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NEURONCREDIT PTE. LTD.

Registration Number: 201716089E

FINANCIAL STATEMENTS

Year ended 31 December 2019

DIRECTORS' STATEMENT

The Directors of Neuroncredit Pte. Ltd. (the "Company") present their statement to the shareholder together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company, together with the notes thereon are properly 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 2019 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Chun Dong Chau
Chen Ning
Clifton Toh (Appointed on 12 December 2019)

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company holding office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as follows:

Name of Directors and company in which interest are held	Shareholdings registered in name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at date of appointment	Balance as at 31.12.2019	Balance as at date of appointment	Balance as at 31.12.2019
	Number of ordinary shares			
Holding company				
Advance Intelligence Group Limited				
Chun Dong Chau	-	-	6,586,667	6,518,088
	Number of options			
Chen Ning	500,000	626,236	-	-
Clifton Toh	80,000	80,000	-	-

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

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

6. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of Directors

Clifton Toh	**Chen Ning**
Director	Director

Singapore

24 August 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF NEURONCREDIT PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neuroncredit 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 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position 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 31 December 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for 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 Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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 Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 1 to 3.

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

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

Report on the Audit of the Financial Statements (Continued)

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 scepticism throughout the audit. We also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

- 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.

- 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.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
24 August 2020

NEURONCREDIT PTE. LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group	
	Note	**2019**	**2018**
		US$	**US$**
Revenue	4	166,730,823	30,970,389
Other income	5	9,545,332	126,755
Finance costs	6	(10,816,899)	(654,365)
Loss allowances on trade receivables	16	(48,594,246)	(1,515,628)
Provision for cost of loan buyback		(23,008,670)	(6,674,249)
Inventories and consumables used		(19,036,157)	-
Marketing expenses		(22,992,141)	(5,135,510)
Administrative and other expenses		(50,145,338)	(13,533,894)
Share of result of associate, net of tax	13	(369,227)	-
Profit before income tax	7	1,313,477	3,583,498
Income tax expense	8	(1,053,059)	(169,706)
Profit for the year		260,418	3,413,792
Other comprehensive income/(expenses):			
Items that will not be reclassified subsequently to profit or loss:			
Retirement benefit plans remeasurement	21	(72,342)	48,962
Income tax relating to retirement benefit plans	21	5,771	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		420,226	(139,276)
Other comprehensive income/(expenses) for the financial year, net of tax		353,655	(90,314)
Total comprehensive income for the financial year, representing total comprehensive income attributable to owners of the parent		614,073	3,323,478

The accompanying notes form an integral part of these financial statements.

NEURONCREDIT PTE. LTD.
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
ASSETS					
Non-current assets					
Plant and equipment	9	1,072,693	410,213	71,285	-
Intangible assets	10	6,304	-	-	-
Rights-of-use assets	11	554,918	-	-	-
Investment in subsidiaries	12	-	-	6,396,433	949,722
Investment in associate	13	911,972	-	1,281,199	-
Deferred tax assets	14	1,185,417	208,326	-	-
Financial assets at fair value through profit or loss	15	11,097,714	-	11,097,714	-
Total non-current assets		14,829,018	618,539	18,846,631	949,722
Current assets					
Trade and other receivables	16	56,206,200	3,590,020	17,320,568	1,706,355
Inventories		44,578	-	-	-
Prepayments		337,233	294,599	114,916	-
Cash and cash equivalents	17	44,862,871	10,079,588	3,965,158	2,021,797
Derivative financial instrument	18	71,204	-	71,204	-
Total current assets		101,522,086	13,964,207	21,471,846	3,728,152
Total assets		116,351,104	14,582,746	40,318,477	4,677,874
EQUITY AND LIABILITIES					
Equity					
Share capital	19	11,233,429	4,000,000	11,233,429	4,000,000
Accumulated profits/(losses)	20	3,656,186	3,462,339	(2,134,773)	(367,496)
Other reserves	20	5,306,641	-	47,770	-
Foreign currency translation reserve	20	285,637	(134,589)	-	-
Equity attributable to owners of the parent		20,481,893	7,327,750	9,146,426	3,632,504
Non-current liabilities					
Retirement benefit liabilities	21	575,772	172,163	-	-
Lease liabilities	22	313,974	-	-	-
Deferred tax liabilities	14	62,239	-	-	-
Other payables	23	15,005,501	-	15,000,000	-
Total non-current liabilities		15,957,486	172,163	15,000,000	-

The accompanying notes form an integral part of these financial statements.

NEURONCREDIT PTE. LTD.
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		US$	**US$**	**US$**	**US$**
Current liabilities					
Trade and other payables	23	64,845,420	5,464,212	16,172,051	1,045,370
Lease liabilities	22	155,679	-	-	-
Provisions	24	8,484,130	-	-	-
Contract liabilities	25	4,454,793	1,084,134	-	-
Current income tax payables		1,971,703	534,487	-	-
Total current liabilities		79,911,725	7,082,833	16,172,051	1,045,370
Total liabilities		95,869,211	7,254,996	31,172,051	1,045,370
Total equity and liabilities		116,351,104	14,582,746	40,318,477	4,677,874

The accompanying notes form an integral part of these financial statements.

NEURONCREDIT PTE. LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital US$	Accumulated profits US$	Other reserves US$	Foreign exchange reserves US$	Total equity attributable to owners of parent US$
Group						
Balance as at 1 January 2019		4,000,000	3,462,339	-	(134,589)	7,327,750
Profit for the year		-	260,418	-	-	260,418
Other comprehensive income						
Retirement benefit plan	21	-	(72,342)	-	-	(72,342)
Exchange differences on translation of foreign operation		-	-	-	420,226	420,226
Income tax on other comprehensive income	21	-	5,771	-	-	5,771
Total other comprehensive income for the financial year		-	(66,571)	-	420,226	353,655
Total transactions with owners recognised directly in equity						
Issuance of ordinary shares	19	7,233,429	-	-	-	7,233,429
Share swap		-	-	47,770	-	47,770
Common control transaction		-	-	5,258,871	-	5,258,871
		7,233,429	-	5,306,641	-	12,540,070
Balance as at 31 December 2019		11,233,429	3,656,186	5,306,641	285,637	20,481,893

The accompanying notes form an integral part of these financial statements.

NEURONCREDIT PTE. LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital US$	Accumulated profits/(losses) US$	Foreign exchange reserve US$	Total equity attributable to owners of parent US$
Group					
Balance as at 1 January 2018		-	(415)	4,687	4,272
Profit for the year		-	3,413,792	-	3,413,792
Other comprehensive income					
Retirement benefit plan		-	48,962	-	48,962
Exchange differences on translation of foreign operation		-	-	(139,276)	(139,276)
Total other comprehensive income for the financial year		-	48,962	(139,276)	(90,314)
Total transactions with owners recognised directly in equity					
Issuance of ordinary shares	19	4,000,000	-	-	4,000,000
Balance as at 31 December 2018		4,000,000	3,462,339	(134,589)	7,327,750

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	**2018**
	US$	**US$**
Operating activities		
Profit before income tax	1,313,477	3,583,498
Adjustments for:		
Depreciation of plant and equipment	338,109	47,455
Depreciation of right-of-use assets	197,412	-
Amortisation of intangible asset	24,979	-
Unrealised exchange difference	2,618	-
Interest income	(80,337)	-
Interest expense	1,532,863	-
Write off of intangible assets	4,475	-
Loss allowances on trade receivables	48,594,246	1,515,628
Provision for cost of loan buyback	23,008,670	-
Fair value changes on derivative financial instrument	168,046	-
Fair value changes on fair value through profit or loss	(97,714)	-
Lease liabilities interest	44,189	-
Share of result of associate	369,227	-
Employee benefits	317,486	221,125
Operating cash flows before working capital changes	75,737,746	5,367,706
Working capital changes:		
Trade and other receivables	(97,458,838)	(3,734,466)
Trade payables and other payables	43,877,509	5,488,069
Provisions	(14,524,540)	-
Contract liabilities	3,370,659	-
Inventories	(44,578)	-
Prepayments	(66,527)	(294,599)
	(64,846,315)	1,459,004
Cash from operations	10,891,431	6,826,710
Income tax (paid)/refunded	(530,695)	155,318
Retirement benefit liabilities paid	(707)	-
Interest income received	80,337	-
Net cash from operating activites	10,440,366	6,982,028

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group 2019 US$	Group 2018 US$
Investing activities		
Purchase of plant and equipment	(975,291)	(457,668)
Purchase of intangible assets	(35,626)	-
Purchase of financial assets held at fair value through profit or loss	(11,000,000)	-
Purchase of derivative financial instrument	(239,250)	-
Advances to a related company	(500,000)	-
Advances to an associate	(450,000)	-
Advances to third parties	(1,801,588)	-
Loan to related companies	(1,000,000)	(337,729)
Net cash used in investing activities	(16,001,755)	(795,397)
Financing activities		
Proceeds from issue of ordinary shares (Note 13)	6,000,000	4,000,000
Placement of margin deposits	(3,000,563)	(1,241,961)
Loan from a related party	4,079,172	-
Repayment to related parties	-	(334,599)
Advance from third parties	-	366,266
Proceeds from borrowing	15,000,000	-
Loan from ultimate holding company	35,020,434	-
Repayment of loan to ultimate holding company	(20,998,333)	-
Repayment of lease liabilities	(305,133)	-
Loan from related companies	1,133,935	-
Net cash from financing activities	36,929,512	2,789,706
Net changes in cash and cash equivalents	31,368,123	8,976,337
Cash and cash equivalents as at the beginning of the financial year	8,837,627	2,945
Effects of foreign exchange rate changes on cash and cash equivalents	414,597	(141,655)
Cash and cash equivalents as at the end the of the financial year	40,620,347	8,837,627

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Neuroncredit Pte. Ltd. (the "Company") is a private limited liability company, which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 80 Robinson Road, #09-01 Singapore 068898.

The principal activities of the Company are that of information technology consultancy and as holding company.

The principal activities of its subsidiaries are disclosed in Note 12 to the financial statements.

The Company's immediate and ultimate holding company is Advance Intelligence Group Limited, a company incorporated in Cayman Island.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") under the historical cost basis except as disclosed in the accounting policies below.

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 and the statement of financial position of the Company are presented in United States dollar ("US$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following relevant standards were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1 and FRS 8 (Amendments)	: Definition of Material	1 January 2020
FRS 1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2023
FRS 103 (Amendments)	: Definition of a Business	1 January 2020
FRS 103 (Amendments)	: Reference to the Conceptual Framework	1 January 2022
FRS 109, FRS 39, and FRS 107 (Amendments)	: Interest Rate Benchmark Reform	1 January 2020
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS116 (Amendments)	: COVID-19-Related Rent Concessions	1 June 2020
Various amendments	: References to the Conceptual Framework in FRS Standards, Illustrative Examples, Implementation Guidance and FRS Practice Statements	1 January 2020
Various amendments	: Annual improvements to FRS 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoptions of these FRSs and INT FRSs in future periods, if applicable, will not have a material impact on the financial statements in the period of their initial adoption.

New standards, amendments and interpretations effective from 1 January 2019

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore (“ASC”) that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group’s business activities or require accounting which is consistent with the Group’s current accounting policies except as disclosed below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases* and INT FRS 104 *Determining whether an Arrangement Contains a Lease*. FRS 116 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. FRS 116 requires lessee to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116.

The Group applied FRS 116 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 January 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed. The definition of lease under FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A range of discount rate has been applied to portfolios of leases with reasonably similar characteristics;

- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under FRS 116, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of FRS 116, the Group recognised right-of-use assets and lease liabilities in relation to office premises which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of FRS 17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The incremental borrowing rate applied to lease liabilities on 1 January 2019 ranged from 8.50% to 13.00%.

The right-of-use assets were measured as the carrying amount is determined as if FRS 116 being applied from the commencement date of the leases, subject to the practical expedients listed above.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

FRS 116 Leases (Continued)

The effect of adopting FRS 116 as at 1 January 2019 was as follows:

	Group Increase/ (decrease)
	US$
Right-of-use assets	291,895
Lease liabilities	291,895

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 and the Group's operating lease commitment as at 31 December 2018 can be reconciled as follows:

	US$
Operating lease commitment as at 31 December 2018 (Note 27)	242,085
Less: Short term lease	(12,549)
Effect of discounting using the incremental borrowing rate as at date of initial application	62,359
Lease liability as at 1 January 2019	291,895

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). 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 subsidiary. 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 parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 109 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Revenue recognition

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both.

Platform service revenue

Platform service revenue relates to the fees charged for providing, managing, and operating an information technology based lending platform that provides loans to borrowers where the sources of funds comes from third party lending capital providers.

2. Summary of significant accounting policies (Continued)

2.3 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Interest income

Interest revenue relates to the interest charged when providing loans to third parties. It is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

E-commmerce revenue

E-commerce revenue is related to trading of goods in an online platform. It is recognised when the control of goods are transferred to buyer.

Overdue service revenue

Overdue service revenue is recognised when overdued service fee is well received.

Service fee revenue

Service fee revenue is recognised when service fee is entitled to be received.

2.4 Employee benefit

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit pension plans other than a defined contribution plan. Defined benefit plans typically define the amount of benefits that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised on the statements of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for recognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise. Past service costs are recognised immediately in profit or loss.

2. Summary of significant accounting policies (Continued)

2.4 Employee benefit (Continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.5 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2. Summary of significant accounting policies (Continued)

2.5 Leases (Continued)

As lessee (Continued)

Initial measurement (Continued)

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.11 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

2. Summary of significant accounting policies (Continued)

2.5 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional asses being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

Accounting policy prior to 1 January 2019

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.6 Finance costs

Finance costs are recognised in profit or loss in the year in which they are incurred using the effective interest rate applicable.

Borrowing costs

All other borrowing costs are recognised in profit or loss in the period which they are incurred using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.6 Finance costs (Continued)

Fair value changes on derivative financial instruments

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.7 Taxes

Income tax expense comprise current tax expense and deferred tax expense.

Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on periodical basis.

Current income tax expenses are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of assets and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference 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 deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

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.

2. Summary of significant accounting policies (Continued)

2.7 Taxes (Continued)

Deferred tax (Continued)

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services in not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.8 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 dollar 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, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

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), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

2. Summary of significant accounting policies (Continued)

2.8 Foreign currency transactions and translation (Continued)

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

2.9 Plant and equipment

Plant and equipment are initially recorded at cost less accumulated depreciation and any accumulated impairment losses.

The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation is calculated on the straight-line method so as to allocate the depreciable amount of the plant and equipment over their estimated useful lives as follows. No depreciation is charged on work in progress as they are not yet ready for their intended use as at the end of the financial year.

	Years
Office equipment	3
Furniture and fittings	3
Leasehold improvements	3

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

2. Summary of significant accounting policies (Continued)

2.10 Intangible assets

Software

Acquired software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

At the end of each financial year, 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.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

2.11 Impairment of non-financial assets

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.12 Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value. Cost comprises cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net reliasable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

2.13 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within FRS 109 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative and other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from third parties, related parties and subsidiaries are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through comprehensive income ("FVTOCI") are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses are recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other Income" and "Finance costs" line item in statement of comprehensive income. Fair value is determined in the manner described in Note 15.

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.

Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities 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.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Borrowings

Interest-bearing loans are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest 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 (Note 2.6).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand, cash at bank and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents also excludes any pledged deposits.

2.15 Share-based payments

Employees Equity Incentive Plan

The Company operates a share award plan which allows it to issue cash-settled share-based payments to certain employees and a director. For the shares granted to the employees of the Company, the fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

For cash-settled share-based payments, a liability and a corresponding expense equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each reporting period, with movements recognised in profit or loss.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Summary of significant accounting policies (Continued)

2.17 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associate is initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2.18 Business combinations

Common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and net assets of acquiree is recognised directly to equity as other reserve.

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 made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These 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. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements in applying the Group's accounting policies

The management is of the opinion that there are no critical judgements that have a significant effect on the amounts recognised in the financial statement (other than those involving estimates).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of expenses within the next financial year, are discussed below.

(i) Loss allowances on trade receivables

Management determines the expected loss arising from default for trade receivables by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customer.

Notwithstanding the above, the Group evaluates the expected credit loss on trade receivables in financial difficulties separately. Except as disclosed in the financials, there is no debtor in financial difficulties during the financial year.

(ii) Impairment of investment in subsidiaries

The Group and the Company follow the guidance of FRS 36 in determining whether investments in subsidiaries are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(iii) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted)

- Level 2: Observable direct or indirect inputs other than Level 1 inputs

- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value on a recurring or non-recurring basis.

4. Revenue

	Group	
	2019	**2018**
	US$	**US$**
Type of services		
Interest revenue	102,505,851	7,523,877
Platform service revenue	41,103,554	21,225,263
E-commerce revenue	19,010,808	1,308,221
Service fee revenue	2,670,280	-
Overdue service revenue	1,440,330	913,028
	166,730,823	30,970,389

The Group has disaggregated revenue into the following categories, which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data.

	Group	
	2019	**2018**
	US$	**US$**
Primary geographical markets		
Indonesia	147,934,655	30,529,827
Philippines	16,552,208	329,729
Vietnam	1,980,832	-
India	212,122	-
Singapore	51,006	110,833
	166,730,823	30,970,389

	Group	
	2019	**2018**
	US$	**US$**
Timing of transfer of goods and services		
Over time	146,279,685	28,749,140
Point in time	20,451,138	2,221,249
	166,730,823	30,970,389

5. Other income

	Group	
	2019	**2018**
	US$	**US$**
Interest income from bank deposits	80,337	45,162
Insurance claim	5,240,762	-
Service fee income from related companies	1,372,617	-
Rebates of guardian fee	1,265,361	-
Management fee charged to related companies	729,532	-
Foreign currency exchange gains, net	402,129	-
Fair value gain on financial assets measured at fair value through profit and loss	97,714	-
Miscellaneous income	356,880	81,593
	9,545,332	126,755

6. Finance costs

	Group	
	2019	**2018**
	US$	**US$**
Interest expenses		
– Borrowings	1,532,863	654,365
– Lease liabilities	44,189	-
Financing cost	9,239,847	-
	10,816,899	654,365

7. Profit before income tax

The following items have been included in arriving at the profit before tax:

	Group	
	2019	**2018**
	US$	**US$**
Employment benefits	15,048,208	2,617,841
IT and telecommunication charges	7,640,721	4,594,634
Insurance expenses	5,572,072	-
Management fee charged by related companies	4,464,534	2,990,552
Payment gateway service fee	3,494,234	-
Guardian services	1,504,047	-
Loan management development system	994,798	-
Lease expense on short-term leases	884,179	-
Depreciation of plant and equipment	338,109	47,455
Depreciation of right-of-use assets	197,412	-
Amortisation of intangible assets	24,979	-
Write off of intangible asset	4,475	-
Rental expenses	-	138,487

	Group	
	2019	**2018**
	US$	**US$**
Employee benefits expense		
Salaries, wages and other benefits	13,775,454	2,306,750
Employer's contributions to defined contribution plans including Central Provident Funds and social security charges	955,268	89,966
Employer's contribution to retirement benefits plan (Note 21)	317,486	221,125
	15,048,208	2,617,841

8. Income tax expense

	Group	
	2019	**2018**
	US$	**US$**
Income tax expense		
- current	1,936,016	375,653
- deferred	(882,957)	(205,947)
	1,053,059	169,706

Reconciliation of effective income tax rate

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory tax rate of 17% (2018:17%) to profit before income tax as a result of the following difference:

	2019	**2018**
	US$	**US$**
Profit before income tax	1,313,477	3,583,498
Income tax calculated at statutory tax rate	223,291	609,195
Effect of different tax rates of overseas operations	316,093	(588,349)
Tax effect of income not subject to income tax	(122,128)	(19,059)
Tax effect on expenses not deductible for income tax purposes	259,549	106,915
Deferred tax assets not recognised	299,374	61,004
Share of result of associate	62,769	-
Others	14,111	-
Income tax expense	1,053,059	169,706

As at 31 December 2019, the Group had unutilised tax losses of approximately US$5,500,000 (2018: US$358,000) which are available for set-off against future taxable profits subject to the agreement by the tax authorities and the provisions of the respective countries in which the Group operates. The related deferred tax assets have not been recognised because it is not yet certain that future taxable profits will be available against which the Group can utilise the benefits.

The total unutilised tax losses of the subsidiaries in the jurisdiction of the Vietnam and India amounting to approximately US$2,300,000 and US$520,000 respectively can only be utilised for set-off against its future taxable profits within five and eight years from the date the tax losses were incurred.

9. Plant and equipment

	Furniture and fittings US$	Office equipment US$	Leasehold improvement US$	Work in progress US$	Total US$
Group					
Cost					
Balance as at 1 January 2019	69,864	227,544	-	160,260	457,668
Additions	292,120	538,348	144,823	-	975,291
Reclassification	163,958	-	-	(163,958)	-
Exchange difference	10,552	15,651	3,074	3,698	32,975
Balance as at 31 December 2019	536,494	781,543	147,897	-	1,465,934
Accumulated depreciation					
Balance as at 1 January 2019	15,780	31,675	-	-	47,455
Depreciation	136,769	169,041	32,299	-	338,109
Exchange difference	2,897	4,094	686	-	7,677
Balance as at 31 December 2019	155,446	204,810	32,985	-	393,241
Carrying amount					
Balance as at 31 December 2019	381,048	576,733	114,912	-	1,072,693
Cost					
Balance as at 1 January 2018	-	-		-	-
Additions	69,864	227,544	-	160,260	457,668
Balance as at 31 December 2018	69,864	227,544	-	160,260	457,668
Accumulated depreciation					
Balance as at 1 January 2018	-	-	-	-	-
Depreciation	15,780	31,675	-	-	47,455
Balance as at 31 December 2018	15,780	31,675	-	-	47,455
Carrying amount					
Balance as at 31 December 2018	54,084	195,869	-	160,260	410,213

9. Plant and equipment (Continued)

	Office equipment
	US$
Company	
Cost	
Balance as at 1 January 2019	-
Additions	78,258
Balance as at 31 December 2019	78,258
Accumulated depreciation	
Balance as at 1 January 2019	-
Depreciation	6,973
Balance as at 31 December 2019	6,973
Carrying amount	
Balance as at 31 December 2019	71,285

10. Intangible assets

	Computer software license
	US$
Group	
Cost	
Balance as at 1 January 2019	-
Additions	35,626
Write-off	(6,456)
Exchange difference	619
Balance as at 31 December 2019	29,789
Accumulated amortisation	
Balance as at 1 January 2019	-
Amortisation	24,979
Write-off	(1,981)
Exchange difference	487
Balance as at 31 December 2019	23,485
Carrying amount	
Balance as at 31 December 2019	6,304

11. Right-of-use assets

	Office premises	Motor vehicle	Total
	US$	US$	US$
Group			
Cost			
At 1 January 2019			
- Adoption of FRS 116 (Note 2.1)	291,895	-	291,895
	291,895	-	291,895
Additions	430,243	32,957	463,200
Balance as at 31 December 2019	722,138	32,957	755,095
Accumulated depreciation			
Depreciation	178,959	18,453	197,412
Exchange difference	2,422	343	2,765
Balance as at 31 December 2019	181,381	18,796	200,177
Carrying amount			
Balance as at 31 December 2019	540,757	14,161	554,918

12. Investment in subsidiaries

	Company	
	2019	2018
	US$	US$
Unquoted equity shares, at cost	6,396,433	949,722

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of Effective ownership interest held by Group	
		2019	2018
		%	%
Neuroncredit Financing Company, INC.[1] (Philippines)	Lending services	99.99	99.99
PT Kredit Pintar Indonesia[1] (Indonesia)	Technology based peer to peer (“P2P”) lending services	100	100
PT Karya Widura Utama[1] (Indonesia)	E-commerce based trading business	100	100

12. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	**Principal activities**	**Proportion of Effective ownership interest held by Group**	
		2019	**2018**
		%	**%**
PT Wijaya Unggul Sentosa[1] (Indonesia)	Information technology consultancy and investment holding company	100	-
Atome Vietnam Company Limited[1] (Vietnam)	General management consultancy service and financial management consultancy service	100	-
Toan Kim Tin Company Limited[1] (Vietnam)	General management consultancy service	100	-
Neuroncredit Technology India Private[1] Limited (India)	General management consultancy service	100	-
Amham Soft Service Private Limited[2] (India)	General management consultancy service	100	-
Beijing Aomizhixin Technology Limited[1] (China)	General management consultancy service	100	-
Atome Financial Singapore Pte Ltd[2] (Singapore)	Information technology consultancy, investment and holding company	100	-
Atome India Holding Pte Ltd[2] (Singapore)	Information technology consultancy, investment and holding company	100	-
Atome Indonesia Holding Pte Ltd[2] (Singapore)	Information technology consultancy, investment and holding company	100	-
Atome Aspirations Pte Ltd[2] (Singapore)	Information technology consultancy, investment and holding company	100	-

(1) Audited by overseas member firms of the BDO network in the respective countries.
(2) Newly incorporated entities which are not subject to statutory audit in the current year.

12. Investment in subsidiaries (Continued)

The Group does not hold any legal ownership interests in Toan Kim Tin Company Limited, PT Karya Widura Utama and PT Wijaya Unggul Sentosa. However, based on the trust arrangement entered into with the legal beneficial owners, the Group substantially receives all of the returns related to the operations of PT Karya Widura Utama and PT Wijaya Unggul Sentosa and has the current ability to direct the entities' activities that most significantly affect their returns.

Incorporation of subsidiaries

Name of subsidiaries (Country of incorporation)	Date	Cash consideration (US$)
PT Wijaya Unggul Sentosa (Indonesia)	26 February 2018	3,957
Atome Vietnam Company Limited (Vietnam)	6 March 2019	50,000
Amham Soft Service Private Limited (India)	2 May 2019	505,482
Atome Financial Singapore Pte Ltd (Singapore)	18 July 2019	1,000,000
Neuroncredit Technology India Private Limited (India)	9 September 2019	1,004,000
Atome India Holding Pte Ltd (Singapore)	18 September 2019	100
Beijing Aomizhixin Technology Limited (China)	29 October 2019	1,200,000
Atome Indonesia Holding Pte Ltd (Singapore)	29 October 2019	1
Atome Aspirations Pte Ltd (Singapore)	29 October 2019	1
Toan Kim Tin Company Limited (Vietnam)	16 December 2019	5,007

Additional subscription of capital in subsidiaries

Name of subsidiaries (Country of incorporation)	Date of subscription	Cash consideration (US$)
Neuroncredit Financing Company Inc (Philippines)	29 August 2019	1,678,163

13. Investment in associate

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Cost of investments in associate	1,281,199	-	1,281,199	-
Share of results in associate	(369,227)	-		
	911,972	-		

Name of associate	Place of incorporation and operation	Proportion of effective ownership interest held by Group		Proportion of effective voting power held by Group		Principal activity
		2019	2018	2019	2018	
Dkatalis Private Limited	Singapore	15%	-	15%	-	Investment holding

On 26 June 2019, the Company completed the share swap arrangement with Dkatalis Private Limited (“Dkatalis”), in which Dkatalis subscribed 56,590,910 ordinary shares in the Company in exchange for the following:

(i) US$6,000,000 by way of cash;

(ii) 1,764,706 ordinary shares in Dkatalis representing 15% equity interest in valued at US$1,281,199 on 26 June 2019 of Dkatalis; and

(iii) Warrant instrument.

The management had concluded that it has significant influence as it holds the power to participate in the financial and operating policy decisions in Dkatalis Private Limited as the Company has board representative in the associate company.

The financial year end date of Dkatalis is 31 July. This was the financial reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, Dkatalis’s management prepared a set of financial statements based on a realignment of its financial statements from 26 June 2019 to 31 December 2019.

13. Investment in associate (Continued)

The fair value of the identifiable assets and liabilities of Dkatalis as at the acquisition date were:

Summarised unaudited financial information

	Company
Dkatalis Private Limited	**US$**
Current assets	3,578,533
Non-current assets	6,817,844
Current liabilities	-
Non-current liabilities	(3,044,834)
Revenue	-
Loss from acquisition date to 31 December 2019, representing total comprehensive income	2,461,516
Net asset of the associate	7,351,543
Investment in associate (15%)	1,102,732
Foreign exchange differences	(190,760)
Carrying amount	911,972

14. Deferred tax

Deferred tax is attributable to the following:

	Group			
	Assets		**Liabilities**	
	31 December		**31 December**	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Unutilised tax losses	955,708	208,326	-	-
Retirement benefit liabilities	143,835	-	-	-
Others	85,874	-	(62,239)	-
Deferred tax assets/(liabilities)	1,185,417	208,326	(62,239)	-

14. Deferred tax (Continued)

Movements in deferred tax assets/(liabilities) of the Group during the financial year were as follows:

	Unutilised tax losses	Retirement benefit liabilities	Others	Total
	US$	US$	US$	US$
Group				
At 1 January 2018	-	-	-	-
Recognised in profit or loss (Note 8)	208,326	-	-	208,326
At 31 December 2018/1 January 2019	208,326	-	-	208,326
Recognised in profit or loss (Note 8)	727,853	135,543	19,561	882,957
Recognised in other comprehensive income (Note 21)	-	5,771	-	5,771
Effect of movements in exchange rates	19,529	2,521	4,074	26,124
At 31 December 2019	955,708	143,835	23,635	1,123,178

Unrecognised deferred tax liabilities

There are no temporary differences recognised in connection with investment in subsidiaries as the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

15. Financial assets at fair value through profit or loss

	Group and Company	
	2019	2018
	US$	US$
Financial assets mandatorily measured at FVTPL:		
Equity securities	11,097,714	-

The investments include investments in unquoted participating shares that offer the Group and Company the opportunity for return through dividend income and fair value gains.

These investments are measured at fair value through profit or loss in accordance with FRS 109 Financial Instruments, as they represent an identified portfolio of investments with an intention of profit taking when the opportunity arises.

Changes in the fair value of financial assets at fair value through profit or loss, amounting to US$97,714 have been included in ‘other income’ (Note 5).

16. Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Trade receivables				
- third parties:				
Loan receivables	54,016,955	1,551,278	-	-
Platform service	2,330,130	2,795,026	-	-
Service fee	91,286	-	-	-
E-Commerce	15,092	410,134	-	-
	56,453,463	4,756,438	-	-
Less: loss allowances	(13,235,366)	(1,515,628)	-	-
	43,218,097	3,240,810	-	-
Other receivables				
- third parties	2,796,225	11,323	138,526	3,958
- subsidiaries	-	-	13,684,902	1,591,547
- associate	450,000	-	450,000	-
- related parties	4,886	337,887	4,886	110,850
- related companies	8,875,686	-	3,012,688	-
Deposits	861,306	-	29,566	-
	12,988,103	349,210	17,320,568	1,706,355
Trade and other receivables	56,206,200	3,590,020	17,320,568	1,706,355

Trade receivables are interest bearing at 0.09% - 0.24% per day and generally on 7-14 days' credit term.

Parts of the other receivables provided to a related company is interest bearing at 7.5% per annum and generally on 1 months' credit term.

Other receivables from third parties, related companies and related parties are unsecured, non-interest bearing and repayable on demand.

Other receivables from subsidiaries are loan provided by the Company bearing interest at 4% - 10% per annum with credit term ranging from 2 – 12 months.

16. Trade and other receivables (Continued)

As at 31 December 2019, the lifetime expected credit loss ("ECL") for trade receivables by the various revenue streams are as follows:

Platform Service	US$ Current	US$ From 1 to 29 days	US$ From 30 to 59 days	US$ From 60 to 89 days	US$ Total
Gross balance	1,561,187	279,616	233,013	256,314	2,330,130
Loss allowances	(15,612)	(105,324)	(221,362)	(248,625)	(590,923)
Net	1,545,575	174,292	11,651	7,689	1,739,207

Loans	Current	From 1 to 29 days	From 30 to 59 days	From 60 to 89 days	Total
Gross balance	17,587,924	7,136,489	8,189,290	21,103,252	54,016,955
Loss allowances	(1,162,160)	(1,832,062)	(4,599,692)	(5,050,529)	(12,644,443)
Net	16,425,764	5,304,427	3,589,598	16,052,723	41,372,512

e-Commerce	US$ Current	US$ Total
Gross balance	15,092	15,092
Loss allowances	-	-
Net	15,092	15,092

Service fee	US$ Current	US$ Total
Gross balance	91,286	91,286
Loss allowances	-	-
Net	91,286	91,286

As at 31 December 2018, the lifetime expected credit loss ("ECL") for trade receivables by the various revenue streams are as follows:

Platform Service	US$ Current	US$ From 1 to 29 days	US$ From 30 to 59 days	US$ From 60 to 89 days	US$ More than 90 days	US$ Total
Gross balance	1,526,514	280,308	192,842	186,613	608,749	2,795,026
Loss allowances	-	(99,795)	(183,779)	(181,873)	(608,749)	(1,074,196)
Net	1,526,514	180,513	9,063	4,740	-	1,720,830

Loans	Current	More than 14 days	Total
Gross balance	1,109,846	441,432	1,551,278
Loss allowances	-	(441,432)	(441,432)
Net	1,109,846	-	1,109,846

16. Trade and other receivables (Continued)

As at 31 December 2018, the lifetime expected credit loss ("ECL") for trade receivables by the various revenue streams are as follows: (Continued)

e-Commerce	**Current**	**Total**
Gross balance	410,134	410,134
Loss allowances	-	-
Net	410,134	410,134

For other receivables from third parties, subsidiaries, related companies and related parties, the Group and the Company assessed their latest financial performance and position, adjusted for future outlook of the industry and jurisdiction in which they operate in and concluded there has been no significant increase in credit risk since the initial recognition of the on other receivables. Accordingly, the Group and the Company measured the loss allowances using 12-month ECL and determined that the ECL is insignificant as at 31 December 2019.

The currency profiles of the Group's and Company's trade and other receivables at each reporting date are as follows:

	Group		**Company**	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Indonesian rupiah	44,716,424	2,914,807	-	-
Philippines peso	4,101,307	340,986	-	-
United States dollar	3,243,142	323,220	17,206,369	1,695,348
Chinese renminbi	1,441,071	-	-	-
Vietnam dong	1,426,793	-	-	-
Indian rupee	1,153,605	-	-	-
Singapore dollar	123,858	11,007	114,199	11,007
	56,206,200	3,590,020	17,320,568	1,706,355

Movements in allowance for impairment losses in respect of trade receivables of the Group during the financial year are as follows:

	Group	
	2019	**2018**
	US$	**US$**
At 1 January	1,515,628	-
Allowance for impairment losses	48,594,246	1,515,628
Write off of impairment losses	(37,143,022)	-
Exchange difference	268,514	-
At 31 December	13,235,366	1,515,628

17. Cash and cash equivalents

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Cash at banks	43,861,557	10,077,615	3,761,429	2,020,816
Cash on hand	5,020	1,973	3,729	981
Short-term deposits	996,294	-	200,000	-
Cash and cash equivalents in the statements of financial position	44,862,871	10,079,588	3,965,158	2,021,797
Cash at banks with restriction for general use	(4,242,524)	(1,241,961)	(200,000)	-
Cash and cash equivalents in the consolidated statement of cash flows	40,620,347	8,837,627	3,765,158	2,021,797

Short-term deposits with licensed banks bear interest ranging from 0.01% to 1.20% per annum (2018: 0.01% to 0.15% per annum) with tenure from 0 to 1 month.

The currency profiles of the Group's and Company's cash and cash equivalents at each reporting date are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Indonesian rupiah	33,574,003	7,568,183	-	-
United States dollar	5,318,186	1,749,944	3,894,215	1,733,914
Philippines peso	3,638,439	473,578	-	-
Vietnam dong	1,498,191	-	-	-
Chinese renminbi	375,095	-	-	-
Indian rupee	313,856	-	-	-
Singapore dollar	143,466	287,883	70,943	287,883
Euro dollar	1,635	-	-	-
	44,862,871	10,079,588	3,965,158	2,021,797

18. Derivative financial instrument

	Group and Company
	2019
	US$
Forward foreign exchange contracts (Current)	
- Not designated in hedge accounting relationship	71,204

18. Derivative financial instrument (Continued)

The total notional amount of outstanding forward foreign exchange contracts to which the Group and Company was committed in 2019 were as follows:

Outstanding contracts	Year end exchange rate	Foreign currency	Contract value	Fair value
Buy IDR within 12 months	14,940	IDR120,000,000,000	US$7,500,000	US$71,204

19. Share capital

	Group and Company			
	2019		2018	
	Number of shares	US$	Number of shares	US$
<u>Issued and fully paid</u>				
Ordinary Shares				
Balance as at the beginning of the year	40,000,000	4,000,000	10,000	10,000
Issued during the financial year	56,590,910	7,233,429	3,990,000	3,990,000
Subdivided during the year	360,000,000	-	36,000,000	-
Balance as at the end of the year	456,590,910	11,233,429	40,000,000	4,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares has no par value and carry one vote per share without restrictions.

On 8 June 2017, 10,000 shares were issued for a consideration amounting to US$10,000. The proceeds of the share issuance was received on 19 January 2018.

On 16 November 2018, 3,990,000 shares were issued for a cash consideration amounting to US$3,990,000. The proceeds of the share issuance was received in November 2018. The newly issued shares rankpari passu with the existing issued shares.

On 16 November 2018, 4,000,000 shares were subdivided in the manner such that every 1 ordinary share in the Company be subdivided into 10 ordinary shares. As a result, 40,000,000 shares were issued in total as at 31 December 2018.

On 26 February 2019, 40,000,000 shares were subdivided in the manner such that every 1 ordinary share in the Company be subdivided into 0.1 ordinary shares.

On 26 June 2019, the Company completed the share swap arrangement with Dkatalis Private Limited (“Dkatalis”), in which Dkatalis subscribed for the 56,590,910 ordinary shares of the Company with fair value of US$7,233,429 as disclosed in Note 13 to the financial statements. The newly issued shares rankpari passu with the existing issued shares.

Capital risk management and policies

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders’ value.

The capital structure of the Group consists of equity attributable to owner comprising issued share capital and accumulated profits/(losses).

19. Share capital (Continued)

Capital risk management and policies (Continued)

The management constantly reviews the capital structure to ensure that the Group is able to service any debt obligation based on its operating cash flows. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new shares issue as well as the issue of new debts or the redemption of existing debts.

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2019 and 31 December 2018.

20. Reserves

Accumulated losses

Movement in the accumulated losses of the Company were as follows:

	Company	
	2019	**2018**
	US$	**US$**
At the beginning of the year	(367,496)	-
Total comprehensive income for the financial year	(1,767,277)	(367,496)
At the end of the year	(2,134,773)	(367,496)

Actuarial gains/losses on defined benefit plan

The Group operates a non-contributory defined benefit plan for all qualifying employees of a subsidiary to comply with local statutory requirements. The Group has recognised the actuarial gains/losses on remeasuring defined benefit obligations in other comprehensive income, rather than profit or loss.

Other reserves

The amounts of the Group's reserves and the movements therein for the financial year ended 31 December 2019 are presented in the consolidated statement of changes in equity of the financial statements.

Capital reserve

Capital reserve is non-distributable and represents the difference between fair value and carrying amount of the platform transferred and the consideration received under common control arrangement.

Foreign currency translation reserves

	Group	
	2019	**2018**
	US$	**US$**
Translation reserve	285,637	(134,589)

21. Retirement benefit liabilities

	Group 31 December	
	2019	**2018**
	US$	**US$**
Present value of retirement benefit obligations	575,772	172,163

Movement in the present value of retirement benefit obligations

	Group	
	2019	**2018**
	US$	**US$**
Retirement benefit obligations at 1 January	172,163	-
Benefits paid	(707)	-
Included in profit or loss		
Current service costs	512,399	219,340
Past service costs	(212,514)	-
Interest costs	17,601	1,785
	317,486	221,125
Included in other comprehensive income		
Remeasurements - actuarial loss	72,342	(48,962)
Income tax	(5,771)	-
Exchange difference	20,259	-
	86,830	(48,962)
Retirement benefit obligations at 31 December	575,772	172,163

Retirement benefit obligations relate to a unfunded pension plan of a subsidiary. The obligation is the actuarial present value of benefits due to past and present employees.

The expense is recognised in the following line items in the profit and loss:

	Group	
	2019	**2018**
	US$	**US$**
Administrative and other expenses	317,486	221,125

21. Retirement benefit liabilities (Continued)

Movement in the present value of retirement benefit obligations (Continued)

The financial actuarial assumptions used are as follows:

	2019	2018
	%	%
Discount rate	8.2	10.0
Salary growth per annum	15	15

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumptions	Change in actuarial assumption	Defined benefit obligation	
		Increase	Decrease
		US$	US$
31 December 2019			
Discount rate	+/- 1%	460,612	701,141
Salary growth per annum	+/- 1%	689,487	466,191
31 December 2018			
Discount rate	+/- 1%	36,655	47,692
Salary growth per annum	+/- 1%	44,378	35,188

22. Lease liabilities

	Office premises	Motor vehicle	Total
	US$	US$	US$
Group			
Cost			
Balance as at 1 January 2019			
- Adoption of FRS 116 (See Note 2.1)	291,895	-	291,895
	291,895	-	291,895
Additions	409,828	32,957	442,785
Interest expense	40,991	3,198	44,189
Lease payments:			
- principal portion	(243,358)	(17,586)	(260,944)
- interest portion	(40,991)	(3,198)	(44,189)
Total payment for leases	(284,349)	(20,784)	(305,133)
Exchange difference	(3,756)	(327)	(4,083)
Balance as at 31 December 2019	454,609	15,044	469,653

22. Lease liabilities (Continued)

The maturity analysis of lease liabilities at reporting date are as follows:

	2019
	US$
Contractual undiscounted cash flows	
Group	
- Within one year	189,006
- After one year and no later than five financial years	366,295
	555,301
Less: future interest expenses	(85,648)
	469,653

The currency profiles of the Group's lease liabilities at each reporting date are as follows:

	Group
	2019
	US$
Indian rupee	384,833
Indonesian rupiah	84,820
	469,653

23. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Trade payables				
– third parties	33,510,141	3,415,443	-	-
– related parties	796,992	-	-	-
	34,307,133	3,415,443	-	-
Other payables				
– third parties	4,612,818	390,023	218,750	7,634
– subsidiaries	-	-	101	-
– related companies	2,611,590	650,053	965,562	479,092
– related party	4,325,969	-	-	-
– ultimate holding company	14,427,101	-	13,406,667	
– borrowing	15,000,000	-	15,000,000	-
	40,977,478	1,040,076	29,591,080	486,726
Accrued operating expenses	4,566,310	1,008,693	1,580,971	558,644
Financial liabilities at amortised cost	79,850,921	5,464,212	31,172,051	1,045,370

23. Trade and other payables (Continued)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Current	64,845,420	5,464,212	16,172,051	1,045,370
Non-current	15,005,501	-	15,000,000	-
Trade and other payables	79,850,921	5,464,212	31,172,051	1,045,370

The trade and other payables are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

On 26 November 2019, the Group and the Company has drawndown an unsecured loan of US$15,000,000 with interest rate of 15% per annum. The principal amount is due for repayment on November 2022. The repayment of interest is on a half yearly basis. The fair value of borrowings approximates to its carrying amount.

The currency profiles of the Group's and Company's trade and other payables at each reporting date are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
United States dollar	36,585,660	648,859	29,591,079	477,900
Euro dollar	27,535,193	-	-	-
Indonesian rupiah	11,662,611	4,205,361	-	-
Singapore dollar	1,586,214	567,470	1,580,972	567,470
Philippines peso	995,471	42,522	-	-
Vietnam dong	696,251	-	-	-
Chinese renminbi	677,781	-	-	-
India rupee	111,740	-	-	-
	79,850,921	5,464,212	31,172,051	1,045,370

24. Provisions

	Group
	2019
	US$
At 1 January	-
Provision during the year	23,008,670
Utilisation of provision	(14,679,495)
Exchange difference	154,955
At 31 December	8,484,130

The provisions represents management's best estimate of the cost to buyback the non-performing loan from the financial institutions and lenders for commercial reasons.

25. Contract liabilities

Contract liabilities relates to consideration received to render services in future periods. A contract liability is recognised upon the customer entered into a loan arrangement via lending platform service where the platform service were settled at the inception date. The contract liability arising from the platform service revenue will be reversed on a straight-line basis over the loan contract term.

The amount of revenue recognised in the current reporting year which relates to brought-forward contract liabilities is US$1,084,134.

26. Cash-settled performance share plan

The Neuroncredit Employee Equity Incentive Plan (the “Plan”) was approved on 25 November 2019. This Plan is designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company. Under the rules of the Plan, all employees of the Company are eligible to participate in the Plan and each grant of an quity incentive unit is subject to the approval of the Board of Director as evidenced by the delivery to employee or any other participant of a Letter of Grant.

On 25 November 2019, the Company granted 19,507,122 equity incentive units (the “Awards”) to employees of the Company.

The Awards will vest over the period of four years from vesting commencement date. The vesting of the Awards is conditional on the eligible participants completing specific period of service to the Group. There were no Awards vested during the financial year ended 31 December 2019.

The fair value of share awards granted on 25 November 2019 was negligible. This resulted in no share based payment expenses and a corresponding liability being recognised for the Awards for the financial year ended 31 December 2019 as they are not significant.

27. Operating lease commitments

As lessees

As at 31 December 2019, the Group has US$337,797 of aggregate undiscounted commitments for short-term leases.

As at 31 December 2018, future lease commitments in respect of non-cancellable operating leases for rental of premises but not recognised as liabilities are summarised below:

	Group
	2018
	US$
Not later than one year	236,488
Later than one year and not later than five years	5,597
Total	242,085

Operating lease payments as at 31 December 2018 represent rents payable by the Group for office premises and equipment. These leases have varying terms, escalation clauses and renewal options.

28. Corporate guarantee

The Group and the Company have provided the following guarantees at the end of the reporting period.

	Group	
	2019	2018
	US$	US$
Guarantees issued to third parties	1,440,000	1,440,000

29. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties at rates and terms agreed between the parties:

	Group	
	2019	2018
	US$	US$
Ultimate holding company		
– Loan from	35,020,434	-
– Interest	42,000	-
Related parties		
– Loan from	4,079,172	-
– Interest	241,667	-
Related companies		
– Management fee charged to	729,532	-
– Management fee charged by	4,464,534	-
– Advances to	500,000	-
– Loan to	1,000,000	-
– Loan from	1,133,935	-
– Settlement of liability on behalf of	4,113,854	-
– Settlement of liability on behalf by	375,189	-
– Loan management development system	994,798	-
– Provision of guardian services	1,504,047	-
– Rebate of guardian services	1,265,361	-
– Receiving of services	-	460,838
– Rendering of services	1,454,974	-
Associate		
– Advances to	450,000	

29. Significant related party transactions (Continued)

The outstanding balances as at 31 December with related parties are disclosed in Notes 16 and 23 to the financial statements and are unsecured, interest-free, repayable on demand and are to be settled in cash, unless otherwise stated. There are no outstanding balances with key management personnel or their immediate family members.

Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company's key management personnel is a director of the Company.

The remuneration of the key management personnel who are also the directors during the financial year were as follows:

	Group	
	2019	**2018**
	US$	**US$**
Short-term employee benefits	202,498	39,548
Post-employment benefits	20,391	-
	222,889	39,548

30. Financial instruments and financial risks

The Group's activities expose it to market risks (including foreign currency risks and interest rate risks), credit risks and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Directors.

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

Market risks

The Group's activities expose the fair value or future cash flows of a financial instrument primarily to the financial risks of changes in foreign currency exchange rates and risk. The Group seeks to identify areas of significant risks as well as appropriate measures to control and mitigate these risks.

Foreign currency risk

Foreign currency risk arises when individual entities within the Group enters into transactions denominated in a currency other than their functional currency. The Group policy is, where possible, to allow individual entities within the Group to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Exposure to foreign currency risk is monitored, at the entity level, on an ongoing basis to ensure that the net exposure is at an acceptable level.

30. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity

The following table details the sensitivity to a 10% change in the following foreign currencies against the functional currencies 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 significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans within the Group where the denomination of the loan is in a currency other than the functional currency of the borrower.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity as at the year end, profit for the year would increase (decrease) by the following amounts, mainly due to the year-end exposures on significant net monetary balances denominated in the respective foreign currencies.

	Group	
	Profit/(Loss)	
	2019	**2018**
	US$	**US$**
Singapore dollar impact	(139,621)	96,636
United States dollar impact	(556,162)	262,202
Euro impact	(2,753,356)	-

If the relevant foreign currency weaknes by 10% against the functional currency of each group entity as at theyear end, impact on profit for the year would be vice versa.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to lease liabilities and borrowings as shown in the financial statements.

As at 31 December 2019, assuming that the market interest rate is 50 basis points higher or lower and with no change to the other variables, the annualised interest expense would be higher or lower by US$1,500,000.

30. Financial instruments and financial risks (Continued)

Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements represents the Group's and Company's maximum exposure to credit risk. The Group does not hold any collateral.
The Group's and Company's major classes of financial assets are trade and other receivables and cash and cash equivalents. In monitoring the customers' credit risk, customers are grouped according to their credit characteristic based on periodic review trade receivables' aging analysis.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposure in different segments based on common credit risk characteristics, such as geographic region and aging of trade receivables. Loss rates are based on actual credit loss experience calibrated for co-relation with relevant economic variables.

For non-trade amounts due from third parties, subsidiaries, related comapnies and related parties, the Group and Company monitors and assess at each reporting date on any indicator of significant increase in credit risk on these balances. In the assessment for indicators, the Group took into account information that it has available about their past, current and expected operating performance, and whether there were any instances of default in external debts. Loss allowances on these balances have been measured on the 12-month expected loss basis.

Further disclosures regarding trade and other receivables are provided in Note 16 to the financial statements.

Bank balances are deposits with reputable banks with a respective credit ratings between Aa1 and BBB minus.

Expected credit loss on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and cash equivalents was negligible.

30. Financial instruments and financial risks (Continued)

Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To maintain liquidity, apart from relying on funds generated from its operations, the Group also maintains a continuing relationship with the bankers and other financial institutions for their continuing support and pursues options to raise additional working capital when the need arises.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest and principal cash flows and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within in 1 year	Within in 2 to 5 years
	US$	US$	US$	US$
Group				
31 December 2019				
Non-derivative financial liabilities				
Trade and other payables	79,850,921	82,100,921	64,845,420	17,255,501
Lease liabilities	469,653	555,301	189,006	366,295
	80,320,574	82,656,222	65,034,426	17,621,796
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	5,464,212	5,464,212	5,464,212	-
Company				
31 December 2019				
Non-derivative financial liabilities				
Trade and other payables	31,172,053	33,422,053	16,172,053	17,250,000
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	1,045,370	1,045,370	1,045,370	-

30. Financial instruments and financial risks (Continued)

Accounting classification and fair values

The fair value of the financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Amortised costs	Mandatorily at FVTPL	Total carrying amount	Fair value
	US$	US$	US$	US$
Group				
31 December 2019				
Financial assets not measured at fair value				
Trade and other receivables	56,206,200	-	56,206,200	56,206,200
Cash and cash equivalents	44,862,871	-	44,862,871	44,862,871
	101,069,071	-	101,069,071	101,069,071
Financial assets measured at fair value				
Financial asset at fair value through profit or loss	-	11,097,714	11,097,714	11,097,714
Derivative financial instrument	-	71,204	71,204	71,204
	-	11,168,918	11,168,918	11,168,918
	101,069,071	11,168,918	112,237,989	112,237,989
Financial liabilities not measured at fair value				
Trade and other payables	79,850,921	-	79,850,921	79,850,921
Lease liabilities	469,653	-	469,653	469,653
	80,320,574	-	80,320,574	80,320,574
31 December 2018				
Financial assets not measured at fair value				
Trade and other receivables	3,590,020	-	3,590,020	3,590,020
Cash and cash equivalents	10,079,588	-	10,079,588	10,079,588
	13,669,608	-	13,669,608	13,669,608
Financial liabilities not measured at fair value				
Trade and other payables	5,464,212	-	-	5,464,212

30. Financial instruments and financial risks (Continued)

Accounting classification and fair values (Continued)

	Amortised costs	Mandatorily at FVTPL	Total carrying amount	Fair value
	US$	US$	US$	US$
Company				
31 December 2019				
Financial assets not measured at fair value				
Trade and other receivables	17,320,568	-	17,320,568	17,320,568
Cash and cash equivalents	3,965,158	-	3,965,158	3,965,158
	21,285,726	-	21,285,726	21,285,726
Financial assets measured at fair value				
Financial asset at fair value through profit or loss	-	11,097,714	11,097,714	11,097,714
Derivative financial instrument	-	71,204	71,204	71,204
	-	11,168,918	11,168,918	11,168,918
	21,285,726	11,168,918	32,454,644	32,454,644
Financial liabilities not measured at fair value				
Trade and other payables	31,172,053	-	31,172,053	31,172,053
31 December 2018				
Financial assets not measured at fair value				
Trade and other receivables	1,706,355	-	1,706,355	1,706,355
Cash and cash equivalents	2,021,797	-	2,021,797	2,021,797
	3,728,152	-	3,728,152	3,728,152
Financial liabilities not measured at fair value				
Trade and other payables	1,045,370	-	1,045,370	1,045,370

Estimation of fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

30. Financial instruments and financial risks (Continued)

Accounting classification and fair values (Continued)

Estimation of fair value (Continued)

Financial instruments measured at fair value

Financial instruments carried at fair value classified by level of fair value hierarchy are as follow:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Group				
31 December 2019				
Financial liabilities				
Financial asset at fair value through profit or loss	-	-	11,097,714	11,097,714
Derivative financial instrument	-	-	71,204	71,204
	-	-	11,168,918	11,168,918

There were no transfers between levels during the year.

The following illustrative disclosure can be considered for level 3 fair values of financial assets and liabilities:

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instrument	Valuation techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial asset at fair value through profit or loss	Adjusted net asset value	N/A	N/A
Derivative financial instrument	Binomial tree method	• Volatility	The estimated fair value would increase/(decrease) if: - the volatility increase/(decrease)

30. Financial instruments and financial risks (Continued)

Accounting classification and fair values (Continued)

Estimation of fair value (Continued)

Financial instruments measured at fair value (Continued)

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Financial asset at fair value through profit or loss	Derivative financial instrument
	US$	US$
Group		
31 December 2019		
At 1 January 2019	-	-
Additions during the year	11,000,000	239,250
Fair value changes during the year	97,714	(168,046)
	11,097,714	71,204

31. Subsequent event

On 11 February 2020, the Company allotted an additional 10,000,000 preference shares valued at US$1 per share to its ultimate holding company.

On 13 May 2020, the Company had transferred its entire 100 management shares registered in the name of the Company in the capital of Invested Asia Fund Limited to a related party.

Subsequent to the financial period ended 31 December 2019, the World Health Organisation announced that the Coronavirus 2019 (“Covid-19”) as a global health emergency. The Group has initiated business continuity measures to prevent the spread of the Covid-19 and continues to monitor closely the situation. Due to the ongoing outbreak of Covid-19, the Group is unable to reasonably estimate the financial impact on the Company’s business, results of operations and cash flows for the financial period ending 31 December 2020.

32. Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2019 were authorised for issue by the Board of Directors on 24 August 2020.