets measured at FVTPL when it becomes a party to the contractual provisions of an instrument. The Group's financial assets measured at FVTPL comprise investment in fund.

Financial assets measured at FVTPL are recorded in the consolidated statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Subsequent to initial recognition, all financial assets measured at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value are presented in the consolidated statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

i) Financial assets at amortised cost

Financial assets at amortised cost comprise cash and cash equivalents, trade receivables and loans and other receivables. Financial assets are recognised initially at fair value plus transaction costs that are directly attributable to its acquisition. These financial assets are held for collection of contractual cash flows representing solely payments of principal and interest, if any, and therefore are measured subsequently at amortised cost using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of comprehensive income.

Regular way purchases and sales are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group applies the general approach permitted by IFRS 9, "Financial Instruments" ("IFRS 9") which requires expected credit losses ("ECL") to be recognised based on the full three-stage model as follows:

- Stage 1: Items that have not deteriorated significantly in credit quality since initial recognition. A loss allowance equal to 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial asset.
- Stage 2: Items that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. A loss allowance equal to lifetime ECL is recognised but interest income is still calculated on the gross carrying amount of the asset.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements

For the year ended 29 February 2020

Expressed in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) Financial assets at amortised cost (Cont'd)

- Stage 3: Items that have objective evidence of impairment at the reporting date. A loss allowance equal to lifetime ECL is recognised and interest income is calculated on the net carrying amount.

The Group considers a receivable in default when contractual payments are over 365 days past due. However, in certain cases, the Group may also consider a receivable to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

Receivables for which an impairment provision is recognised, are written off against the provision, when there is no expectation of recovering additional cash.

Impairment losses are presented as a separate line item in the consolidated statement of comprehensive income.

See note 13(b).

j) Financial liabilities at amortised cost

Financial liabilities are non-derivative contractual obligations to deliver cash or another financial asset to another entity and comprise trade payables, due to director and other payables and accrued expenses.

These financial liabilities are initially recognised at fair value on the date the Group becomes a party to the contractual provisions of an instrument and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation specified in a contract is discharged, cancelled or expired.

k) Leases

Leases of equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are recorded as long-term liabilities. The finance charge is taken to the consolidated statement of comprehensive income over the lease period. Assets acquired under finance lease agreements are depreciated over their useful lives.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the term of the lease. When an operating lease is terminated before the lease term has expired, any penalty is recognised as an expense in the period in which the termination takes place.

ASIA WEALTH GROUP HOLDINGS LIMITED

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For the year ended 29 February 2020

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2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Share capital, treasury shares and retained earnings/accumulated deficit

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Where any Group company purchases the Parent Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Group.

Retained earnings/accumulated deficit represent the cumulative balance of periodic net income/loss, dividend distributions and prior period adjustments.

m) Share-based payment

The Group entered into a series of equity-settled, share-based payment transactions, under which the Group received services from a third party as consideration for equity instruments (shares, options or warrants) of the Group.

For non-vesting share-based payments, the fair value of the service received in exchange for the shares is recognised as an expense immediately with a corresponding credit to share capital.

For share-based payments with vesting periods, the service received is recognised as an expense by reference to the fair value of the share options granted or warrants issued. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied with a corresponding credit to the share capital reserve.

n) Revenue and expense recognition

In relation to the rendering of professional services, the Group recognises fee income as time is expended and costs are incurred, provided the amount of consideration to be received is reasonably determinable and there is reasonable expectation of its ultimate collection.

Rental income arising from operating leases on investment property is recognised in the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

Interest income is recognised in the consolidated statement of comprehensive income as it accrues.

All expenses are recognised in the consolidated statement of comprehensive income on the accrual basis.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

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2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated as the greater of an asset's net selling price or value in use. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the consolidated statement of comprehensive income.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

p) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position whenever the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

q) Foreign currency

Functional and presentation currency

The subsidiaries' functional currencies are disclosed in note 1 to the financial statements. The consolidated financial statements are presented in U.S. Dollars, rounded off to the nearest dollar.

Transactions and balances

Transactions in foreign currencies are converted at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on conversion or translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the consolidated statements of income and comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments are included in net realised/unrealised gain/(loss) on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented in the consolidated statements of income and comprehensive income.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

2) **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

q) **Foreign currency** (Cont'd)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into U.S. Dollars at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into U.S. Dollars at the average rate. The net differences arising from translation and remeasurement of foreign operations are recognised as other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit and loss when the foreign operation is disposed of.

None of the foreign operations has the currency of a hyperinflationary economy.

Translation reserve

Assets and liabilities of the Group's non-U.S. Dollar functional currency subsidiaries are translated into U.S. Dollars at the closing exchange rates at the reporting date. Revenues and expenses are translated at the average exchange rates for the year. All cumulative differences from the translation of the equity of foreign subsidiaries resulting from changes in exchange rates are included in a separate caption within equity without affecting income.

r) **Related parties**

Related parties are individuals and entities where the individual or entity has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

s) **Segment reporting**

The Group's operating businesses are organised and managed separately according to geographical area, with each segment representing a strategic business unit that serves a different market. Financial information on business segments is presented in note 12 of the consolidated financial statements.

t) **Taxation**

Taxation on net profit before taxation for the year comprises both current and deferred tax.

Current tax is the expected income tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years in the countries where the Parent Company and its subsidiaries operate and generate taxable income.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

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2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

t) Taxation (Cont'd)

The Group accounts for income taxes in accordance with IAS 12, "Income Taxes," which requires that a deferred tax liability be recognised for all taxable temporary differences and a deferred tax asset be recognised for an enterprise's deductible temporary differences, operating losses, and tax credit carryforwards. A deferred tax asset or liability is measured using the marginal tax rate that is expected to apply to the last dollars of taxable income in future years. The effects of enacted changes in tax laws or rates are recognised in the period that includes the enactment date.

u) Amended and newly issued accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 March 2019, and have not been adopted early in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

3) FIXED ASSETS

	Leasehold improvements	Office equipment	Vehicles	Total
Cost:				
At 28 February 2019	20,281	37,802	55,392	113,475
Additions	—	3,321	—	3,321
At 29 February 2020	20,281	41,123	55,392	116,796
Depreciation:				
At 28 February 2019	20,281	33,851	45,805	99,937
Charge for the year	—	2,444	9,473	11,917
At 29 February 2020	20,281	36,295	55,278	111,854
Net book value:				
At 29 February 2020	\$ —	\$ 4,828	\$ 114	\$ 4,942
At 28 February 2019	\$ —	\$ 3,951	\$ 9,587	\$ 13,538

As at 29 February 2020, the Group had fixed assets with a net book value of \$114 (2019: \$9,587) under a finance lease agreement (refer to note 9).

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

4) INVESTMENT PROPERTY

	Condominium units
Cost:	
At 28 February 2019	430,057
Translation reserve	<u>(2,090)</u>
At 29 February 2020	<u>427,967</u>
Depreciation:	
At 28 February 2019	51,534
Charge for the year	<u>21,197</u>
At 29 February 2020	<u>72,731</u>
Net book value:	
At 29 February 2020	\$ <u>355,236</u>
At 28 February 2019	\$ <u>378,523</u>

Investment property comprises condominium units at The Prime 11 Condominium in Bangkok, Thailand. Management's estimate of the market value of the investment property at year end was \$355,236 (2019: \$378,523).

Rental income arising from the investment properties during the year amounted to \$32,803 (2019: \$31,409).

5) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
Investment in fund	228,979	230,302
Investment in private equity	<u>—</u>	<u>—</u>
	<u>\$228,979</u>	<u>\$230,302</u>

Investment in Phillip Investment Fund

The investment in Phillip Investment Fund in Singapore comprises 310,608.32 (2019: 310,608.32) units in Phillip Money Market Fund. The amount of investment recognised in the consolidated statement of financial position is \$228,979 (2019: \$230,302), net of unrealised loss of \$1,323 (2019: unrealised gain of \$2,425).

Investment in Ray Alliance Financial Advisers Pte Ltd

On 12 June 2012, the Parent Company acquired a 15% equity interest in Ray Alliance Financial Advisers Pte Ltd ("Ray Alliance") for a consideration of 322,000 shares issued at £0.70 per share. The Parent Company also issued 16,100 shares at £0.60 per share in consideration for the advisory services provided during the transaction. The total cost of the investment amounted to \$318,162.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

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5) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Cont'd)

Investment in Ray Alliance Financial Advisers Pte Ltd (Cont'd)

In June 2016, it came to the attention of the Group that the 45,000 ordinary shares in Ray Alliance owned by the Parent Company had been transferred without any authorisation by the Parent Company to the two other shareholders of Ray Alliance. At that stage it was not known how the transfer was done without the authorisation or consent of the Parent Company. Under the circumstances, the Parent Company considered the unauthorised transfer to be wrongful and entirely without legal basis.

The Parent Company engaged a Singapore law firm and took legal advice on the matter. The Parent Company considered various options including taking legal action against the appropriate parties. Through its solicitors, the Parent Company made a demand to the two other shareholders to immediately transfer back to the Parent Company the said 45,000 ordinary shares in Ray Alliance.

On 26 September 2018, the Parent Company entered into a Settlement Agreement with the appropriate parties and agreed to settle on a full and final basis all claims, disputes and differences with regard to the unauthorised transfer of shares in Ray Alliance.

The following was agreed by the parties under the Settlement Agreement:

- a) the Group consented and ratified the transfer of Ray Alliance Shares;
- b) return of 322,000 shares of the Parent Company previously issued as consideration for the Ray Alliance shares;
- c) payment of SGD 350,000 to the Parent Company for claims on costs and damages.

Other income earned related to the Group's claims amounting to \$nil (2019: \$255,042).

Treasury shares recognised by the Group for the return of the Parent Company's shares amounted to \$318,162 (2019: \$318,162).

6) LOAN RECEIVABLE

On 8 February 2019, Meyer BVI entered into a Loan Agreement with MVT Development Ltd. amounting to THB 16,000,000. The loan earns interest at a rate of 15% per annum. The loan is secured and is guaranteed with a property in Bangkok, Thailand.

The loan was due on 8 February 2020. However, MVT Development Ltd. was not able to repay the loan on the due date. Meyer BVI and MVT Development Ltd. are currently in negotiations over the repayment terms.

Interest income during the year amounted to \$77,914 (2019: \$4,372), of which \$63,679 was outstanding as at year end (2019: \$14,964 paid in advance).

7) RELATED PARTY TRANSACTIONS

The Group was charged \$38,139 (2019: \$41,480) in accounting fees by Administration Outsourcing Co., Ltd, a company related by way of common directorship, of which \$2,653 (2019: \$3,170) remained outstanding as at year end.

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Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

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7) RELATED PARTY TRANSACTIONS (Cont'd)

During the year, the Group incurred directors' fees, inclusive of school fees and accommodation allowance, amounting to \$304,096 (2019: \$298,276), of which \$20,000 (2019: \$nil) was outstanding as at year end..

As at 29 February 2020, due to director amounted to \$4,342 (2019: \$3,114). The amount due is unsecured, interest-free and repayable on demand.

8) SHARE CAPITAL AND TREASURY SHARES

Authorised

The Parent Company is authorised to issue an unlimited number of no par value shares of a single class.

	2020	2019
Issued and fully paid		
11,433,433 (2019: 11,433,433) shares of no par value per share.	<u>\$913,496</u>	<u>\$913,496</u>

Each share in the Parent Company confers upon the shareholder:

- a) the right to one vote on any resolution of shareholders;
- b) the right to an equal share in any dividend paid by the Parent Company; and
- c) the right to an equal share in the distribution of the surplus assets of the Parent Company on its liquidation.

Treasury Shares

As discussed in note 5, the Parent Company acquired treasury shares of 322,000 (2019: 322,000) amounting to \$318,162 (2019: \$318,162). This resulted from the Settlement Agreement entered into by the Parent Company on 26 September 2018 relating to the unauthorised transfer of Ray Alliance shares.

9) LEASES

	2020	2019
Liabilities under finance lease agreements:		
Less than 1 year	—	7,779
1 to 5 years	—	<u>1,556</u>
Total	—	9,335
Less: Deferred interest	—	<u>(693)</u>
	—	8,642
Less: Current portion net of short term deferred interest	—	<u>(7,185)</u>
Net	<u>\$—</u>	<u>\$1,457</u>

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10) TAXATION

There is no mainstream taxation in the British Virgin Islands. The Parent Company and Meyer BVI are not subject to any forms of taxation in the British Virgin Islands, including income, capital gains and withholding taxes.

Meyer Thailand and Prime RE are subject to Thailand graduated statutory income tax at a rate of 0-15% (2019: 0-15%) on profit before tax.

The current tax expense included in the consolidated statement of comprehensive income relates to the following subsidiary:

	2020	2019
Meyer Thailand	<u>\$1,487</u>	<u>\$1,050</u>

The Group had no deferred tax assets or liabilities as at the reporting date.

The Group's total income tax differs from the amount determined by multiplying net income before taxation by the weighted average tax rate of 2.09% (2019: 0.39%) as follows:

	2020	2019
Net (loss)/income before taxation	<u>\$(71,170)</u>	<u>\$267,820</u>
Tax calculated at weighted average tax rate	(1,487)	1,044
Expenses not deductible for tax purposes	122	2
Meyer BVI net (profit)/loss not subject to tax	(3,265)	9,464
Parent Company's net loss/(profit) not subject to tax	4,778	(10,434)
Other differences	<u>1,339</u>	<u>974</u>
	<u>\$ 1,487</u>	<u>\$ 1,050</u>

11) EARNINGS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares in issue during the year excluding treasury shares.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

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11) EARNINGS PER SHARE (Cont'd)

	2020	2019
Earnings attributable to equity holders of the Parent Company	\$(<u>72,657</u>)	<u>\$266,770</u>
Weighted average number of shares in issue	11,433,433	11,433,433
Adjusted for weighted average number of: - treasury shares	(<u> 322,000</u>)	(<u> 322,000</u>)
Weighted average number of shares in issue and for basic earnings for share	<u>11,111,433</u>	<u>11,111,433</u>
Basic earnings per share	\$(<u>0.00654</u>)	<u>\$0.02401</u>

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. As at 29 February 2020 and 28 February 2019, the Parent Company had no share warrants or share options as potential dilutive shares. For the share options and warrants, if any, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

	2020	2019
Earnings attributable to equity holders of the Parent Company	\$(<u>72,657</u>)	<u>\$266,770</u>
Weighted average number of shares in issue and for diluted earnings per share	<u>11,111,433</u>	<u>11,111,433</u>
Diluted earnings per share	\$(<u>0.00654</u>)	<u>\$0.02401</u>

12) SEGMENTAL INFORMATION

The Group has three reportable segments based on geographical areas where the Group operates and these were as follows:

British Virgin Islands ("BVI") – where the Parent Company and Meyer BVI are domiciled. The Parent Company serves as the investment holding company of the Group and Meyer BVI provides wealth management and advisory services.

Thailand – where Meyer Thailand is domiciled and provides marketing and economic consulting services to the Group and where Prime RE is domiciled and provides property rental services.

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12) SEGMENTAL INFORMATION (Cont'd)

The reportable segmental revenue, other profit and loss disclosures, assets and liabilities were as follows:

Revenue

	2020			2019		
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers
BVI	1,434,201	—	1,434,201	2,397,341	—	2,397,341
Thailand	<u>265,697</u>	<u>(232,703)</u>	<u>32,994</u>	<u>257,015</u>	<u>(225,606)</u>	<u>31,409</u>
Total	<u>\$1,699,898</u>	<u>\$(232,703)</u>	<u>\$1,467,195</u>	<u>\$2,654,356</u>	<u>\$(225,606)</u>	<u>\$2,428,750</u>

The revenue between segments is carried out at arm's length. Revenues from two customers of the BVI segment represent approximately 42% (2019: 67%) of the Group's total revenues.

Other profit and loss disclosures

	2020			2019		
	Commission expense	Depreciation	Income tax	Commission expense	Depreciation	Income tax
BVI	744,209	904	—	1,506,415	818	—
Thailand	<u>3,739</u>	<u>32,210</u>	<u>1,487</u>	<u>3,580</u>	<u>33,223</u>	<u>1,050</u>
Total	<u>\$747,948</u>	<u>\$33,114</u>	<u>\$1,487</u>	<u>\$1,509,995</u>	<u>\$34,041</u>	<u>\$1,050</u>

Assets

	2020		2019	
	Total assets	Additions to non-current assets	Total assets	Additions to non-current assets
BVI	1,714,485	2,060	2,067,016	—
Thailand	<u>492,674</u>	<u>1,261</u>	<u>510,405</u>	<u>970</u>
Total	<u>\$2,207,159</u>	<u>\$3,321</u>	<u>\$2,577,421</u>	<u>\$970</u>

Intersegment assets amounting to \$1,006,522 (2019: \$832,416) were already eliminated in the total assets per segment above.

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12) SEGMENTAL INFORMATION (Cont'd)

Liabilities

	2020	2019
BVI	1,054,960	1,360,040
Thailand	<u>70,842</u>	<u>62,864</u>
Total	<u>\$1,125,802</u>	<u>\$1,422,904</u>

Intersegment liabilities amounting to \$881,979 (2019: \$707,557) were already eliminated in the total liabilities per segment above.

13) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Group include cash and cash equivalents, trade receivables, loans and other receivables and financial assets at fair value through profit or loss. Financial liabilities include trade payables, due to director and other payables and accrued expenses.

The Group has exposure to a variety of financial risks that are associated with these financial instruments. The most important types of financial risk to which the Group is exposed are market risk, credit risk and liquidity risk.

The Group's overall risk management program is established to identify and analyse this risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits in an effort to minimise potential adverse effects on the Group's financial performance.

a) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the Group's financial instruments. The Group's exposure to market risk is determined by a number of factors which include interest rate risk and currency risk.

Interest rate risk

The financial instruments exposed to interest rate risk comprise cash and cash equivalents.

The Group is exposed to interest rate cash flow risk on cash and cash equivalents, which earn interest at floating interest rates that are reset as market rates change. The Group is exposed to interest rate risk to the extent that these interest rates may fluctuate.

A sensitivity analysis was performed with respect to the interest-bearing financial instruments with exposure to fluctuations in interest rates and management noted that there would be no material effect to shareholders' equity or net income for the year.

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13) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

a) Market risk (Cont'd)

Currency risk

The Group may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Group is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the U.S. Dollar.

The Group's total net exposure to fluctuations in foreign currency exchange rates at the reporting date stated in U.S. Dollars was as follows:

	2020		2019	
	Fair value	% of net assets	Fair value	% of net assets
Assets				
Thailand Bhat	932,901	86.27	964,284	83.52
Japanese Yen	378,295	34.98	677,726	58.70
Singaporean Dollar	228,979	21.18	230,302	19.95
Euro	141,930	13.13	157,128	13.61
United Kingdom Pound	<u>50,901</u>	<u>4.71</u>	<u>85,309</u>	<u>7.39</u>
	<u>\$1,733,006</u>	<u>160.27</u>	<u>\$2,114,749</u>	<u>183.17</u>

The table below summarises the sensitivity of the net assets to changes in foreign exchange movements at 29 February 2020. The analysis is based on the assumption that the relevant foreign exchange rate increased/decreased against the U.S. Dollar by the percentages disclosed in the table below, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	2020		2019	
	Possible shift in rate	Possible shift in amount	Possible shift in rate	Possible shift in amount
Thailand Bhat	2.32%	21,663	3.13%	30,160
Japanese Yen	2.58%	9,770	4.00%	27,105
Euro	1.49%	2,116	5.44%	8,541
Singaporean Dollar	1.20%	2,741	2.91%	6,698
United Kingdom Pound	3.04%	<u>1,548</u>	6.27%	<u>5,347</u>
		<u>\$37,838</u>		<u>\$77,851</u>

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13) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if financial instrument counterparties failed to perform as contracted.

As at 29 February 2020 and 28 February 2019, the Group's financial assets exposed to credit risk amounted to the following:

	2020	2019
Cash and cash equivalents	672,014	1,083,880
Trade receivables (net of allowance for doubtful accounts of \$8,572 (2019: \$7,090))	180,452	158,027
Financial assets at fair value through profit or loss	228,979	230,302
Loans and other receivables	<u>663,015</u>	<u>617,397</u>
	<u>\$1,744,460</u>	<u>\$2,089,606</u>

i) Risk management

The extent of the Group's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Group's consolidated statement of financial position.

The Group invests all its available cash and cash equivalents in several banks. The Group is exposed to credit risk to the extent that these banks may be unable to repay amounts owed. To manage the level of credit risk, the Group attempts to deal with banks of good credit standing, whenever possible.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To reduce exposure to credit risk, the Group may perform ongoing credit evaluations on the financial condition of its customers, but generally does not require collateral. The Group has significant exposure to a small number of customers, the two largest owing \$83,718 (2019: \$94,460) as at year end, which represents 44% (2019: 57%) of gross trade receivables. The Group is exposed to credit-related losses in the event of non-performance by these customers. The exposure to credit risk is reduced as these customers have a good working relationship with the Group and management does not expect any significant customer to fail to meet its obligations.

The Group is exposed to credit risk with respect to its investments. Bankruptcy or insolvency of the investee companies may cause the Group's rights to the security to be delayed or become limited.

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13) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

b) Credit risk (Cont'd)

i) Risk management (Cont'd)

The ageing of the Group's gross trade receivables as at year end is as follows:

	2020	2019
1 to 90 days	185,126	109,620
Over 90 days	<u>3,898</u>	<u>55,497</u>
	<u>\$189,024</u>	<u>\$165,117</u>

ii) Security

For some trade receivables, the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of their agreement.

iii) Impairment of financial assets

The Group applies the IFRS 9 general approach to measuring ECL based on the full three-stage model.

The Group determined the ECL based on probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions. The assessment also considered borrower specific information.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenues over a period of 36 months before 29 February 2020 or 1 March 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 29 February 2020 and 28 February 2019 was determined as follows:

	Balance at 29 February 2020	Expected Credit Loss Rate	Loss Allowance at 29 February 2020
Trade receivables	\$189,024	4.53%	\$8,572

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2020

Expressed in U.S. Dollars

13) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

b) Credit risk (Cont'd)

iii) Impairment of financial assets (Cont'd)

	Balance at 28 February 2019	Expected Credit Loss Rate	Loss Allowance at 28 February 2019
Trade receivables	\$165,117	4.29%	\$7,090

The closing loss allowances for trade receivables as at 29 February 2020 and 28 February 2019 reconcile to the opening loss allowances as follows:

	2020	2019
Opening balance	7,090	7,179
Increase/(decrease) in loss allowance	<u>1,482</u>	<u>(89)</u>
Closing balance	<u>\$8,572</u>	<u>\$7,090</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

While cash and cash equivalents and loans and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational needs as they arise.

All of the Group's financial liabilities are expected to be settled within a year from the reporting date.

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14) FAIR VALUE INFORMATION

The Group's financial assets at fair value through profit or loss comprise an investment in a fund.

For certain of the Group's financial instruments, not carried at fair value, including cash and cash equivalents, trade receivables, loans and other receivables, trade payables and other payables and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments. The carrying value of the amount due to director approximates its fair value, since such amount is repayable on demand.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments whose values are based on quoted market prices in active markets are therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2 and for the Group includes the investment in fund. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

The Group did not hold any investments under the Levels 1 and 3 hierarchies as at 29 February 2020 and 28 February 2019.

There were no significant investments transferred between Levels 1, 2 and 3.

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15) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern; and
- to provide adequate returns to its shareholders.

In order to maintain or balance its overall capital structure to meet its objectives, the Group is continually monitoring the level of share issuance and any dividend declaration and distributions to shareholders in the future.

16) SUBSEQUENT EVENTS

Corona virus (COVID-19) pandemic

The Group is carefully managing the coronavirus situation and during the closedown, had in place processes to protect personnel, including working from home and restricted travel arrangements. The Group continues to engage with customers in the most optimal way during this period. Supplies for our solutions are unaffected and the Group continues to be extremely vigilant. At this time, the Group has not assumed any financial impact to its outlook and it will continue to analyse potential implications and implement governmental guidelines as the situation evolves.