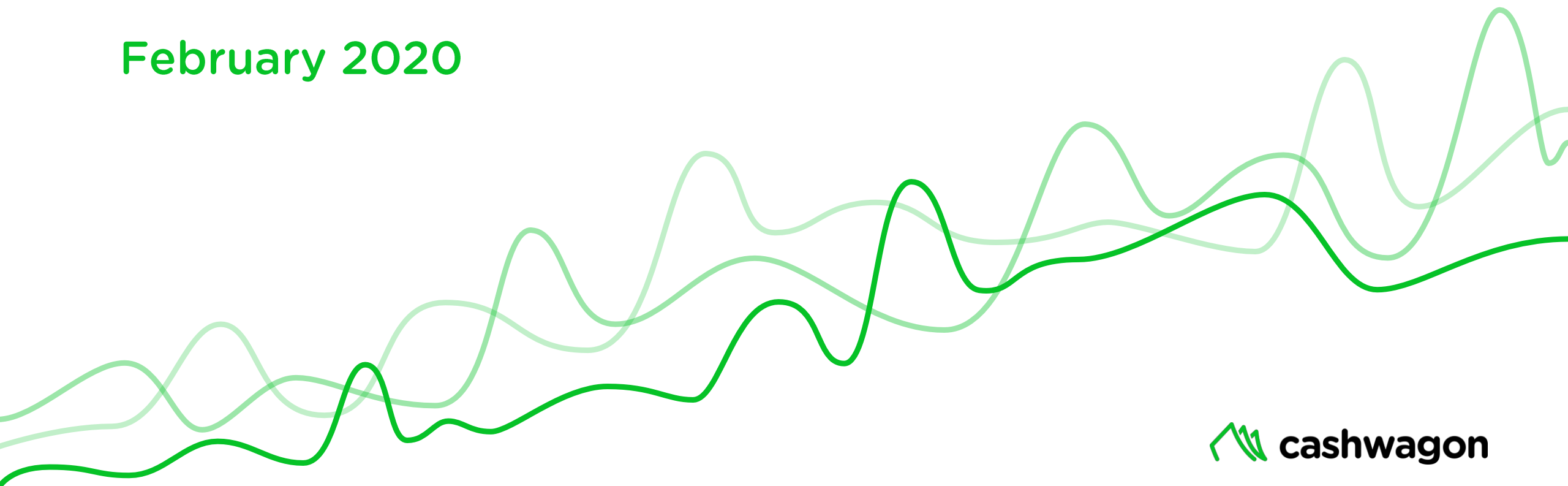


Financial statements

February 2020



Volume indicators

	2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2020	JAN 2020	FEB 2020
Loans issued, thousand	1,124	224	190	226	234	253	220	271	282	273	300	294	316	328	271
Amount disbursed, thousand USD	92,233	17,978	16,393	19,302	20,637	23,112	20,480	24,919	25,935	25,756	28,177	27,160	30,005	30,351	27,196

Consolidated Income Statement, thousand USD

Revenue	31,964	6,100	5,850	6,401	6,841	7,997	6,910	7,701	8,241	8,125	8,888	8,420	8,786	9,227	8,674
Provisions	(19,587)	(3,367)	(2,936)	(4,059)	(3,975)	(5,059)	(3,867)	(4,137)	(4,458)	(4,477)	(5,452)	(5,208)	(5,307)	(4,537)	(4,033)
Gross Profit	12,378	2,733	2,914	2,342	2,866	2,938	3,044	3,564	3,783	3,648	3,436	3,212	3,479	4,690	4,641
VAT and other sales taxes	(1,445)	(228)	(221)	(245)	(285)	(301)	(283)	(323)	(310)	(325)	(391)	(323)	(286)	(263)	(285)
Cost of funding	(478)	(123)	(135)	(178)	(179)	(235)	(228)	(265)	(308)	(270)	(272)	(277)	(319)	(370)	(394)
Acquisition costs	(2,006)	(296)	(233)	(329)	(371)	(314)	(347)	(667)	(689)	(646)	(994)	(925)	(839)	(901)	(373)
Operating costs	(4,839)	(1,180)	(992)	(1,029)	(1,034)	(1,186)	(1,268)	(1,236)	(1,211)	(1,193)	(1,300)	(1,316)	(1,411)	(1,435)	(1,306)
Operating Profit	3,610	907	1,335	560	997	902	918	1,073	1,265	1,213	478	371	625	1,721	2,283
G&A expenses	(9,303)	(997)	(1,083)	(1,111)	(1,114)	(1,187)	(1,182)	(936)	(1,199)	(974)	(1,273)	(1,204)	(1,966)	(1,481)	(1,529)
CIT	(1,363)	(389)	(317)	(337)	(326)	(366)	(379)	(459)	(493)	(457)	32	(348)	(92)	(250)	(317)
Net Profit unadjusted*	(7,056)	(480)	(65)	(888)	(442)	(651)	(644)	(322)	(426)	(218)	(762)	(1,180)	(1,433)	(11)	437
Adjustments to audited reports	(711)														
Net Profit final	(7,767)														

Operating profit margin

Revenue	34.7%	33.9%	35.7%	33.2%	33.1%	34.6%	33.7%	30.9%	31.8%	31.5%	31.5%	31.0%	29.3%	30.4%	31.9%
Provisions	(21.2%)	(18.7%)	(17.9%)	(21.0%)	(19.3%)	(21.9%)	(18.9%)	(16.6%)	(17.2%)	(17.4%)	(19.3%)	(19.2%)	(17.7%)	(14.9%)	(14.8%)
Gross Profit	13.4%	15.2%	17.8%	12.1%	13.9%	12.7%	14.9%	14.3%	14.6%	14.2%	12.2%	11.8%	11.6%	15.5%	17.1%
VAT and other sales taxes	(1.6%)	(1.3%)	(1.3%)	(1.3%)	(1.4%)	(1.3%)	(1.4%)	(1.3%)	(1.2%)	(1.3%)	(1.4%)	(1.2%)	(1.0%)	(0.9%)	(1.0%)
Cost of funding	(0.5%)	(0.7%)	(0.8%)	(0.9%)	(0.9%)	(1.0%)	(1.1%)	(1.1%)	(1.2%)	(1.0%)	(1.0%)	(1.0%)	(1.1%)	(1.2%)	(1.5%)
Acquisition costs	(2.2%)	(1.6%)	(1.4%)	(1.7%)	(1.8%)	(1.4%)	(1.7%)	(2.7%)	(2.7%)	(2.5%)	(3.5%)	(3.4%)	(2.8%)	(3.0%)	(1.4%)
Operating costs	(5.2%)	(6.6%)	(6.0%)	(5.3%)	(5.0%)	(5.1%)	(6.2%)	(5.0%)	(4.7%)	(4.6%)	(4.6%)	(4.8%)	(4.7%)	(4.7%)	(4.8%)
Operating Profit	3.9%	5.0%	8.1%	2.9%	4.8%	3.9%	4.5%	4.3%	4.9%	4.7%	1.7%	1.4%	2.1%	5.7%	8.4%

* Using Cashwagon's internal accounting methodology

Consolidated Balance Sheet, thousand USD*

	2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020
Assets															
Fixed Assets	833	890	886	915	939	956	973	1,052	1,046	1,037	1,015	991	963	942	948
Intangible Assets	114	112	108	103	99	95	162	157	153	152	151	146	247	240	233
Loans Given	15,917	18,345	20,244	21,373	23,653	23,932	24,161	25,273	26,317	27,996	29,458	28,949	29,762	31,848	30,887
Cash	5,442	3,439	3,076	4,103	3,324	4,481	4,148	5,226	6,474	4,640	2,699	4,106	3,007	4,623	4,741
Other Assets	1,637	1,863	1,970	2,199	2,270	2,620	2,421	2,119	2,622	3,013	3,541	3,745	3,340	2,898	3,299
TOTAL ASSETS	23,943	24,649	26,285	28,693	30,286	32,084	31,865	33,827	36,613	36,838	36,864	37,937	37,318	40,552	40,108
Liabilities															
Borrowing and Loans	13,901	14,511	15,906	18,491	19,874	21,992	22,118	24,734	27,525	27,182	28,379	30,226	31,343	34,748	34,306
Payables and Advances Received	2,349	2,626	3,049	3,741	4,347	4,765	4,850	4,431	5,075	5,916	5,377	5,910	5,479	5,275	4,694
TOTAL LIABILITIES	16,250	17,137	18,955	22,232	24,221	26,757	26,967	29,164	32,600	33,098	33,757	36,136	36,822	40,022	39,000
Equity															
Share Capital and Share Premium	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071	17,071
Retained Earnings	(8,761)	(9,241)	(9,306)	(10,194)	(10,636)	(11,287)	(11,931)	(12,252)	(12,679)	(12,897)	(13,659)	(14,839)	(16,272)	(16,283)	(15,846)
Translation Reserve	(736)	(438)	(555)	(536)	(490)	(577)	(362)	(275)	(499)	(553)	(424)	(550)	(422)	(378)	(237)
Other Adjustments	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119
TOTAL EQUITY	7,693	7,512	7,330	6,461	6,065	5,327	4,897	4,663	4,013	3,740	3,107	1,801	496	530	1,108

* Using Cashwagon's internal accounting methodology



CASHWAGON PTE. LTD AND ITS SUBSIDIARIES
(Registration No. 201619085G)

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2018

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 6 to 50 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. DIRECTORS

The directors of the Company in office at the date of this statement are:

Brook Colin Taylor
Maxim Chernushchenko
Zhang Hui

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act except as follows:

Name of directors and companies in which interest are held	<u>No. of ordinary shares</u>			
	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year/date of appointment if later	At end of year	At beginning of the year/date of appointment if later	At end of year
<u>Duofold Enterprises Limited</u>				
Brook Colln Taylor	-	-	5,000	5,000
<u>Fevolve Pte. Ltd.</u>				
Maxim Chernushchenko	-	-	100,000	200,000
<u>Finup Asia Limited</u>				
Zhang Hui	-	-	58,170	125,025

By virtue of Section 7 of the Singapore Companies Act, the directors are deemed to have an interest in all the related corporations of the Company.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

4. SHARE OPTION

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Maxim Chernushchenko

.....
Brook Colin Taylor

23 August 2019

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

4. SHARE OPTION

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



.....
Maxim Chernushchenko

.....
Brook Colin Taylor

23 August 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cashwagon Pte. Ltd. (the "Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statement, including a summary of significant accounting policies, as set out on pages 6 to 50.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the period ended 31 December 2017 were unaudited as the Group and Company were exempted from audit requirements under Section 205C of the Act.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on page 1 to 2.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

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.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the 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.

The directors' responsibilities include overseeing the Group's financial reporting process.

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 SSAs 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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

- (d) 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, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) 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 group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Public Accountants and
Chartered Accountants
Singapore

23 August 2019

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	<u>Note</u>	<u>Group</u>	
		<u>2018</u>	<u>2017</u>
		<u>US\$'000</u>	<u>US\$'000</u>
			<u>(Restated)</u>
			<u>(Unaudited)</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	5	5,468	5,107
Loans to customers	6	15,912	208
Other receivables and prepaid expenses	7	1,921	133
Total current assets		<u>23,301</u>	<u>5,448</u>
Non-current assets			
Property, plant and equipment	8	825	74
Intangible assets	9	116	44
Other receivables – non-current	7	181	76
Total non-current assets		<u>1,122</u>	<u>194</u>
Total assets		<u>24,423</u>	<u>5,642</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Other payables	13	1,290	58
Borrowings from third parties	14	1,828	-
Income tax payable		1,407	-
Total current liabilities		<u>4,525</u>	<u>58</u>
Non-current liability			
Loan from holding company	15	<u>12,625</u>	<u>-</u>
Total liabilities		<u>17,150</u>	<u>58</u>
Equity			
Share capital	16	17,070	7,070
Equity reserve	17	(203)	-
Accumulated losses		(5,902)	(1,505)
Translation reserve	17	(420)	(4)
Equity attributable to equity holders of the Company		<u>10,545</u>	<u>5,561</u>
Non-controlling interests		<u>(3,272)</u>	<u>23</u>
Total net equity		<u>7,273</u>	<u>5,584</u>
Total liabilities and net equity		<u>24,423</u>	<u>5,642</u>

See accompanying notes to financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

		Group	
		2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	Note	US\$'000	US\$'000 (Restated) (Unaudited)
Revenue	18	38,582	230
Impairment loss	6	(27,421)	(105)
Other operating expenses	19	(6,913)	(51)
General and administrative expenses	20	(9,853)	(1,736)
Finance cost	21	(433)	-
Other income	22	-	119
Loss before taxation		(6,038)	(1,543)
Income tax expense	23	(1,730)	(14)
Loss for the year/period		(7,768)	(1,557)
Other comprehensive loss			
<i>Items that may be reclassified subsequently into profit or loss</i>			
Exchange differences on translation of foreign operations		(419)	(5)
Total comprehensive loss for the year/period		(8,187)	(1,562)
Loss attributable to:			
Equity holders of the Company		(4,397)	(1,505)
Non-controlling interests		(3,371)	(52)
		(7,768)	(1,557)
Total comprehensive loss attributable to:			
Equity holders of the Company		(4,813)	(1,509)
Non-controlling interests		(3,374)	(53)
		(8,187)	(1,562)

See accompanying notes to financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Share capital US\$'000	Attributable to equity holders				Total US\$'000	Non- controlling interests US\$'000	Net equity US\$'000
		Equity reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000				
	1	-	-	-	1	-	-	1
Issuance of ordinary shares on 12 July 2016 (date of incorporation) (Unaudited)								
Loss for the period	-	-	-	(1,505)	(1,505)	(52)	(1,557)	
Other comprehensive loss for the period	-	-	(4)	-	(4)	(1)	(5)	
Total comprehensive loss for the period	-	-	(4)	(1,505)	(1,509)	(53)	(1,562)	
Effect of non-controlling interest on investment of subsidiaries	-	-	-	-	-	76	76	
Issuance of ordinary shares	7,069	-	-	-	7,069	-	7,069	
Balance at 31 December 2017 (Restated) (Unaudited)	7,070	-	(4)	(1,505)	5,561	23	5,584	
Loss for the year	-	-	-	(4,397)	(4,397)	(3,371)	(7,768)	
Other comprehensive loss for the year	-	-	(416)	-	(416)	(3)	(419)	
Total comprehensive loss for the year	-	-	(416)	(4,397)	(4,813)	(3,374)	(8,187)	
Effect of non-controlling interest on investment of subsidiaries	-	-	-	-	-	106	106	
Effect of transfer non-controlling interest in subsidiary	-	27	-	-	27	(27)	-	
Deemed distribution arising from initial fair value loss on loan from holding company	-	(230)	-	-	(230)	-	(230)	
Issuance of ordinary shares	10,000	-	-	-	10,000	-	10,000	
Balance at 31 December 2018	17,070	(203)	(420)	(5,902)	10,545	(3,272)	7,273	

See accompanying notes to financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2018

	Group	
	2018	2017
	US\$'000	US\$'000
		(Unaudited)
Cash flows from operating activities		
Loss before income tax	(6,038)	(1,543)
Adjustments for:		
Impairment loss	27,421	105
Finance cost	433	-
Depreciation and amortization	202	21
Foreign exchange	304	-
Other income	-	(119)
Operating cash flows before working capital changes	22,322	(1,536)
Loans to customers	(43,440)	(313)
Other receivables and prepaid expenses	(1,893)	(209)
Other payables	1,232	58
Cash used in operations	(21,779)	(2,000)
Income tax paid, net	(323)	(14)
Net cash used in operating activities	(22,102)	(2,014)
Cash flow from investing activities		
Purchase of property, plant and equipment	(913)	(83)
Acquisition of intangible assets	(101)	(56)
Net cash used in investing activities	(1,014)	(139)
Cash flow from financing activities		
Proceeds from issuance of share capital	10,000	7,070
Proceeds from loan from holding company	12,000	-
Proceeds from borrowings from third party	1,818	-
Written off of amount due to director	-	119
Acquisition of non-controlling interests in subsidiaries	106	76
Finance cost paid	(28)	-
Net cash from financing activities	23,896	7,265
Net cash increase in cash and cash equivalents	780	5,112
Cash and cash equivalents at beginning of the year/period	5,107	-
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(419)	(5)
Cash and cash equivalents at end of the year/period	5,468	5,107

See accompanying notes to financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2018

		Company	
	Note	2018	2017
		US\$'000	US\$'000
			(Restated)
			(Unaudited)
<u>ASSETS</u>			
Current assets			
Cash and cash equivalent	5	1,336	4,870
Other receivables and prepaid expenses	7	270	31
Loan to subsidiaries - current	12	516	111
Total current assets		2,122	5,012
Non-current assets			
Intangible assets	9	113	43
Investments in subsidiaries	10	230	141
Other receivables - non-current	7	181	76
Loan to other related party	11	2,136	-
Loan to subsidiaries - non-current	12	15,919	529
Total non-current assets		18,579	789
Total assets		20,701	5,801
<u>LIABILITIES AND EQUITY</u>			
Current liability			
Other payables	13	166	7
Non-current liability			
Loan from holding company	15	12,625	-
Total liabilities		12,791	7
Equity			
Share capital	16	17,070	7,070
Equity reserve	17	(230)	-
Accumulated losses		(8,930)	(1,276)
Total equity		7,910	5,794
Total liabilities and equity		20,701	5,801

See accompanying notes to financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2018

	Note	Attributable to equity holders			Total equity US\$'000
		Share capital US\$'000	Equity reserve US\$'000	Accumulated losses US\$'000	
<u>Company</u>					
Issuance of ordinary shares on 12 July 2016 (date of incorporation) (Unaudited)		1	-	-	1
Total comprehensive loss for the period		-	-	(1,276)	(1,276)
Issuance of ordinary shares	16	7,069	-	-	7,069
Balance at 31 December 2017 (Restated) (Unaudited)		7,070	-	(1,276)	5,794
Total comprehensive loss for the year		-	-	(7,654)	(7,654)
Deemed distribution arising from initial fair value loss on loan from holding company	17	-	(230)	-	(230)
Issuance of ordinary shares	16	10,000	-	-	10,000
Balance at 31 December 2018		17,070	(230)	(8,930)	7,910

See accompanying notes to financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

1. GENERAL

The Company (Registration No. 201619085G) was incorporated on 12 July 2016 in the Republic of Singapore with its registered office at 50 South Bridge Road, #03-00 CMO Building, Singapore, 058682.

The financial statements are expressed in United States dollars ("US\$") which is also the functional currency of the Company and presentation currency for the consolidated financial statements.

The principal activities of the Company is investment holding with activities of head and regional head offices and centralized administrative offices and subsidiary management offices. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiaries are disclosed in Note 10.

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 23 August 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of accounting*

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and the Financial Reporting Standards in Singapore ("FRSs").

Historical costs is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis and measurements have some similarities to fair value but are not fair value, such as value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted market 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 the quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.2 *Adoption of new and revised standards*

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The significant accounting policies for financial instruments under FRS 109 is as disclosed in Note 2.5.

(a) Classification and measurement of financial assets and financial liabilities

The Group has applied the requirements of FRS 109 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

(b) Impairment of financial assets

FRS 109 requires an expected credit loss model as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, FRS 109 requires the Group to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of FRS 109 apply.

Based on the assessment by directors, upon application of the credit loss model applied, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 had no material difference.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.2 Adoption of new and revised standards (Cont'd)

The Group has applied FRS 115 using the modified retrospective method with the cumulative effect of initially applying this Standard recognised at the date of initial application (1 January 2018) as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and the related Interpretations. The Group has elected to apply this Standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's significant accounting policies for its revenue streams are disclosed in Note 2.10.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not yet effective:

Description	Effective for annual period beginning on or after
FRS 116 : Leases	1 January 2019
Amendments to FRS 109 Financial Instruments : Prepayment Features with Negative Compensation	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 1 and FRS 8 Definition of Material	1 January 2020

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the financial period of their initial adoption except for the following:

FRS 116 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to right-of-use assets and lease liabilities and are expected to be impacted by approximately US\$1,189,000 on the statement of financial position. Additional disclosure will also be made with respect of right-of-use assets and lease liabilities. Management does not plan to early adopt the new FRS 116.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to owners of the Company.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.4 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.5 Financial Instruments

Financial assets and financial liabilities are recognised on the Group's and the Company's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets (before 1 January 2018)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Loans to customers, trade and other receivables, cash and bank balances

Loans to customers, trade and other receivables, cash and bank balances are subsequently measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, where applicable.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.5 *Financial Instruments (Cont'd)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans to customers where the carrying amount is reduced through the use of an allowance account. When loans to customers are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets (from 1 January 2018)

Classification of financial assets

Financial assets mainly comprise cash and bank balances, loans to customers, other receivables, loan to other related party and loan to subsidiaries that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.5 *Financial Instruments (Cont'd)*

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical experience for each category of customers and forward-looking information that is available without undue cost or effort.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.5 *Financial Instruments (Cont'd)*

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the customer; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the customer; or
- b) a breach of contract, such as a default or past due event.

Purchased or originated credit-impaired ("POCI") financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.5 Financial Instruments (Cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Loans are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default ("EAD"). The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.5 Financial Instruments (Cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.6 Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives using the straight-line method, on the following bases:

Computer and electronic equipment	:	2 to 5 years
Office furniture and equipment	:	2 to 5 years
Leasehold improvement	:	2 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.7 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Such assets are tested for impairment in accordance with the policy below.

The amortisation expense is computed on a straight-line basic over the estimate useful lives of the assets as follow:

License	-	3 years
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2.8 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.10 Revenue recognition (before 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue from services is recognised upon the rendering of services.

Revenue recognition (from 1 January 2018)

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of service to a customer. The Group has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the services before transferring them to the customer.

Fee income

Fee income include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement.

Fee income is recognised at the point in time when control of the service is transferred to the customer. The Group considers there are no other promises in the contract that are separate performance obligations to which a portion of the transaction price need to be allocated.

Late payment charges

Late payment charges is recognised on an accrual basis when the event happened.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.13 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Taxable profit differs from profit as reported in consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.13 Income tax (Cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted in respective countries where the Company and subsidiaries operate by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

2.14 Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

2.14 Foreign currency transactions and translation (Cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

2.15 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank balances and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

3.1 Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, except as follows:

Consolidation of subsidiaries

Note 10 describes certain subsidiaries of the Group even though the Group has less than 50% ownership interest. The Group has entered into various contractual agreements with other investors, the Group has the power to direct the relevant activities and has rights to variable returns from its involvement with these subsidiaries and therefore the Group has control over these subsidiaries.

As a result of these agreements, the Group has consolidated these subsidiaries on a basis which differs from the proportion of legal ownership interest and the original profit-sharing agreements.

3.2 Key sources of estimation uncertainty

The Group has not made any key assumptions concerning the future and there are no other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as below:

Calculation of impairment loss

The Group uses assumptions in estimating ECL. These assumptions include those that relate to key drivers of credit risk, such as probabilities of default (PD), loss given default (LGD). The carrying value of loans to customers is disclosed in Note 6 to the financial statements.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

3.2 Key sources of estimation uncertainty (Cont'd)

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4. HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY BALANCES AND TRANSACTIONS

The Company's immediate holding company is Finup Asia Limited incorporated in British Virgin Islands, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation.

a) Related party transactions

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	Period from 12 July 2016 (date of incorporation) to 31 December 2017		Period from 12 July 2016 (date of incorporation) to 31 December 2017	
	2018 US\$'000	2017 US\$'000 (Unaudited)	2018 US\$'000	2017 US\$'000 (Unaudited)
Short-term benefits	1,743	572	1,280	289

Holding Company

	Group and Company	
	Period from 12 July 2016 (date of incorporation) to 31 December 2017	
	2018 US\$'000	2017 US\$'000 (Unaudited)
Interest expense	395	-

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS **31 DECEMBER 2018**

4. HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

Subsidiaries

	Company	
	2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	US\$'000	US\$'000 (Unaudited)
Software development cost	3,182	220
Interest income	(470)	(7)
Royalty and management fee	(75)	-

Other related party

	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)
Software development cost	110	296
Interest income	(84)	-
Royalty and management fee	(19)	-

5. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)	US\$'000	US\$'000 (Restated) (Unaudited)
Cash at bank	5,452	5,096	1,336	4,870
Cash on hand	2	-	-	-
Fixed deposits	14	11	-	-
	5,468	5,107	1,336	4,870

The fixed deposits bear an average interest rate of 10.5% (2017 : 10.5%) per annum and have a maturity of 6 months on a rollover basis.

6. LOANS TO CUSTOMERS

	Group	
	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)
At amortised cost:		
- Principal	25,987	228
- Fees receivables	9,198	50
- Late payment receivables	7,232	33
	42,417	311
Less: Stage 1 ECL	(6,284)	(46)
Less: Stage 2 ECL	(3,374)	(13)
Less: Stage 3 ECL	(16,847)	(44)
	(26,505)	(103)
	15,912	208

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

6. LOANS TO CUSTOMERS (Cont'd)

Loans to customers are generally on terms of 10 to 40 days (2017 : 10 to 40 days).

Measurement of ECLs

ECLs are measured using three main components:

- PD : for accounting purposes, the 12 month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and over the remaining lifetime of the financial instrument respectively, based on conditions existing at the end of the reporting period and future economic conditions.
- LGD : the LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, including the expected value of the collateral when realised and the time value of money.
- EAD : this represents the expected EAD, taking into account the expected repayment of principal and interest from the end of the reporting period date to the default event together with any expected drawdowns of the facility over that period.

The 12 month ECL is generally represented by the next 12 months of PD multiplied by LGD and EAD, with such expected losses being discounted. Lifetime ECL is calculated using the discounted present value of lifetime PDs multiplied by LGD and EAD, over the full remaining life of the facility.

An analysis of the Group's credit risk exposure and "Staging" without taking into account the effects of collateral or other credit enhancements is provided in the following tables.

	Group 2018 US\$'000			
Loans to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	21,217	3,660	17,540	42,417
Loss allowance	(6,284)	(3,374)	(16,847)	(26,505)
Carrying amount	14,933	286	693	15,912

	Group 2017 US\$'000 (Restated) (Unaudited)			
Loans to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	250	16	45	311
Loss allowance	(46)	(13)	(44)	(103)
Carrying amount	204	3	1	208

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS **31 DECEMBER 2018**

6. LOANS TO CUSTOMERS (Cont'd)

Movement in the loss allowance

	Group	
	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)
Balance at beginning of financial year/period	103	-
Increase in allowance recognised in profit or loss	27,421	105
Write off	(231)	(2)
Translation difference	(788)	-
Balance at end of financial year/period	26,505	103

7. OTHER RECEIVABLES AND PREPAID EXPENSES

	Group		Company	
	2018	2017	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)	US\$'000	US\$'000 (Restated) (Unaudited)
Due from suppliers	1,125	8	-	-
Due from subsidiaries	-	-	197	19
Prepaid expenses	153	7	21	-
Advances given	188	23	17	-
Refundable deposits	186	53	21	12
Other receivables	450	118	195	76
	2,102	209	451	107

Including in other receivables of the Group and of the Company are receivables from third party amounting to US\$181,000 (2017 : US\$76,000) with maturity of more than 1 year.

Loss allowance for other receivables are measured at an amount equal to 12 months ECL. For purpose of impairment assessment, other receivables are considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. The Group has determined that other receivables are subject to immaterial credit loss.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS **31 DECEMBER 2018**

8. PROPERTY, PLANT AND EQUIPMENT

	Group			
	Computer and electronic equipment US\$'000	Office equipment US\$'000	Leasehold improvement US\$'000	Total US\$'000
<u>Cost</u>				
On 12 July 2016 (date of incorporation) (Unaudited)	-	-	-	-
Additions	55	24	4	83
At 31 December 2017 (Restated) (Unaudited)	55	24	4	83
Additions	696	122	95	913
At 31 December 2018	751	146	99	996
<u>Accumulated depreciation</u>				
On 12 July 2016 (date of incorporation) (Unaudited)	-	-	-	-
Depreciation charge for the period	6	2	1	9
At 31 December 2017 (Restated) (Unaudited)	6	2	1	9
Depreciation charge for the year	147	23	3	173
Exchange differences	(10)	(1)	-	(11)
At 31 December 2018	143	24	4	171
<u>Carrying amount</u>				
At 31 December 2017 (Restated) (Unaudited)	49	22	3	74
At 31 December 2018	608	122	95	825

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

9. INTANGIBLE ASSETS

	Group License US\$'000	Company License US\$'000
<u>Cost</u>		
On 12 July 2016 (date of incorporation) (Unaudited)	-	-
Additions	56	55
At 31 December 2017 (Restated) (Unaudited)	56	55
Additions	101	97
At 31 December 2018	157	152
<u>Accumulated amortisation</u>		
On 12 July 2016 (date of incorporation) (Unaudited)	-	-
Amortisation for the year	12	12
At 31 December 2017 (Restated) (Unaudited)	12	12
Amortisation for the year	29	27
At 31 December 2018	41	39
<u>Carrying amount</u>		
At 31 December 2017 (Restated) (Unaudited)	44	43
At 31 December 2018	116	113

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 US\$'000	2017 US\$'000 (Restated) (Unaudited)
Investment in subsidiaries		
Unquoted equity, at cost	230	141

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS **31 DECEMBER 2018**

10. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the Group's investment in subsidiaries is as follows:

	Principal activities	Place of incorporation	Ownership interest		Effective interest	
			2018	2017	2018	2017
			%	% (Unaudited)	%	% (Unaudited)
Held by Company						
Moneybox Pte. Ltd.	Business and management consultancy services.	Singapore	100	100	100	100
CW Tech Sdn. Bhd.	Consulting services in E-commerce, information technology and software.	Malaysia	100	100	100	100
Apex Megalink Sdn Bhd ^(a)	Wholesale of a variety of goods without specialization.	Malaysia	-	100	-	100
Cashwagon (Private) Limited ^(b)	Conducting Research and Development for Consumer Businesses.	Sri Lanka	100	100	100	100
Cashwagon Co., Ltd.	Business Consultancy.	Cambodia	100	100	100	100
Lending Solutions Group LLC	Software development.	Russia	100	100	100	100
Cashwagon Company Limited	Management consultancy.	Vietnam	100	100	100	100
Held by Moneybox Pte. Ltd.						
Lendtech Pte. Ltd.	Business and management consultancy services and lending activities.	Singapore	100	100	100	100
Held by Lendtech Pte. Ltd.						
Cashwagon (MY) Sdn. Bhd.	Other information technology service activities.	Malaysia	100	-	100	-
Lendtech (Cambodia) Co. Ltd	Liens by Cession.	Cambodia	49	49	100	100
Lendtech Lanka (Private) Limited	Consumer Finance & Online Lending.	Sri Lanka	100	100	100	100
Green Money Tree Lending Corp.	Lending activity.	Philippines	99.9	99.9	100	100

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

10. INVESTMENT IN SUBSIDIARIES (Cont'd)

- (a) On 25 June 2018, Apex Megalink Sdn. Bhd. has applied the strike off application to local regulator. The subsidiary has no operations and dormant since incorporation in 2017, the Company has received its investment in Apex Megalink Sdn. Bhd. with total cash consideration of US\$11,500. There are no gain or loss on strike off.
- (b) During the year, the Company increased its investment in Cashwagon (Private) Limited with total cash consideration of US\$100,000. There is no change in the proportion of ownership interest and voting power held.

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised information of subsidiaries with non-controlling interests that are significant to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

Summarised statement of financial position

	Non-controlling interests	
	2018	2017
	US\$'000	US\$'000 (Unaudited)
Current assets	11,049	101
Non-current assets	227	28
Total assets	11,276	129
Current liabilities	5,835	34
Non-current liabilities	8,312	62
Total liabilities	14,147	96
Net assets (liabilities)	(2,871)	33
Equity attributable to equity holders of the Company	401	10
Non-controlling interests	(3,272)	23
	(2,871)	33

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

10. INVESTMENT IN SUBSIDIARIES (Cont'd)

Summarised statement of profit or loss and other comprehensive income

	Non-controlling interests	
	2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	US\$'000	US\$'000 (Unaudited)
Revenue	10,787	11
Loss attributable to:		
- Equity holders of the Company	(88)	(4)
- Non-controlling interest	(3,371)	(52)
	(3,459)	(56)
Total comprehensive loss attributable to:		
- Equity holders of the Company	(88)	(4)
- Non-controlling interest	(3,374)	(53)
	(3,462)	(57)

Summarised statements of cash flows

	Non-controlling interests	
	2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	US\$'000	US\$'000 (Unaudited)
Net cash outflow from operating activities	(12,781)	(153)
Net cash outflow from investing activities	(258)	(49)
Net cash inflow from financing activities	14,439	229
Net inflow	1,400	27

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS **31 DECEMBER 2018**

11. LOANS TO OTHER RELATED PARTY

	Company	
	2018	2017
	US\$'000	US\$'000
		(Unaudited)
Principal	2,100	-
Accrued interest	36	-
	<u>2,136</u>	<u>-</u>

Loan to other related party bears fixed interest rate of 5% per annum and to be repaid together with the principal amount not later than in July 2023.

12. LOANS TO SUBSIDIARIES

	Company	
	2018	2017
	US\$'000	US\$'000
		(Restated)
		(Unaudited)
Principal	15,935	632
Accrued interest	500	8
	<u>16,435</u>	<u>640</u>

	2018	2017
	US\$'000	US\$'000
		(Restated)
		(Unaudited)
Beginning of financial year/period	640	-
Arising during the year/period	16,065	640
Write off (Note 27)	(270)	-
At amortised cost	<u>16,435</u>	<u>640</u>

	2018	2017
	US\$'000	US\$'000
		(Restated)
		(Unaudited)
Current	516	111
Non-current	15,919	529
	<u>16,435</u>	<u>640</u>

The loans to subsidiaries are unsecured, bear an interest rate of 5% (2017 : 5.0%) per annum and to be repaid together with the principal amount not later than in June 2023 (2017 : repayable not later than in June 2023).

For purpose of impairment assessment, the loans are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the group of companies and there has been no significant increase in the risk of default on the loan since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

12. LOANS TO SUBSIDIARIES (Cont'd)

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the loan as well as the loss upon default. Management determines the loans given to subsidiaries are subject to immaterial credit loss.

13. OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)	US\$'000	US\$'000 (Restated) (Unaudited)
Taxes payables	586	29	-	-
Other payables and accrued expenses	436	19	128	7
Salaries payables	164	8	38	-
Advances from customers	104	2	-	-
	<u>1,290</u>	<u>58</u>	<u>166</u>	<u>7</u>

14. BORROWINGS FROM THIRD PARTIES

	Group	
	2018	2017
	US\$'000	US\$'000 (Unaudited)
Principal	1,818	-
Accrued interest	10	-
	<u>1,828</u>	<u>-</u>

Borrowings from third parties are unsecured, bear an average interest rate of 12% per annum and repayable within a year.

The Company provides an unconditional and irrevocable guarantee to third parties in respect of the borrowings entered by certain subsidiaries. No material adjustment was required in the separate financial statements of the Company to recognise the guarantee liability.

Reconciliation of liabilities arising from financing activities

Changes in the Company's liabilities arising from financing activities include only cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities

15. LOAN FROM HOLDING COMPANY

	Group		Company	
	2018	2017	2018	2017
	US\$'000	US\$'000 (Unaudited)	US\$'000	US\$'000 (Unaudited)
Principal	12,172	-	12,172	-
Accrued interest	453	-	453	-
	<u>12,625</u>	<u>-</u>	<u>12,625</u>	<u>-</u>

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

15. LOAN FROM HOLDING COMPANY (Cont'd)

Loan commitment under loan from holding company amounts to US\$20,000,000, paid in tranches with the latest tranche to be delivered not later than 30 April 2020. Interest rate is 10% per annum and to be repaid together with the principal amount on 29 June 2020. As at end of the year, the Company has drawdown US\$12,000,000.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Group and Company 2018 US\$'000
At 1 January	-
Financing cash flows	12,000
Non-cash changes:	
Accrued interest	453
Deemed distribution arising from initial fair value loss	230
Unwinding interest	(58)
At 31 December	12,625

16. SHARE CAPITAL

	Group and Company Number of ordinary shares	US\$'000
On 12 July 2016 (date of incorporation) (Unaudited)	1,000	1
Shares issued during the period	499,000	7,069
At 31 December 2017 (Unaudited)	500,000	7,070
Shares issued during the year	500,000	10,000
At 31 December 2018	1,000,000	17,070

As at 31 December 2017, the Company issued 500,000 ordinary shares comprising 100,000 of share denominated in Singapore Dollars at S\$1 per share (equivalent to approximately US\$70,000) and 400,000 of share denominated in United State Dollars at US\$17.5 per share.

During 2018, the Company issued 500,000 ordinary shares denominated in United State Dollars at US\$20 per share.

17. RESERVES

Equity reserve

The equity reserve represent effects of changes in ownership interests in subsidiaries when there is no change in control and deemed distribution to holders of equity claims.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

18. REVENUE

	Group	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	2018 US\$'000	US\$'000 (Restated) (Unaudited)
Fee income	30,346	184
Late payment charges	8,236	46
	<u>38,582</u>	<u>230</u>

19. OTHER OPERATING EXPENSES

	Group	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	2018 US\$'000	US\$'000 (Unaudited)
Salaries and contribution to social funds	2,719	3
Digital marketing costs	2,021	5
Other operating costs	2,173	43
	<u>6,913</u>	<u>51</u>

20. GENERAL AND ADMINISTRATIVE EXPENSES

	Group	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	2018 US\$'000	US\$'000 (Restated) (Unaudited)
Salaries and contribution to social funds	5,158	670
Office Rent and Maintenance	1,216	183
Legal and professional services	1,286	480
Software development	304	14
Depreciation and amortisation	202	21
Foreign exchange	304	-
Other expenses	1,383	368
	<u>9,853</u>	<u>1,736</u>

Included in salaries and contribution to social funds are contributions to a statutory defined contribution scheme of US\$330,000 (2017 : US\$18,000)

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21. FINANCE COST

	Group	
	2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	US\$'000	US\$'000 (Unaudited)
Interest expense on loan from holding company	395	-
Interest expense on borrowings from third party	38	-
	<u>433</u>	<u>-</u>

22. OTHER INCOME

	Group	
	2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	US\$'000	US\$'000 (Restated) (Unaudited)
Amount due to director written off	-	119

23. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss

	Group	
	2018	Period from 12 July 2016 (date of incorporation) to 31 December 2017
	US\$'000	US\$'000 (Restated) (Unaudited)
Current tax expenses	1,730	14

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable loss for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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23. INCOME TAX EXPENSE (Cont'd)

Numeric reconciliation of income tax expense

The total charge for the year/period can be reconciled to the accounting loss as follows:

	Group	
	2018 US\$'000	Period from 12 July 2016 (date of incorporation) to 31 December 2017 US\$'000 (Restated) (Unaudited)
Loss before taxation	(6,038)	(1,543)
Tax benefit calculated using Singapore Corporate tax rate of 17%	(1,026)	(262)
Effects of:		
- Different tax rates of subsidiaries operating in other jurisdictions	230	(38)
- Non-deductible expenses	606	92
- Non-allowable provisions	2,547	11
- Income not subject to tax	(1,608)	(24)
- Unused tax losses not recognised as deferred tax assets	981	235
	<u>1,730</u>	<u>14</u>

Based on the net loss before tax for the current period, the Group is expected to have unutilised losses carried forward of approximately US\$1,216,000 (2017 : US\$235,000).

The deferred tax asset arising out of temporary differences have not been recognised due to uncertainty over the availability of future taxable profits.

24. OPERATING LEASE COMMITMENT

The Group and Company has entered into commercial leases on the office premises. These leases have tenure of one to two years. The Group and Company is restricted from subleasing the premises to third parties. Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2018 US\$'000	2017 US\$'000 (Unaudited)	2018 US\$'000	2017 US\$'000 (Unaudited)
Within one year	658	32	6	2
In the second to fifth year inclusive	815	2	-	-
	<u>1,473</u>	<u>34</u>	<u>6</u>	<u>2</u>

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25. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

a) Categories of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	Group		Company	
	2018	2017	2018	2017
	US\$'000	US\$'000 (Restated) (Unaudited)	US\$'000	US\$'000 (Restated) (Unaudited)
Financial assets				
Financial assets at amortised cost	23,141	5,494	20,320	5,617
Financial liabilities				
Financial liabilities at amortised cost	15,743	58	12,791	7

b) Financial risk management policies and objectives

The Group manages its exposure to financial risks using a variety of techniques and instruments. The risks include credit risk, foreign currency risk, interest rate risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

The Group does not have derivative financial instruments to protect against the volatility associated with the foreign currency transactions, and other financial assets and liabilities created in the ordinary course of business.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets before any allowance for impairment as stated in the statement of financial position.

The Group has no significant concentration of credit risk as the loans to customers are spread over a number of customers.

The credit risk on cash and cash equivalents is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Further details of credit risks on loans to customers and other receivables are disclosed in Notes 6 and 7.

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(ii) Foreign currency risk

The Group transacts business in various foreign currencies therefore is exposed to foreign exchange risk.

As at each reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	2018	2018	2017	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian rupiah	4,963	1,519	-	-
Euro	-	1,828	-	-

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens/weakens by 10% against the functional currency of each Group entity, profit or loss before income tax will (decrease) increase by:

	Group			
	Strengthen		Weaken	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian Rupiah	344	-	(344)	-
Euro	(183)	-	183	-

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(iii) Interest rate risk

Interest rate risk refers to the risk that volatility in interest rates would result in losses to the Group and the Company.

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

The Group and the Company has minimal interest rate risk as the cash at bank is placed on a short-term basis. There are other significant interest bearing assets and liabilities at the end of the reporting period.

No sensitivity analysis is prepared as the Group's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing loan from holding company carry fixed interest and the Group does not expect any material effect on its profit or loss arising from effects of reasonably possible change to interest rates on interest bearing borrowings from third party at the end of the reporting period.

No sensitivity analysis is prepared as the Company's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing loans to subsidiaries, loan to other related party and loan from holding company carry fixed interest.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents, and obtain loan and capital injection from holding company to finance their activities. The management finances their liquidity through loan and capital injection from holding company and minimises liquidity risk by keeping committed credit lines available.

The following tables detail the remaining contractual maturity for financial assets and financial liabilities. The table that have been drawn up based on the undiscounted cash flows of assets and liabilities based on the earliest date on which the Group can be required to receive/pay. The table includes both interest and principal cash flow.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

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(iv) Liquidity risk (Cont'd)

The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset and liabilities on the statement of financial position.

Group	Weighted average effective interest rate %	On demand or within 1 year US\$'000	More than 1 year US\$'000	Adjustments US\$'000	Total US\$'000
2018					
<u>Financial assets</u>					
Loans to customers		15,912	-	-	15,912
Other receivables		1,580	181	-	1,761
Cash and cash equivalents		5,468	-	-	5,468
		<u>22,960</u>	<u>181</u>	<u>-</u>	<u>23,141</u>
<u>Financial liabilities</u>					
Loan from holding company	10	-	14,248	(1,623)	12,625
Borrowings to third party	12	1,828	-	-	1,828
Other payables		1,290	-	-	1,290
		<u>3,118</u>	<u>14,248</u>	<u>(1,623)</u>	<u>15,743</u>
Net financial assets (liabilities)		<u>19,842</u>	<u>(14,067)</u>	<u>1,623</u>	<u>7,398</u>
2017 (Restated) (Unaudited)					
<u>Financial assets</u>					
Loans to customers		208	-	-	208
Other receivables		103	76	-	179
Cash and cash equivalents		5,107	-	-	5,107
		<u>5,418</u>	<u>76</u>	<u>-</u>	<u>5,494</u>
<u>Financial liabilities</u>					
Other payables		<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
Net financial assets		<u>5,360</u>	<u>76</u>	<u>-</u>	<u>5,436</u>

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

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(iv) Liquidity risk (Cont'd)

Company	Weighted average effective interest rate	On demand or within 1 year	More than 1 year	Adjustments	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000
2018					
<u>Financial assets</u>					
Loans given to subsidiaries	5	516	19,365	(3,446)	16,435
Loan to other related party	5	-	2,616	(480)	2,136
Other receivables		232	181	-	413
Cash and cash equivalents		1,336	-	-	1,336
		<u>2,084</u>	<u>22,162</u>	<u>(3,926)</u>	<u>20,320</u>
<u>Financial liabilities</u>					
Loan from holding company	10	-	14,248	(1,623)	12,625
Other payables		166	-	-	166
		<u>166</u>	<u>14,248</u>	<u>(1,623)</u>	<u>12,791</u>
		<u>1,918</u>	<u>7,914</u>	<u>(2,303)</u>	<u>7,529</u>
2017 (Restated) (Unaudited)					
<u>Financial assets</u>					
Loans given to subsidiaries	5	175	590	(125)	640
Other receivables		31	76	-	107
Cash and cash equivalents		4,870	-	-	4,870
		<u>5,076</u>	<u>666</u>	<u>(125)</u>	<u>5,617</u>
<u>Financial liabilities</u>					
Other payables		7	-	-	7
		<u>5,069</u>	<u>666</u>	<u>(125)</u>	<u>5,610</u>

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

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(v) Fair value of financial assets and financial liabilities

The Group has no financial assets or liabilities carried at fair value in 2018.

The carrying amounts of cash and bank balances, loans to customers, other receivables, other payables and borrowings from third party approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In respect of the financial assets and liabilities recorded at amortised cost whose maturity is more than a year, the fair value is disclosed in the following tables.

Group	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Financial liabilities				
Loan from holding company	12,625	12,683	-	-

Group	Fair value hierarchy		
	Level 1	Level 2	Level 3
	US\$'000	US\$'000	US\$'000
2018			
Financial liabilities			
Loan from holding company	-	12,683	-

2017			
Financial liabilities			
Loan from holding company	-	-	-

Company	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	US\$'000	US\$'000	US\$'000 (Restated) (Unaudited)	US\$'000 (Restated) (Unaudited)
Financial assets				
Loan to other related party	2,136	1,835	-	-
Loans to subsidiaries	18,571	14,200	640	582
Financial liabilities				
Loan from holding company	12,625	12,683	-	-

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NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

(v) Fair value of financial assets and financial liabilities (Cont'd)

Company	Fair value hierarchy		
	Level 1	Level 2	Level 3
	US\$'000	US\$'000	US\$'000
2018			
Financial assets			
Loan to other related party	-	1,835	-
Loans to subsidiaries	-	14,200	-
Financial liabilities			
Loan from holding company	-	12,683	-
2017 (Restated) (Unaudited)			
Financial assets			
Loans to subsidiaries	-	582	-

c) Capital management policies and objectives

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of issued capital, reserves and accumulated losses. The Group's management reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from prior year.

The Company is not subject to any externally imposed capital requirements.

26. RESTATEMENT AND COMPARATIVE FIGURES

The comparative figures of the financial statements cover the financial period from 12 July 2016 (date of incorporation) to 31 December 2017.

Certain restatements have been made to the prior year's financial statements due to a classification and restatement error identified in the current year. As a result, certain line items have been amended in the statement of profit or loss and other comprehensive income, statement of financial positions and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

CASHWAGON PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

26. RESTATEMENT AND COMPARATIVE FIGURES (Cont'd)

Details of the adjustments are as follows:

	Note	As previously reported US\$'000	Adjustment US\$'000	Restated US\$'000
<u>The Group</u> <u>Statement of profit or loss and</u> <u>other comprehensive income</u>				
Revenue	18	238	(8)	230
Other income	22	170	(51)	119
General and administrative expenses	20	(1,510)	(226)	(1,736)
Income tax expenses	23	-	(14)	(14)
Exchange differences on translation of foreign operations		(4)	(1)	(5)

	Note	As previously reported US\$'000	Adjustment US\$'000	Restated US\$'000
<u>The Group</u> <u>Statement of financial position</u>				
Property, plant and equipment	8	54	20	74
Intangible assets	9	350	(306)	44
Cash and cash equivalent	5	5,015	92	5,107
Loans to customers	6	202	6	208
Other receivables and prepaid expenses	7	224	(15)	209
Other payables	13	(37)	(21)	(58)
Accumulated losses		1,258	247	1,505
Non-controlling interest		-	(23)	(23)

	Note	As previously reported US\$'000	Adjustment US\$'000	Restated US\$'000
<u>The Company</u> <u>Statement of financial position</u>				
Intangible assets	9	227	(184)	43
Investment in subsidiaries	10	152	(11)	141
Other receivables and prepaid expenses	7	723	(616)	107
Loan to subsidiaries	12	-	640	640
Cash and cash equivalent	5	4,867	3	4,870
Other payables	13	(18)	11	(7)
Accumulated losses		1,119	157	1,276

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27. SUBSEQUENT EVENTS

- (a) In 2019, operations of Lendtech (Cambodia) Co. Ltd., indirect subsidiary of the Company has ceased and currently in liquidation process. As a result of the liquidation, Lendtech Pte. Ltd., subsidiary of the Company has provided an impairment on its investments amounting to US\$310,000 and write off the loans to subsidiaries of US\$50,000.
- (b) In 2019, operations of Cashwagon Co., Ltd., subsidiary of the Company has ceased and currently in liquidation process. As a result of the liquidation, the Company has write off the loan to subsidiaries of US\$270,000.