Allwellness Holdings Group Limited

ACN 604 613 050

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

DIRECTORS' REPORT

Your directors present their report on the consolidated entity ("group") for the financial year ended 30 June 2018.

Directors

The names and experience of the directors in office at any time during or since the end of the year are:

Executive Director

Yong Zhang, M Engineering Master of Research of Economics

Mr Yong has a Master of Engineering and currently Master of research of Economics at Macquarie University. He has over 20 years of management experience in China as a CEO, which brings him deep understanding of business, marketing, laws and etc. in China. He also is involved in a number of IPOs in China which armed him with practical background in capital markets of China. His research in Australian foods and agriculture industry during his study made him an expert and gave him deep understanding of the comparative advantage of Australian agriculture and the drive by Chinese household income and the market changing.

Yong Zhang has an indirect interest in 70% of the Company's issued capital through a related party.

Other Current Directorships: Nil

Previous Directorship (last 4 years): Nil

Interests in Shares: Yes – See Remuneration in page 5

Non-Executive Directors

Chen Wang, Bachelor of International Trade

Wang is the CEO of a Chinese international trade company which main business focuses on the trade of foods, beverages, healthcare products and functional foods. It is a partner of K-mart, Pharmco Child Life, Natural Elements and others. He has 20 years' experience in international logistics, international trade and marketing. Wang also has strong connections with the Chinese pharmacy franchising industry sourced from the health goods trading.

Other Current Directorships: Nil

Previous Directorship (last 4 years): Nil

Interests in Shares: Yes – See Remuneration in page 6

Yilong Shan, MBA University of International Business and Economics (UIBE)

Shan was the vice president and CFO of Chinatex (Australia) Pty Ltd from 2004 – 2015 and is now the Executive director. Chinatex (Australia) is the branch of Chinatex which is a state owned large scale group whose main business is trading, processing and warehousing of soybean, corn, wheat, grape seeds, oil, palm oil etc. Shan has established a vertical and horizontal connection in the food industry with greatly renowned companies both in Australia and China.

Other Current Directorships: Nil

Previous Directorship (last 4 years): Nil

Interests in Shares: Yes – See Remuneration in page 6

Company Secretary

Andrew Bristow was appointed as Company Secretary.

DIRECTORS' REPORT

Review of Operations and Financial Results

The loss of the consolidated entity for the financial year after providing for income tax amounted to $357,277 (2017: loss of $140,971).

Principal Activities

The principal activities of the group during the financial year included exporting health care products to China.

There has been no significant change in the nature of these activities during the year.

Events Subsequent to the End of the Reporting Year

There are no events subsequent to balance date that require disclosure in the financial report.

Environmental Regulations

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid or declared since the start of the financial year.

Options

There were no options issued during the current year.

Meetings of Directors

During the financial year, three meetings of directors were held. Attendance by each director was as follows:

	Directors Meetings	
	Eligible to attend	Number attended
Mr Yong Zhang	3	3
Mr Chen Wang	3	3
Mr Yilong Shan	3	3

Indemnifications of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

The Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the Company's Directors and its Key Management Personnel for the financial year ended 30 June 2018.

Names and positions held by Directors and Key Management Personnel at any time during the financial year are:

Name	Position	Date Appointed to position
Mr Yong Zhang	Executive Director	6 March 2015
Mr Chen Wang	Non-Executive Director	1 December 2016
Mr Yilong Shan	Non-Executive Director	1 December 2016
Ms Junping Hao	Chief Finance Officer	6 March 2015

Directors' and Key Management Personnel Interests in Ordinary Shares and Options

Directors' and Key Management Personnel's interests in the ordinary shares of Allwellness Holdings Group Limited and options over ordinary shares as at the date of this report are detailed below:

Name	Position	Total Number of Ordinary Shares	Total Number of Options
Mr Yong Zhang	Executive Director	17,591,350	-
Mr Chen Wang	Non-Executive Director	1,000,000	-
Mr Yilong Shan	Non-Executive Director	1,000,000	-
Ms Junping Hao	Chief Finance Officer	-	-
	Total	19,591,350	-

Remuneration Policy

The Company has formally constituted a remuneration committee responsible for making recommendations to the Board to ensure Company's remuneration structures are equitable and aligned the interests of directors and employees with those of shareholders.

If a Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director or make any special exertion in going or residing abroad or otherwise for any of the purpose of the Company, the Company may remunerate that Director in addition to or provide benefits as the Directors determine.

The Directors may also be paid all travelling and other expenses incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

Remuneration Structure

The remuneration of employees is structured in as a fixed remuneration which comprise of base salary and superannuation (payable under the Superannuation Guarantee Act).

The Company aims to set the level of fixed remuneration at market levels for comparable jobs, in similar structured and sized companies in the industry in which the Company operates. No advice from any remuneration consultant was sought during the financial year for the Company's remuneration structure.

Executive Director Remuneration

Key Terms of the Executive Director's employment agreement

Yong Zhang is employed under an executive employment agreement dated 1 January 2017. The key terms of the agreement are:

- Remuneration: Total fixed remuneration at the rate of $80,000 per annum plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act paid every fortnight.
- Starting from 1 July 2017, the Executive Director shall be paid based on above remuneration.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

- Termination: The agreement may be terminated by either party by the giving of 2 months written notice.

Other Key Management Personnel Position

Junping Hao is employed under an executive employment agreement dated 1 October 2015. The key terms of the agreement are:

- Remuneration: Total fixed remuneration at the rate of $50,000 per annum plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act paid every fortnight from 1 October 2015 to 30 June 2016. Starting from 1 July 2017, Mr Junping Hao has accepted the package of total fixed remuneration at the rate of $40,000 per annum plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act paid every fortnight.
- Termination: The agreement may be terminated by either party by the giving of 2 months written notice

Non-executive Director Remuneration

No retirement payments are made to Non-executive Directors. Non-executive Directors do not receive any remuneration.

For the 2018 financial year, no options were issued to Directors.

Details of the remuneration of Directors and Key Management Personnel for the 2018 financial year are provided below:

	Short-term Benefits				Post-employment	Equity - based compensation	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Consultancy	Superannuation	Options	Total
	$	$	$	$	$	$	$
Mr Yong Zhang*	80,000	-	-	-	7,600	-	87,600
Miss Junping Hao*	40,000	-	-	-	3,800	-	43,800
Mr Chen Wang	-	-	-	-	-	-	-
Mr Yilong Shan	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

*Yong Zhang and Junping Hao started to receive remuneration from 1July 2017.

Option Holdings

At the date of this report, there were no options on issue.

Shareholdings

The number of ordinary shares in the Company held during and at the end of the 2018 financial year by each Director and Key Management Personnel of the Group, including related parties, are set out below:

	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
			Executive Director			
Mr Yong Zhang	17,591,349	-	-	-	-	17,591,350
			Non-Executive Directors			
Mr Chen Wang	1,000,000	-	-	-	-	1,000,000
Mr Yilong Shan	1,000,000	-	-	-	-	1,000,000

2,000,000	-	-	-	-	2,000,000

DIRECTORS' REPORT

Change of auditors

Walker Wayland NSW resigned as auditors on 21 June 2018. The board of directors appointed Wis Partners as auditor of the group immediately.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors:

Director ____________________
Mr Yong Zhang

Dated this 27th day of September, 2018

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Allwellness Holdings Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Allwellness Holdings Group Limited during the year ended 30 June 2018.

Wis Partners

Zhiyuan Liang
Partner (RCA:473429)

Sydney, September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group	
		2018 $	2017 $
Sales revenue		377,501	101,050
Other income		6,995	2,708
Total income from ordinary activities		384,496	103,758
Less: Cost of sales		(145,160)	(62,768)
Gross profit (loss)		239,336	40,990
Rent	3a	(40,140)	(38,971)
Depreciation and amortisation	3a	(1,670)	(20,731)
Professional fees		(78,299)	(72,955)
Employee benefits		(245,250)	(12,635)
Marketing expenses		(22,682)	(3,391)
Loss on inventory write-off	3a	(133,015)	–
Other administrative costs	3b	(75,557)	(33,278)
Total expenses		(596,613)	(181,961)
Loss before income tax		(357,277)	(140,971)
Income tax expense	4a	-	-
Loss after income tax		(357,277)	(140,971)
Total comprehensive loss for the year		(357,277)	(140,971)
Total comprehensive loss attributable to members of the parent entity		(357,277)	(140,971)
Loss per share			
Basic loss per share ($ per share)	7	(0.01)	(0.01)
Diluted loss per share ($ per share)	7	(0.01)	(0.01)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated Group 2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	363,399	664,273
Trade and other receivables	9	27,442	8,497
Inventories	10	76,875	133,015
Other assets	11	173,289	36,060
TOTAL CURRENT ASSETS		641,005	841,845
NON-CURRENT ASSETS			
Property, plant and equipment	12	-	-
Intangible assets	13	5,785	7,455
TOTAL NON-CURRENT ASSETS		5,785	7,455
TOTAL ASSETS		646,790	849,300
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	147,445	10,000
Provision	15	8,270	-
Financial liabilities	16	352,164	343,112
TOTAL CURRENT LIABILITIES		507,879	353,112
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		507,879	353,112
NET ASSETS		138,911	496,188
EQUITY			
Issued capital	17	740,866	740,866
Accumulated losses	18	(601,955)	(244,678)
TOTAL EQUITY		138,911	496,188

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Ordinary	Accumulated losses	Total
	$	$	$
Balance at 30 June 2016	1	(103,707)	(103,706)
Issuance of shares	740,865	-	740,865
Loss for the year	-	(140,971)	(140,971)
Balance at 30 June 2017	740,866	(244,678)	496,188
Loss for the year	-	(357,277)	(357,277)
Balance at 30 June 2018	740,866	(601,955)	138,911

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group	
		2018	2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		363,194	92,658
Payments to suppliers and employees		(675,477)	(167,503)
Interest received		2,357	2,708
Net cash used in operating activities	21b	(309,926)	(72,137)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for non-current assets		-	(26,183)
Net cash used in investing activities		-	(26,183)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from additional shares issued		-	740,865
Loans (to)/from related parties		9,052	(31,082)
Net cash provided by financing activities		9,052	709,783
Net increase in cash held		(300,874)	611,463
Cash at beginning of financial year		664,273	52,810
Cash at end of financial year	21a	363,399	664,273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The consolidated financial statements and notes represent those of Allwellness Holdings Group Limited (formerly known as Allwellness Pharmaceutical Pty Limited) (the "Consolidated Group" or "Group").

The financial statements were authorised for issue on 27th September 2018 by the directors of the company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. **Going Concern Basis of Accounting**

The financial statements have been prepared on a going concern basis. The group incurred a net loss of $357,277 for the year ended 30 June 2018 (2017: Loss of $140,971). As at that date, the group had a net assets position of $ 138,911 (2017: Net liabilities $496,188).

Subsequent to balance sheet date, the directors have signed multiple sales contracts (total value to $131,400) with existing and new distributors. The directors believes that these contracts will generate more sales and cash inflow for the year ending 30 June 2018. Further to that, Allwellness Holdings Group Limited is dependent on the ongoing financial support of the directors to provide funds, accordingly a letter of support has been obtained. Based on this management and board are of the opinion that the operations of the Group are viable and will continue as a going concern.

b. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Allwellness Holdings Group Limited. A controlled entity is any entity over which Allwellness Holdings Group Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 18 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. **Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment loss.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Furniture and Fittings	100%
Leasehold improvements	100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. **Plant and Equipment (Cont)**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Consolidated Statement of Profit and Loss.

e. **Intangibles**

Intangibles are recognised at cost of acquisition. These assets have a useful life of five (5) years and are carried at cost less accumulated amortisation and any impairment losses. These assets will be assessed for impairment on an annual basis.

f. **Impairment of Assets**

At each reporting date the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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.

g. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h. **Inventories**

Inventories are valued at the lower of cost and net realisable value.

i. **Revenue and Other Income**

Revenue from the sale of good is recognised upon shipment of the goods to the distributor.
All revenue is stated net of the amount of goods and services tax (GST).

j. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. **Leases**

Lease payments for operating leases, where substantially all the risks and rewards remain with the lessor, are charged as expenses in the periods in which they are incurred.

m. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on transaction date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

m. **Financial Instruments (Cont.)**

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

n. **Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset being the higher of fair value less cost to sell and value in use. As of 30 June 2018, the board of director considered that there is no impairment for assets existed.

o. **New Accounting Standards for Application in Future Periods**

The table below lists the standards and amendments to standards on issue but not yet effective that were available for early adoption and were applicable to the Group. The reported results and financial position of the Group are not expected to change on adoption of any of the new standards and amendments to current standards listed below, unless stated otherwise, as they are not applicable to the Group's existing business transactions.

Effective date	New standard and amendments	Reference
1 January 2018	Revenue from Contracts with Customers and the relevant amending standards	AASB 15
1 January 2018	Financial Instruments and the relevant amending standards	AASB 9 (2014)
1 January 2018	Classification and Measurement of Share-based Payment Transactions (Amendments to AASB 2)	AASB 2016-5
1 January 2018	Foreign Currency Transactions and Advance Consideration	AASB Interpretation 22
1 January 2019	Leases	AASB 16
1 January 2019	Uncertainty over Income Tax Treatments	AASB Interpretations 33
1 January 2021	Insurance Contracts	AASB 17

Key changes resulted from those new accounting standards which will be effective in future reporting period have been further analysed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

- The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's accounting and financial reporting.

  AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a Limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's accounting and financial reporting.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard include:

  - recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
  - by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
  - additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The director expects that a lease asset of approximately $ 229,848 and a lease liability of $ 229,848 would be approximately recognised on balance sheet if the new accounting standard was adopted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Parent Entity	
NOTE 2: PARENT INFORMATION	2018	2017
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	345,615	606,345
Non – current assets	293,256	53,816
TOTAL ASSETS	638,871	660,161
LIABILITIES		
Current liabilities	-	10,000
Non – current liabilities	-	-
TOTAL LIABILITIES	-	10,000
EQUITY		
Issued share capital	740,866	740,866
Accumulated loss	(101,995)	(90,705)
TOTAL EQUITY	638,871	650,161
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total comprehensive loss	(21,290)	(90,705)

	Consolidated Group	
	2018	2017
NOTE 3: LOSS BEFORE INCOME TAX	$	$
Loss before income tax includes the following expenses:		
a. **Expenses**		
Depreciation and amortisation expense	1,670	20,731
Rental expense	40,140	38,971
Loss on inventory write-off*	133,015	-
	174,825	59,702
b. **Other administrative costs**		
Licensing fees	18,796	262
Transportation and travel	15,957	-
Listing fees	10,145	25,007
Insurance	1,336	1,258
Other office expenses	29,323	6,751
	75,557	33,278

On 20 June 2018, the group scraped all long-aged inventories which passed their expiration date during the year. As a result, a loss of $133,015 for the stock write-off was recognized in income statement.

	Consolidated Group 2018 $	Consolidated Group 2017 $

NOTE 4: INCOME TAX BENEFIT

a. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2018 $	2017 $
Loss before income tax	(357,277)	(140,971)
Prima facie tax payable on loss from ordinary activities before income tax at 27.50% (2017: 27.50%)	(98,251)	(38,767)
Add:		
Tax effect of:		
— Tax loss not recognised	98,251	38,767
— Other deferred tax items	-	-
Income tax attributable to entity	-	-

As of 30 June 2018, the accumulated tax losses was $328,513 (2017: $233,180). As it is uncertain to generate sufficient taxable income to utilise those tax losses accumulated, the group determined not to recognise defer tax assets for the tax losses and deductable temporary differences as at 30 June 2018.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Details of the remuneration of Directors and Key Management Personnel for the 2018 financial year are provided below:

	Short-term Benefits				Post-employment	Equity - based compensation	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Consultancy	Superannuation	Options	Total
	$	$	$	$	$	$	$
Executive Director							
Mr Yong Zhang*	80,000	-	-	-	7,600	-	87,600
Ms Junping Hao*	40,000				3,800	-	43,800

*Yong Zhang and Junping Hao started to get paid 1July 2017.

Note 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:	Consolidated Group 2018 $	Consolidated Group 2017 $
— Auditing or reviewing the financial statements	26,000	10,000

NOTE 7: LOSS PER SHARE

	2018 $	2017 $
The following reflects the income and data used in the calculations of basic and diluted loss per share		
Loss used in calculating basic and diluted earnings per share	(357,277)	(140,971)
	No. of shares	No. of shares
Weighted average number of ordinary shares	25,000,000	21,650,884
Basic and diluted loss per share ($)	(0.014)	(0.006)

NOTE 8: CASH AND CASH EQUIVALENTS	Consolidated Group	
	2018 $	2017 $
Cash at bank	363,399	664,273

NOTE 9: TRADE AND OTHER RECEIVABLES	2018 $	2017 $
CURRENT		
Trade receivables	24,669	1,555
GST receivable	2,773	6,941
	27,442	8,496

As at 30 June 2018, the aging analysis of trade receivable is, as follow

	2018 $	2017 $
Current	9,909	-
Past due 30 days	8,381	-
Past due 30-60 days	1,742	69
Past due 60-90 days	2,494	1,486
Past due over 90 days	2,143	-
	24,669	1,555

It is assessed that all debtors balance are recoverable and no provision is required.

NOTE 10: INVENTORY	2018 $	2017 $
Stock on hand	76,875	133,015

NOTE 11: OTHER ASSETS		
CURRENT		
Prepayments*	113,229	1,000
Deposits	60,060	35,060
	173,289	36,060

The prepayments mainly represent the advance payment paid to supplier for purchase of stock and equipment.

NOTE 12: PLANT AND EQUIPMENT		
Furniture and Fittings	2,945	2,945
Less accumulated depreciation	(2,945)	(2,945)
	-	-
Leasehold improvements	18,987	18,987
Less accumulated depreciation	(18,987)	(18,987)
	-	-
Total plant and equipment	-	-

a. **Movements in carrying amounts**

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

	Furniture and Fittings	Leasehold improvements	Total
2018	$	$	$
Carrying amount at 30 June 2017	-	-	-
Additions	-	-	-
Depreciation expense	-	-	-
Carrying amount at 30 June 2018	-	-	-

	Furniture and Fittings	Leasehold improvements	Total
2017	$	$	$
Carrying amount at 30 June 2016	-	-	-
Additions	916	18,987	19,903
Depreciation expense	(916)	(18,987)	(19,903)
Carrying amount at 30 June 2017	-	-	-

	Consolidated Group	
	2018 $	2017 $
NOTE 13: INTANGIBLE ASSETS		
NON-CURRENT		
Formation cost	1,403	1,403
Less accumulated depreciation	(1,403)	(1,241)
	-	162
Licenses and trademarks	7,541	7,541
Less accumulated depreciation	(1,756)	(248)
	5,785	7,293
Total intangible assets	5,785	7,455

a. **Movements in carrying amounts**

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

	Formation cost	Licenses and trademarks	Total
	$	$	$
Carrying amount at 30 June 2017	162	7,293	7,455
Addition	-	-	-
Amortisation expense	(162)	(1,508)	(1,670)
Carrying amount at 30 June 2018	-	5,785	5,785

	Formation cost	Licenses and trademarks	Total
	$	$	$
Carrying amount at 30 June 2017	743	1,260	2003
Addition	-	6,281	6,281
Amortisation expense	(581)	(248)	(829)
Carrying amount at 30 June 2018	162	7,293	7,455

	Consolidated Group	
	2018 $	2017 $
NOTE 14: TRADE AND OTHER PAYABLES		
CURRENT		
Customers' advanced payments	113,439	-
Sundry payables and accrued expenses	34,006	10,000
	147,445	10,000
NOTE 15: PROVISION		
CURRENT		
Provision for annual leave	8,270	-
NOTE 16: FINANCIAL LIABILITIES		
Loan from director	352,164	343,112

The loan is unsecured and has been provided on interest free terms. The director has agreed in writing not to recall the loan within 12 months from issue of annual report for the year end 30 June 2018.

NOTE 17: ISSUED CAPITAL

	Consolidated Group 2018	
	Number of shares	$
Ordinary Shares		
Fully paid ordinary shares at the beginning of the year	25,000,000	740,865
Fully paid shares at the ending of the year	25,000,000	740,866

	2017	
Ordinary Shares		
Fully paid ordinary shares at the beginning of the year	1	1
Issue of 740,865 shares at an issue price of $1 each on 7 December 2016	740,866	740,866
Share split on 7 December 2016 (1 share split into 24,259,134 shares)	24,259,134	-
Total number of shares at the ending of the year	25,000,000	740,866

Ordinary shares participate in dividends and the proceeds on winding up of the group in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated Group	
	2018 $	2017 $
NOTE 18: ACCUMULATED LOSSES		
Balance at the beginning of the year	(244,678)	(103,707)
Total comprehensive loss for the year	(357,277)	(140,971)
Balance at the end of the year	(601,955)	(244,678)

NOTE 19: CONTROLLED ENTITY

	Country of Incorporation	Percentage Owned 2018	2017
Controlled Entity Consolidated		%	%
Subsidiary of Allwellness Holdings Group Limited:			
Tricare Health & Beauty Pty Limited	Australia	100	100

NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE

There are no events subsequent to balance date that require disclosure in the financial report.

	Notes	Consolidated Group 2018 $	2017 $
NOTE 21: CASH FLOW INFORMATION			
a. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:			
— Cash on hand	8	1	2
— Cash at bank	8	363,398	664,271
		363,399	664,273
b. Reconciliation of Cash Flow from Operations with Loss after Income Tax			
Loss after income tax		(357,277)	(140,971)
Non-cash flows in loss from ordinary activities			
— Depreciation and amortization	3a	1,670	20,731
— Provision for annual leave		8,270	-
— Loss on inventory write-off	3a	133,015	-
Changes in assets and liabilities			
— Increase in trade and other receivables	9	(18,945)	(8,497)
— Decrease / (Increase) in inventories	10	(76,875)	38,664
— Decrease / (Increase) in other assets	11	(137,229)	9,224
— Increase in trade and other payables	14	137,445	8,712
		(309,926)	(72,137)
		2018	**2017**

NOTE 22: RELATED PARTY TRANSACTIONS		$	$

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:			
Net loan provided by/(repayment to) director-Yong Zhang		9,052	(31,082)
Sales to Tianjin wonderful International trade company Ltd (Director's related party)		130,378	-
Remuneration paid to CFO Junping Hao		43,800	-
Remuneration paid to Executive director – Yong Zhang		87,600	
Balance with related parties			
Balance of Interest free loan provided by director -Yong Zhang	15	352,164	343,112

NOTE 23: FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of cash and cash equivalents, deposits, accounts receivable and payable, loans from director.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	**Consolidated Group**	
		2018 **$**	**2017** **$**
Financial Assets			
Cash assets	8	363,399	664,273
Trade and other receivables	9	27,442	8,497
Deposits	11	60,060	35,060
		450,901	707,830
Financial Liabilities			
Trade and other payables	14	147,445	10,000
Loan from director	15	352,164	343,112
		499,609	353,112

Financial liability and financial assets maturity analysis

	Within 1 Year		**More than 1 Year**		**Total**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Financial liabilities due for payment	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	147,445	10,000	-	-	147,445	10,000
Loan from director	-	-	352,164	343,112	352,164	343,112
Total contractual outflows	147,445	10,000	352,164	343,112	499,609	353,112
Total expected outflows	147,445	10,000	352,164	343,112	499,609	353,112
Financial assets — cash flows realisable						
Cash assets	363,399	664,273	-	-	363,399	664,273

	2018	2017	2018	2017	2018	2017
Financial liabilities due for payment	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other receivables	27,442	8,497	-	-	27,442	8,497
Deposits	60,060	35,060	-	-	60,060	35,060
Total anticipated inflows	450,901	707,830	-	-	450,901	707,830
Net inflow(outflow) on financial instruments	303,456	697,830	(352,164)	(343,112)	(48,708)	(354,718)

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

The Board are responsible for, among other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures are held regularly by the Board. The Board's overall risk management strategy seeks to ensure that the Group meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

The Group did not have any derivative instruments at 30 June 2018

Specific Financial Risk Exposures and Management

a. Credit Risk

- Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

- Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Credit risk exposures

-Cash assets form the majority of the Group's financial assets. At 30 June 2018, cash was deposited with two financial institutions, both are two large Australian banks in order to spread risk and ensure interest rate competitiveness.

-There are no impaired assets within receivables. The total amount due as at 30 June 2018 was within the 30-day credit terms and subsequently paid.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk by preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities.

c. Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group is not exposed to interest rate risk.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is not exposed to price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk due to revenue denominated in Chinese Yuan. During the reporting period, exchange rate risk was managed by exchanging revenue in excess of Chinese Yuan expenditures using spot sales of Chinese Yuan.

d. Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are equal to their carrying value in the statement of financial position.

NOTE 24: SEGMENT REPORTING

The consolidated entity operates in the exporting of health care product business within only single segment.

	Consolidated Group	
	2018	**2017**
	$	**$**
NOTE 25: COMMITMENTS		
A. OPERATING LEASE COMMITMENTS		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
— Not later than one year	55,842	40,140
— Later than one year and not later than 5 years	198,518	-
	254,360	40,140

B. CAPITAL COMMITMENTS

The company has signed the contract for purchasing manufacture equipment with the total amount of $44,296. Company has paid 30% prepayment with the amount of $13,256. Thus the outstanding balance for capital commitment as at 30 June 2017 is $31,040.

NOTE 26: CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at the date of this report.

NOTE 27: COMPANY DETAILS

The registered office and principal place of business of the company is:

Unit 2

3-11 Hallmark Street

Pendle Hill, NSW, Australia, 2145

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Allwellness Holdings Group Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 26 are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards which, as stated in Accounting Policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date 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.

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

Director

Mr Yong Zhang

Dated this 27th day of September 2018

Independent Auditor's Report to the members of Allwellness Holdings Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Allwellness Holdings Group Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of 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 report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor 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) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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WIS PARTNERS
Accountants | Auditors | Advisors | Immigration

Key audit matter	How the scope of our audit responded to the key audit matter
The Group continued to make a net loss of \$357,277 for the year ended 30 June 2018 (2017: \$140,971). Additionally, the Group's net assets and net current assets decreased from \$496,188 and \$488,733 as at 30 June 2017 to \$138,911 and \$133,126 as at 30 June 2018 respectively. These conditions indicate uncertainties of the group's ability to continue as a going concern. The directors have concluded that the Group will continue as a going concern and the going concern basis for accounting and preparation of the financial report of the Group is appropriate. The conclusion and related assessment are based on the projected cashflow forecast supported by improvement of forecasted sales and committed financial support from the Group's major shareholder-Yong Zhang. The use of going concern basis for preparation of financial report of the Group is a key audit matter as it involves high level of judgement and audit work required by us in evaluating the Group's assessment of its ability to continue as a going concern.	- We have discussed with management and obtained an understanding of their assessment of the Group's ability to continue as a going concern. - We have reviewed the cashflow forecast for the next 12 months from the proposed sign-off date of the financial report and assessed reasonableness of those key assumptions used in the cashflow forecast. - We have obtained the financial support letter from major shareholder – Yong Zhang who confirmed he will continue to support the Group in the next 12 months from the sign-off date of the financial report. - We have reviewed disclosure regarding going concern in the financial report. - We have confirmed the cash balance with bank to test the correctness of opening cash balance in the cash flow forecast and checked the subsequent cash balances before the date of sign-off of the financial report. - We have reviewed the subsequent balance sheet and income statement of the Group.

Other Information

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 30 June 2018 but does not include the financial report and our auditor's 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 the 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 the 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 has no realistic alternative but to do so.

Auditor's 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 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 the 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 the 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, designs and performs 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance'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 entity'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 report or, if such disclosures are inadequate, to modify our auditor's 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 entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for the audit opinion.

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

We also provide those charged with governance with a statement that we also 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 those charged with governance, we determine those matters that are 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 our 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 auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Allwellness Holdings Group Limited, for the year ended 30 June 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.

Wis Partners

Zhiyuan Liang (RCA:473429)

Partner

27 September 2018

DIRECTORS GOVERNANCE STATEMENT

Allwellness Holdings Group Ltd (the "Company") is aware of its Corporate Governance Disclosure Obligations under Section 11A, 11B and 11C clause 6.9 of the NSX Listing Rules and of NSX's 'principled' rather than prescriptive approach to the disclosure of Corporate Governance arrangements in respect of the Company.

As indicated in NSX Practice Notes 14 the 'principled' approach recognises that good corporate governance cannot be achieved by a 'one size fits all' and that the Company's individual characteristics must be taken account of.

In addition, we note the important role played by Nominated Advisors to companies listed on the NSX in providing assistance and advice to companies to ensure full disclosure and good corporate governance although ultimate responsibility falls to the Company, its directors and officers.

The Company recognises that in Australia the generally accepted guidance on what constitute good corporate governance is set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendation (3rd Edition, 2014). Set out below is a statement indicating whether the Company complies with those principles and if not why it does not do so.

1. **Lay solid foundations for management and oversight**

Recommendation	Adopted (Yes/No)	Reason
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	Yes	The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Company. In the current phase of development, the Company has a greater reliance on the Managing Director. The Board has adopted a Charter which is available on the Company's website. The principal functions and the responsibilities of the Board include but are not limited to the following; • Determining in conjunction with management, corporate strategy, objectives, operations, plans and approving and appropriately monitoring plans, investments, major capital and operating expenditure and acquisitions; • Monitoring actual performance against budget expectations; • Identifying areas of significant business risk and ensure the Company is appropriately positioned to manage those risks; • Overseeing the management of safety, work health and safety and environmental issues; • Satisfying itself there are appropriate reporting systems and controls in place; • Authorising the issue of any shares, options, equity instruments within the constraints of the NSX Listing Rules and Corporations Act; and • Monitoring the performance of senior management, including ensuring appropriate resources are available and strategy is being implemented. The Company recognises that the overall responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 1.2 **A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.**	Yes	Criminal record checks have not been carried out on all Board members prior to their appointment. However, all members of the Board have executed a declaration and undertaking, that they have not previously been declared bankrupt or had a criminal conviction. The Company will provide Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at future general meetings.
Recommendation 1.3 **A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**	No	No formal agreements have been entered at this time.
Recommendation 1.4 **The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**	Yes	The Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.
Recommendation 1.5 **A listed entity should:** **(a) have a diversity policy**	No	Given the size of the Company, its structure and current operations the Company has only males on the Board. As the Company develops it will consider appropriate candidates for the Board and at an appropriate time prepare a diversity policy or set measurable objectives in this regard. In doing so, the Board will have regard to the CG recommendations. Once finalised, the policy will be made available on the Company's website.

Recommendation	Adopted Yes/No	Reason
Recommendation 1.6 & 1.7: **A listed entity should:** **(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and** **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.** **A listed entity should:** **(a) have and disclose a process for periodically evaluating the performance of its senior executives; and** **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**	Yes	The performance of the Board will be subject to review in a number of ways: • The Constitution provides that at every general meeting one third of the Directors will retire from office but may stand for re-election; • Board composition will be also reviewed periodically either when a vacancy arises or if it is considered that the Board would benefit from the services of a new Director, given the existing mix of skills and experience of the Board, which would match the strategic demands of the Company: • Once it has been agreed that a new Director is to be appointed, a search will be undertaken and appropriate checks undertaken sometimes using the services of external consultants. Shareholders will be advised of all material information regarding a Director proposed for election or appointment to the Board. Nominations would then be received and reviewed by the Board; and • Remuneration of the Non-Executive Directors is reviewed and approved by the Board. The remuneration payable to Directors must comply with the NSX Listing Rules. • The Company will disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with the above process. • Board Nominations would then be received and reviewed by the Board. The remuneration payable

2. Structure the board to add value

Recommendation	Adopted (Yes/No)	Reason
Recommendation 2.1 **The board of a listed entity should:** **(a) have a nomination committee**	No	The Board has not yet formed a Nomination and Remuneration Committee (**"NRC"**) as it considers that this is not currently required given the size of the Company and the relatively small management and employee team. The Board will continually review the need for a NRC and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations. To address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively, the performance of the Board will be reviewed as set out under Principles 1.5- 1.7 above.
Recommendation 2.2 **A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.**	No	Given the current position of the Company a skills matrix has not been developed. In establishing the Board, regard was had to the skills and expertise required of the Directors with the desired skills and expertise were carefully selected for appointment to the Board.
Recommendation 2.3 &2.4 **A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.** **A majority of the board of a listed entity should be independent directors.**	Yes	The Board is comprised of three members, two of whom are considered independent. Neither of the two independent directors has more than 5% of the Shares in the Company and each subscribed cash equivalent to the amount per shares of the other Shareholders in an offer in December 2017. They are not an adviser or supplier to the Company or do not have any other material contractual relationship with the Company other than their position as a Director. The Company Constitution requires that each Director must not hold office (without re-election) past the third annual general meeting following his/her appointment or election or 3 years, whichever is longer.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 2.5 **The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**	No	The Company has appointed a Chairman however, he is not independent and is also the Managing Director. The Company considers this appropriate given the Chairman is the founder of the Company and is most intimately aware of its operations. As the Company grows it will consider the appointment of an independent director as Chairman.
Recommendation 2.6 **A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively**	Yes	All Non-Executive Directors have an extensive induction into the business of the Company, and their rules as directors. Each has been briefed by the Company's Chairman as to the business and by the Nominated Advisor as to their roles as director and responsibilities under the NSX Listing Rules and Corporations Act. The Nominated Advisor provides a detailed letter of advice to all directors which each director signs acknowledging they have read and understand the contents. Directors will also be given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.

3. **Act ethically and responsibly**

Recommendation	Adopted (Yes/No)	Reason
Recommendation 3.1 **A listed entity should:** **(a) have a code of conduct for its directors, senior executives and employees; and** **(b) disclose that code or a summary of it.**	Yes	The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to a full and frank discussion of the matter(s) under consideration by the rest of the Board. The Board has adopted a formal code of conduct. The Board will continually review the code of conduct and modify it as required.

4. **Safeguard integrity in corporate reporting:**

Recommendation	Adopted (Yes/No)	Reason
Recommendation 4.1 **The board of a listed entity should:** **(a) have an audit committee which:**	No	To safeguard the integrity of the Company's corporate reporting, the Company Constitution sets out the following: • Auditors the Company are appointed and removed and their remuneration, rights and duties are regulated by the Corporations Act 2001 (Cth) (**"Act"**); • Auditors of the Company or partner or employee or employer of an auditor cannot be appointed as a Director of the Company; and • Financial statements of the Company for each financial year must be audited by the auditors in accordance with the Act. The Board has not yet formed an audit and risk committee **(ARC)** as it considers that this is not currently appropriate given the size of the Company and the relatively small management and employee team. The role of the ARC will be undertaken by the Board as a whole. The Board will continually review the need for an ARC and, if the need arises in the future, will ensure that it is in compliance with the CG recommendations.
Recommendation 4.2 **The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**	No	The Board has not yet had to approve the entity's financial statements for a financial period and accordingly has not been required to receive relevant declarations from the CEO and Chief Financial Officer (**"CFO"**) in respect of the of the financial records of the Group. It is the intention of the Board that these declarations will be required for both the half-year and full-year results and this fact has been communicated to both the CEO and CFO.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 4.3 **A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**	No	The Company has not yet held an Annual General Meeting **(AGM)** but it is the intention of the Board to ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

5. **Make timely and balanced disclosure**

Recommendation	Adopted (Yes/No)	Reason
Recommendation 5.1 **A listed entity should:** **(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it**	No	The Board has not yet adopted a continuous disclosure policy but intends to do so after listing. In preparing this, the Board will have regard to the CG Recommendations. Once finalised, the policy will be made available on the Company's website.

6. **Respect the rights of security holders**

Recommendation	Adopted (Yes/No)	Reason
Recommendation 6.1 **A listed entity should provide information about itself and its governance to investors via its website.**	Yes	The Company has established a website which provides information about the Company, its Directors and executives, and other information relevant to its investors. The website will be a key communication tool between the Company and the Shareholders. The website contains details of charters and policies adopted to date in respect of the Company's corporate governance.
Recommendation 6.2 **A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors**	No	The Board has not yet designed and implemented an investor relations program to facilitate effective two-way communication with investors but intends to do so after listing. In preparing this, the Board will have regard to the CG Recommendations. Once finalised, the program will be made available on the Company's website.
Recommendation 6.3 **A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**	No	The Board has not yet adopted a disclosure and communication policy but intends to do so after listing. In preparing this, the Board will have regard to the CG Recommendations. Once finalised, the policy will be made available on the Company's website.
Recommendation 6.4 **A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically**	Yes	All Shareholders of the Company will be able to communicate with the Company and its share registry electronically and in fact this method of communication is encouraged.

7. **Recognise and manage risk**

Recommendation	Adopted (Yes/No)	Reason
Recommendation 7.1 **The board of a listed entity should:** **(a) have a committee or committees to oversee risk**	No	The Board has not yet formed an audit and risk committee (**ARC**) as it considers that this is not currently required given the size of the Company and the relatively small management and employee team. The Board will continually review the need for a ARC and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations.
Recommendation 7.2 **The board or a committee of the board should:** **(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and** **(b) disclose, in relation to each reporting period, whether such a review has taken place.**	No	The risk management framework for the Group has not yet been formally reviewed by the Board but the Board will, following listing, request a report from management. Outcomes of those reviews will be reported in the corporate governance statement annually.
Recommendation 7.3 **A listed entity should disclose:** **(a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**	No	The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board. The Board reviews and monitors and parameters under which such risks will be managed. Management accounts are prepared and reviewed with the CEO at subsequent Board meetings. Budgets are prepared and compared against actual results. The potential exposures with running the Company will be managed by the appointment of senior staff that have significant broad-ranging industry experience, work together as a team and regularly share information on current information. The Board has not yet formed an internal audit function as it considers that this is not currently required given the size of the Company and the relatively small management and employee team. The Board will continually review the need for a ARC and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations.
Recommendation 7.4 **A listed entity should disclose whether it has any material exposure38 to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**	Yes	As mentioned under Principle 7.2 the Board will commission a report on the risk management framework following listing and request that management address economic, environmental and sustainability risks. The outcome of that review will be reported in the Company's annual report.

8. **Remunerate fairly and responsibly:**

Recommendation	Adopted (Yes/No)	Reason

Recommendation 8.1
The board of a listed entity should:
(a) have a remuneration committee
	No	As mentioned under Principle 2.1, the Board has not adopted a NRC. To ensure the appropriateness of remuneration, the Company Constitution sets out the following:
		• Remuneration of Non-Executive Directors must comply with NSX Listing Rules, including that:
		  ◦ Fees payable to Non-Executive Directors must be by way of a fixed sum, and not by way of commission on or a percentage of profits or operating revenue;
		  ◦ The remuneration payable to Executive Director's must not include a commission on or percentage of operating revenue; and
		  ◦ The total fees payable to Directors must not be increased without the prior approval of members in general meeting.
		• Remuneration of Executive Directors must comply with the NSX Listing Rules and the terms of any agreement entered into. The Board may fix the remuneration of each Executive Director which comprise salary or commission on or participation in profits of the Company.

Recommendation 8.2 **A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives**	No	As mentioned under Principle 8.1 the Board has practices in place regarding the remuneration of Non-Executive Directors and other senior executives.
Recommendation 8.3 **A listed entity which has an equity-based remuneration scheme should:** **(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and** **(b) disclose that policy or a summary of it**	Yes	The Board has adopted a securities trading policy which is available on the Company's website. The Board will continually review the policy and amend it as appropriate.

STOCK EXCHANGE INFORMATION

TOP 10 ORDINARY SHAREHOLDERS AS AT 26 SEPTEMBER 2018

Shareholder	Shares	%of issued
ZHANG & HAO PTY LTD	17,591,350	70.37
ZHIQUAM MA	1,020,000	4.08
YUANJIU UNIBA (AUSTRALIA) CO	1,000,000	4.00
ZHONGLIN CHEN	1,000,000	4.00
JIANZHONG WANG	1,000,000	4.00
CHEN WANG	1,000,000	4.00
YONGIE HOU	500,000	2.00
LIJIAO CHEN	450,000	1.80
XIANG WENG	200,000	0.08
BIYING LIU	150,000	0.06
TOTAL	**23,911,350**	**95.64**

Substantial Shareholders	**No. of Shares**	**%of issued**
ZHANG & HAO PTY LTD	17,591,350	70.37

Distribution of Equity Security Holders

Holding	Shares	Options
1-1,000	-	-
1,001-5,000	-	-
5,001- 10,000		-
10,001-100,000	52	-
100,000 and over	10	-

Unissued Equity Securities: Nil

Securities Exchange: National Stock Exchange of Australia Ltd

CORPORATE DIRECTORY

<u>DIRECTORS</u>

Mr Yong Zhang
Mr Chen Wang
Mr Yilong Shan

<u>SECRETARY</u>

Andrew Bristow

<u>REGISTERED OFFICE</u>

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