

Anti-Aging House Holding Limited

ARBN 606 301 106

Financial Statements

For the Year Ended 31 December 2018

Anti-Aging House Holding Limited

ARBN 606 301 106

Contents

For the Year Ended 31 December 2018

	Page
Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Financial Statements	5-26
Directors' Declaration	27
Independent Audit Report	28-31

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Sales revenue	5	5,200,899	4,822,365
Cost of sales		(4,368,196)	(3,734,161)
Gross profit		832,703	1,088,204
Other operating income		14	3
Administrative expenses		(10,298,280)	(596,061)
Other operating expenses		(197,231)	(256,810)
Finance costs		(560)	(312)
(Loss)/Profit before income tax		(9,663,354)	235,024
Income tax expense	7	(84,697)	71,820
(Loss)/Profit from continuing operations		(9,748,051)	306,844
(Loss)/Profit for the year		(9,748,051)	306,844
Other comprehensive (loss)/income, net of income tax			
Exchange differences on translating foreign subsidiaries		(20,761)	22,918
Total comprehensive (loss)/income for the year		(20,761)	22,918
(Loss)/profit attributable to:			
Members of the parent entity		(9,768,812)	329,762
Total comprehensive (loss)/income attributable to:			
Members of the parent entity		(9,768,812)	329,762
Earnings per share			
Basic earnings per share	18	(0.01)	0.01
Diluted earnings per share	18	(0.01)	0.01

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	64,020	144,412
Trade and other receivables	9	1,558,966	11,701,100
Inventories	10	920,271	677,789
Other assets	11	1,445,516	1,561,118
TOTAL CURRENT ASSETS		3,988,773	14,084,419
NON-CURRENT ASSETS			
Property, plant and equipment	12	80,164	53,115
TOTAL ASSETS		4,068,937	14,137,534
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	353,116	868,802
TOTAL CURRENT LIABILITIES		353,116	868,802
NON-CURRENT LIABILITIES			
Amount owing to directors	15	786,218	570,317
TOTAL NON-CURRENT LIABILITIES		786,218	570,317
TOTAL LIABILITIES		1,139,334	1,439,119
NET ASSETS		2,929,603	12,698,415
EQUITY			
Issued capital	16	13,348,719	13,348,719
Reserves	17	(27,003)	(6,242)
Accumulated losses		(10,392,113)	(644,062)
TOTAL EQUITY		2,929,603	12,698,415

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2018

	Ordinary Shares	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$
Balance at 01 January 2017	13,348,719	(950,906)	(29,160)	12,368,653
Profit attributable to members of the parent entity	-	306,844	-	306,844
Foreign currency translation	-	-	22,918	22,918
Total comprehensive loss	-	306,844	22,918	329,762
Balance at 31 December 2017	13,348,719	(644,062)	(6,242)	12,698,415
Loss attributable to members of the parent entity	-	(9,748,051)	-	(9,748,051)
Foreign currency translation	-	-	(20,761)	(20,761)
Total comprehensive loss	-	(9,748,051)	(20,761)	(9,768,812)
Balance at 31 December 2018	13,348,719	(10,392,113)	(27,003)	2,929,603

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		5,607,134	5,004,801
Payments to suppliers and employees		(5,843,716)	(5,380,094)
Net cash used in operating activities	25	<u>(236,582)</u>	<u>(375,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income		14	3
Purchase of property, plant and equipment		<u>(36,613)</u>	<u>(33,106)</u>
Net cash used in investing activities		<u>(36,599)</u>	<u>(33,103)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment to directors		<u>215,901</u>	<u>-</u>
Net cash generated from financing activities		<u>215,901</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents		(23,112)	14,053
Net decrease in cash and cash equivalents held		(80,392)	(408,396)
Cash and cash equivalents at beginning of year		<u>144,412</u>	<u>538,755</u>
Cash and cash equivalents at end of the year	8	<u><u>64,020</u></u>	<u><u>144,412</u></u>

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers Anti-Aging House Holding Limited and its controlled entities ('the Group'). Anti-Aging House Holding Limited is a Company incorporated and domiciled in British Virgin Islands ("BVI").

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 30 March 2019.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical costs basis except for financial assets which are measured at fair value.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(b) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

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

Current and deferred tax balances relating to the amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income of equity.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(c) Leases continued

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Revenue and other income

Revenue arises from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of signification risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

(e) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	33.33%
Office Equipment	33.33%
Electrical Fittings	33%
Motor Vehicles	25%
Other Equipment	20%

At the end of each annual reporting year, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(h) Financial instruments continued

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(h) Financial instruments continued

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting year the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Impairment of non-financial assets

At the end of each reporting year the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent years for all assets which have suffered an impairment loss, except for goodwill.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(m) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting year:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the year where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the year in which the operation is disposed.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies continued

(n) Adoption of new and revised accounting standards

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2018. The relevant accounting standards are presented below.

- AASB 9 Financial Instruments and related Standards
- AASB 15 Revenue from Contracts with Customers and related Standards

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial position of the consolidated entity. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted early.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

Impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Impairment of receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

4 Segment reporting

The Group operate in one segment with all operating activities in China.

5 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
Sales revenue		
- sale of goods and services	5,200,899	4,822,365
Total Revenue from continuing operations	5,200,899	4,822,365

6 Result for the Year

The result for the period was derived after charging / (crediting) the following items:

	2018	2017
	\$	\$
Finance Costs	560	312
Total finance costs	560	312

The result for the year includes the following specific expenses:

Other expenses:		
Employee benefit expenses	208,051	261,267
Depreciation expenses	11,915	10,202

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements For the Year Ended 31 December 2018

7 Income Tax Benefit

(a) The major components of tax expense comprise:

	2018 \$	2017 \$
Current tax expense		
Local income tax - current period	84,697	71,820
Total income tax expense	84,697	71,820

(b) Reconciliation of income tax to accounting profit:

	2018 \$	2017 \$
(Loss)/Profit	(9,663,354)	235,024
Tax	25%	25%
	(2,415,839)	58,756
Add:		
Tax effect of:		
- non-deductible expenses	2,500,536	-
- over provision of tax in prior year	-	(130,576)
Income tax benefit	84,697	(71,820)

8 Cash and Cash Equivalents

	2018 \$	2017 \$
Cash at bank and in hand	64,020	144,412
	64,020	144,412

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	64,020	144,412
Balance as per statement of cash flows	64,020	144,412

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

9 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	308,018	138,128
	<u>308,018</u>	<u>138,128</u>
Other receivables	11,102,449	11,562,972
Less: Allowance for impairment	(9,851,501)	-
	<u>1,250,948</u>	<u>11,562,972</u>
Total current trade and other receivables	<u><u>1,558,966</u></u>	<u><u>11,701,100</u></u>

Included in the other receivables is an amount of \$1,250,000 (2017: \$11,101,501) being an amount owing by one of the shareholders which is non-trade related, interest-free, unsecured and with no fixed terms of repayment.

10 Inventories

	2018	2017
	\$	\$
Raw materials	-	9,987
Work in progress		-
Finished goods	920,271	667,802
	<u>920,271</u>	<u>677,789</u>

11 Other Assets

	2018	2017
	\$	\$
CURRENT		
Deposits and prepayments	1,445,516	1,561,118
	<u><u>1,445,516</u></u>	<u><u>1,561,118</u></u>

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

12 Property, plant and equipment

	2018	2017
	\$	\$
Furniture, fixtures and fittings		
At cost	1,143	1,090
Accumulated depreciation	(1,143)	(1,090)
Total furniture, fixtures and fittings	-	-
Office equipment		
At cost	8,732	8,330
Accumulated depreciation	(8,732)	(8,330)
Total office equipment	-	-
Electrical fittings		
At cost	228,824	187,459
Accumulated depreciation	(181,952)	(170,034)
Total electrical fittings	46,872	17,425
Motor vehicles		
At cost	47,775	45,572
Accumulated depreciation	(24,150)	(17,108)
Total motor vehicles	23,625	28,464
Other equipment		
At cost	40,547	34,565
Accumulated depreciation	(30,880)	(27,339)
Total other equipment	9,667	7,226
Total property, plant and equipment	80,164	53,115

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

(a) **Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	Furniture, Fixtures and Fittings \$	Office Equipment \$	Electrical Fittings \$	Motor Vehicles \$	Other Equipment \$	Total \$
Year ended 31 December 2017						
Balance at the beginning of the year	370	2,826	18,097	731	8,924	30,948
Additions	-	-	1,902	31,204	-	33,106
Depreciation expense	(357)	(2,724)	(2,215)	(3,393)	(1,513)	(10,202)
Foreign exchange movements	(13)	(102)	(359)	(78)	(185)	(737)
Balance at the end of the year	-	-	17,425	28,464	7,226	53,115
Year ended 31 December 2018						
Balance at the beginning of the year	-	-	17,425	28,464	7,226	53,115
Additions	-	-	32,302	-	4,312	36,614
Depreciation expense	-	-	(3,631)	(6,104)	(2,180)	(11,915)
Foreign exchange movements	-	-	776	1,265	309	2,350
Balance at the end of the year	-	-	46,872	23,625	9,667	80,164

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

13 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2018	2017
		%	%
Anti-Aging House International Limited	Hong Kong	100	100
Anti-Aging House Technology (Wuhan) Co., Ltd	People's Republic of China	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

14 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	1	386
Tax payable	290,936	195,987
Advance payment from customers	-	232,867
Sundry payables and accrued expenses	10,953	2,255
Other payables	51,226	437,307
	<u>353,116</u>	<u>868,802</u>

15 Amount owing to directors

The amount owing to directors represents advance from directors, non-trade related, interest-free, unsecured and with no fixed terms of repayment.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements For the Year Ended 31 December 2018

16 Issued Capital

	2018	2017
	\$	\$
932,512,510 (2017: 932,512,510) Ordinary shares	13,348,719	13,348,719
Total	13,348,719	13,348,719

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	932,512,510	932,512,510
At the end of the reporting period	932,512,510	932,512,510

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

17 Reserves

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

18 Earnings per Share

	2018	2017
	\$	\$
Earnings used to calculate overall earnings per share	13,348,719	13,348,719
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	932,512,510	932,512,510

19 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Financial Risk Management continued

Risk management is carried out by Management under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Financial Risk Management continued

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	< 30 \$	31-60 \$	61-90 \$	> 90 \$	Within initial trade terms \$
2018							
Trade and term receivables	308,018	-	-	-	308,018	-	308,018
2017							
Trade and term receivables	138,128	-	-	-	106,325	31,803	106,325

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Market risk

(i) Foreign currency sensitivity

Most of the Group transactions are carried out in Chinese Yuan (RMB). The movement of exchange rates may have favourable or unfavourable impact on returns as the Company holds a majority of non-Australian Dollar denominated investments and cash.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Financial Risk Management continued

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the RMB – Australian Dollar exchange rate.

It assumes a +/- 10% change of the Australian Dollar / RMB exchange rate for the year ended 31 December 2018.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date.

If the Australian Dollar had strengthened and weakened against the RMB by 10% and -10% respectively then this would have had the following impact:

	2018	
	+10%	-10%
RMB		
Net results	(976,881)	976,881
Equity	292,960	(292,960)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Share risk

The market value of ordinary shares of the Company will be affected by a number of factors, including the dividend yield from time to time of the ordinary shares, prevailing interest rates and supply and demand for those ordinary shares, along with wider economic factors and changes in the law, including tax law, political factors, economical factors and environment factors in each market. The market value of the income derived from the Company's ordinary shares can fluctuate and may go down as well as up. The market value of the ordinary shares may not always reflect the Net Asset value (NAV) per ordinary share.

Whilst it is the intention of the Board to pay dividends to shareholders on an annual basis, the ability to do so will largely depend on the amount of income the Company receives on its investments and the timing of such receipts. Any reduction in income received by the Company will lead to a reduction in earnings per share and therefore in the Company's ability to pay dividends. Accordingly, the amount of dividends payable by the Company, if any, may vary.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

20 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2018	2017
	\$	\$
Short-term employee benefits	22,836	21,413
	<u>22,836</u>	<u>21,413</u>

21 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor of the parent entity for: - auditing or reviewing the financial statements	8,500	7,900
Total	<u>8,500</u>	<u>7,900</u>

22 Fair Value Measurement

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

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

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018.

24 Related Parties

There were no related party transactions and balances during the financial year 31 December 2018 except for the key management personnel remuneration as disclosed in Note 19.

25 Cash Flow Information

(a) Reconciliation of result for the period to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	31 December 2018	31 December 2017
	\$	\$
(Loss)/Profit for the year	(9,663,354)	235,024
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
- depreciation	11,915	10,202
- impairment loss on receivables	9,851,501	-
- interest income	(14)	(3)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- increase in inventories	(242,482)	(393,679)
- decrease in trade and other receivables	406,235	182,436
- decrease in trade and other payables	(600,383)	(409,273)
Cash flow used in operations	(236,582)	(375,293)

26 Events Occurring After the Reporting Date

The financial report was authorised for issue on 30 March 2019 by the board of directors.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2018

27 Company Details

The registered office of the company is:

Anti-Aging House Holding Limited
Portcullis TrustNet (BVI) Limited
Portcullis TrustNet Chambers
P.O. Box 3444, Road Town, Tortola
British Virgin Islands

The principal places of business is:

C/O. Anti-Aging House Technology (Wuhan) Co.
551 Shamao Street, Yucai Road
Hannan District, Wuhan
Hubei, China 430090

Anti-Aging House Holding Limited

ARBN 606 301 106

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 31 December 2018 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Financial Controller as required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
CHEN JIWU

Director

Dated this 30 March 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTI-AGING HOUSE HOLDING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial statements of **ANTI-AGING HOUSE HOLDING LIMITED** ("The Company") and its controlled entities ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial statements of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the audit independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code"). We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed during the audit
Other receivable impairment There was a significant amount owing by one of the shareholders as at 31 December 2018. Management has provided an impairment for receivables amounting to \$9,851,501 during the year.	Our procedures included, among others: <ul style="list-style-type: none">- We have tested recoverability of the debts by checking the subsequent settlement in cash to the supporting documentation;- We have considered the assessment of adequacy of impairment performed by the management.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANTI-AGING HOUSE HOLDING LIMITED** *(Continued)*

Information Other than the Financial Report and Auditors' Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and our auditors' report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANTI-AGING HOUSE HOLDING LIMITED (Continued)**

Auditors' Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditors' report to the related disclosures in the financial report 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 auditors' 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANTI-AGING HOUSE HOLDING LIMITED (Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

We also provide 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration report of Anti-Aging House Holding Limited for the year ended 31 December 2018 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

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



Danny Loo & Co
Firm No. AF002056
Chartered Accountants

Petaling Jaya

Date: 30 March 2019



Kow Hoay Lee
Approval No. 03042/10/2019 J
Chartered Accountant