

VITAXEL GROUP LTD

FORM 10-K (Annual Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-55685

VITAXEL GROUP LIMITED

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

30-0803939

(I.R.S. Employer Identification No.)

**Wisma Ho Wah Genting, No. 35, Jalan Maharajalela,
50150 Kuala Lumpur, Malaysia**

(Address of principal executive offices)

N/A

(Zip Code)

Registrant's telephone number, including area code

+ 603 - 2143 - 2889

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.0001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s voting common stock held by non-affiliates of the registrant was approximately \$15,942,968 (computed using the closing sales price of \$0.101 per share of common stock on such date).

As of March 4, 2020, the registrant has one class of common equity, and the number of shares issued and outstanding of such common equity was 54,087,903.

DOCUMENTS INCORPORATED BY REFERENCE

Not Applicable.

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FORWARD-LOOKING STATEMENTS

Except for historical information, this document contains various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our revenue mix, anticipated costs and expenses, development, relationships with strategic partners and other factors discussed under “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. These forward-looking statements may include declarations regarding our belief or current expectations of management, such as statements indicating that “we expect,” “we anticipate,” “we intend,” “we believe,” and similar language. We caution that any forward-looking statement made by us in this Form 10-K or in other announcements made by us are further qualified by important factors that could cause actual results to differ materially from those projected in the forward-looking statements.

The forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon our current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which we have no control over. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Some of the factors that may cause actual results to differ materially from expected or desired results may include, without limitation, the following:

- that our auditors have expressed substantial doubt as to our ability to continue as a going concern and, our inability to obtain adequate financing,
- the significant length of time and resources associated with the development of our products and services, and related insufficient cash flows and resulting illiquidity,
- our inability to expand our business,
- significant competition,
- our relationship with, and our ability to influence the actions of, our members;
- improper action by our employees or members in violation of applicable law;
- adverse publicity associated with our products, services or network marketing organization, including our ability to comfort the marketplace and regulators regarding our compliance with applicable laws;
- changing consumer preferences and demands;
- our reliance upon, or the loss or departure of any member of, our senior management team which could negatively impact our member relations and operating results;
- regulatory matters governing our products and services, including potential governmental or regulatory actions concerning our products and services and network marketing programs, including the direct selling market in which we operate;

- legal limitations to our network marketing program;
- risks associated with operating internationally and the effect of economic factors, including foreign exchange, inflation, disruptions or conflicts with our third-party importers, pricing and currency devaluation risks;
- uncertainties relating to the application of transfer pricing, duties, value added taxes, and other tax regulations, and changes thereto;
- uncertainties relating to interpretation and enforcement of legislation governing direct selling in certain jurisdictions;
- our inability to obtain the necessary licenses to expand our direct selling business in certain jurisdictions;
- adverse changes in the global economy;
- our dependence on increased penetration of existing markets; our dependence on increased penetration of existing markets;
- contractual limitations on our ability to expand our business;
- our reliance on our information technology infrastructure and outside service providers and manufacturers;
- the sufficiency of and enforceability in Asia of, our intellectual property rights;
- changes in tax laws, treaties or regulations, or their interpretation;
- taxation relating to our members; and
- share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.

PART I.

ITEM 1. Business

As used in this Annual Report, “we,” “us,” “our,” “Company” or “our Company” refers to Vitaxel Group Limited in general on a consolidated basis. Our two main operating subsidiaries are Vitaxel SDN BHD and Vitaxel Online Mall SDN BHD.

Recent Developments

Impact of Current Coronavirus (COVID-19) Pandemic on the Company

As many parts of the world is currently under lockdown or restrictive movement orders due to the current COVID-19 pandemic, we believe that all companies related to the travel, entertainment and lifestyle industry have been negatively impacted. Our Company is not spared either. We do not foresee any income contribution from this business from January 2020 until the destination areas (in particular South-East Asia and Europe) reopen their countries to allow foreign visitors again.

Our MLM business is also negatively impacted due to the fact that being a business built on fostering personal relationship and expanding new contacts, most distributors are unable to carry out the more important aspects of regular face to face visits and appointments, promotional events and direct coaching to continuously improve their team’s skills, motivation and knowledge of our products. Fortunately, we are still able to connect to our leaders via calls, emails and backoffice announcements and other form of online communication such as Skype and Zoom to keep the leaders and members abreast with our status and development. As such, our MLM operation is still ongoing amid slower than usual.

However, our e-commerce business is marginally affected by the current outbreak. This is because members that are staying at home are still able to place orders from our e-commerce website. Whilst almost all of our merchants who showcase their products on our website are able to fulfil the orders to our customers as courier services are exempted from the lockdown.

We hope that in the coming months more merchants will sign up with us and our members will be more encouraged and enthusiastic to promote our eCommerce website to their family, friends and prospects.

Our Company

Vitaxel Group Limited is the holding company for Vitaxel SDN BHD (“Vitaxel”), and Vitaxel Online Mall SDN BHD (“Vionmall”). Both of these two wholly owned subsidiaries of the Company are incorporated under the laws of the Country of Malaysia. Vitaxel was organized and commenced business operations in 2014 and Vionmall was organized and commenced business operations in 2015.

Vitaxel is a global direct selling, multi-level marketing company offering travel, entertainment, lifestyle and other products and services principally through electronic commerce commonly referred to as e-commerce.

Vionmall is involved in e-commerce business, through its platforms: Vionmarket and VTrips. Vionmarket is a rebate website that provide retail sales direct to consumers. However, Vionmarket do not develop or manufacture the products and services. VTrips is a platform that provides concessionary and travel packages to the public and members of Vitaxel.

As a multi-level marketing company, a significant part of our platform involves recruiting members that sell our goods and services and that assist in recruiting other members. Our members can also promote and sell their own products and services through our Vionmall subsidiary.

Our principal offices are located in Kuala Lumpur, Malaysia.

Our operations, including sales transactions, are primarily based in Malaysia. We presently have approximately 5,700 members. As of December 31, 2019, approximately: 62% of our members reside in Malaysia, 29% of our members reside in Singapore, 4% members reside in China, approximately 3% members reside in Hong Kong and approximately 2% members reside in other countries. We provide our members from time-to-time with training which includes prospecting and closing skills, plan orientation, back-office training, network management, personal and leadership development and team-building activities.

Unlike the traditional MLM business model where most of the business model concentrates on particular products and/or services, our business model allows our members to own a sub-domain through Vionmall where they can promote their own products and services (separate from our products and services).

We strive to differentiate ourselves through innovation in both our product and service offerings and our sales channels. Consumers can purchase our products and services either directly from our members or directly from our online platform. Our products and services are listed on our website and customers can easily purchase them online. Our members need not carry our products physically to their customers, they only need to promote our products through word of mouth or show prospective customers our list of products online through computers or smart-phones. During the year ended December 31, 2019, our revenues were primarily attributable to the sale of VTrip travel packages.

Our Vitaxel packages include product points (which are exchangeable for tour and travel products or travel kits). Since we are relatively new to the market, our initial strategy has been to promote our brand awareness by encouraging more people to become members. In furtherance thereof, to date all membership fees have been waived. Persons that purchase our product packages will automatically become members.

We acquire the products and services which we offer and sell from third parties. Although, we initially intend to primarily offer and sell products related to travel, entertainment and lifestyle, we are not limited to those areas and may sell unrelated products and services as long as these products and services will benefit our members and customers in a manner consistent with our objectives and mission.

In addition to discounted prices, members can earn income from several sources. Members may earn income by selling our products and services and their own products and services. The allocation of proceeds from the sales of members' products and services is similar to the allocation process for independent suppliers of products and services. Suppliers determine the minimum amount they wish to receive. The retail price to consumers is then negotiated between us and the supplier and we retain the difference as profit. In addition, members who sponsor other members may earn commissions and bonuses based upon their sponsored members' performance.

We intend to continue to engage team leaders within each country in Asia in which we offer and sell our products to lead and promote our products. Since we have already established our name in certain of the Asian countries, we will continue to expand in those countries by providing more benefits to the team leaders, more attractive products through our Vionmall's portals, further training and motivation talks, better information technology structure and enhance support systems.

To become a member, a person must purchase a member package. Member packages include products and points that carry a value that approximates the package price. The packages do not come with a membership fees as membership fees are currently exempted for the first year (that is when members purchase the package, membership fees are waived for the first 12 months) of enrollment by new members. We only collect the membership fees from the second year onwards. Each member package is available in English and Chinese and typically includes booklets describing us, our compensation plan and rules of member conduct, various training and promotional materials, member applications and a product and services catalog. The price of a member package varies by package type and provides a low-cost entry for incoming members.

The vacation business is seasonal as it depends on the holidays in the countries that the members reside.

History

Our publicly traded parent company was incorporated as Albero, Corp. in Nevada on November 19, 2013. Prior to the Share Exchange and Split-Off (each as defined below), we were engaged in the horse breeding business. This business however was spun off contemporaneous with our acquisition of Vitaxel and Vionmall.

On January 8, 2016, (i) we changed our name to Vitaxel Group Limited, and (ii) we increased our authorized capital stock from 75,000,000 shares of common stock, par value \$0.001, to 7,000,000,000 shares of common stock, par value \$0.000001 (the "Common Stock"), and 100,000,000 shares of "blank check" preferred stock, par value \$0.000001.

On January 18, 2016, we completed a share exchange (the "Share Exchange") under a Share Exchange Agreement (the "Share Exchange Agreement") of the same date among us, Vitaxel SDN BHD, a Malaysian corporation ("Vitaxel"), the shareholders of Vitaxel, Vitaxel Online Mall SBN BHD, a Malaysian corporation ("Vionmall") and the shareholders of Vionmall pursuant to which Vitaxel and Vionmall each became wholly owned subsidiaries of ours. In the Share Exchange, all of the outstanding shares of Vitaxel and Vionmall were converted into shares of our Common Stock, resulting in those operating companies becoming our wholly owned subsidiaries.

In connection with the Share Exchange and pursuant to a Split-Off Agreement (defined below), we transferred our pre-Share Exchange assets and liabilities to our pre-Share Exchange majority stockholder, in exchange for the surrender by him and cancellation of 3,000,000 shares of our Common Stock.

As a result of the Share Exchange and Split-Off, we discontinued our pre-Share Exchange business and acquired the businesses of Vitaxel and Vionmall, and will continue the existing business operations of Vitaxel and Vionmall as a publicly-traded company under the name Vitaxel Group Limited.

On May 25, 2017, our Board of Directors authorized and approved an amendment (the “Amendment”) to our Amended and Restated Articles of Incorporation, which authorized a one hundred-to-one reverse stock split (the “Reverse Split”) of our outstanding common stock, par value \$0.000001 per share, with a record date of June 12, 2017 (the “Record Date”).

On May 30, 2017, the Board of Directors of Vitaxel authorized and approved a related increase in the par value of the Vitaxel common stock from \$0.000001 to \$0.0001.

On June 12, 2017, we effectuated a 1:100 reverse stock split (the “Reverse Split”) whereby our authorized shares of capital stock was reduced in proportion to the Reverse Split ratio. Accordingly, our 7,000,000,000 shares of authorized common stock became 70,000,000 shares of authorized common stock and our 100,000,000 shares of authorized preferred stock became 1,000,000 shares of authorized preferred stock. Additionally, as part of the Reverse Split, the par value of both our common stock and our preferred stock was proportionately increased from \$0.000001 per share to \$0.0001 per share, as reflected in the Certificate of Amendment. Under Nevada law, the Reverse Split and corresponding reduction in authorized common stock and preferred stock, and increase in par value of both classes of our stock, did not require shareholder approval.

On June 13, 2017 we received approval from the Financial Industry Regulatory Authority (“FINRA”) to effectuate the Reverse Split at the open of business on June 15, 2017. When the reverse stock split became effective, every one hundred shares of our pre-split issued and outstanding common stock, par value 0.000001 per share, automatically converted into one post-split share of our common stock, par value 0.0001 per share, rounded up to the nearest share, and with a corresponding reduction of the number of shares of common stock we are authorized to issue and increase in par value. The new CUSIP number for our common stock following effectiveness of the reverse stock split is 92849Y206.

Competition

The goods and services we sell that are most vulnerable to competition are those categories that relate to travel, entertainment and lifestyle products and services. These services are available through many channels including those of direct selling and the Internet. We try to differentiate ourselves from our competitors through our member focus on the consultative and educational nature of the sales process and the contact that our members have with their customers.

We are subject to competition for the recruitment of members from other network marketing organizations, including those that market similar products and services as well as other types of products and services. Our ability to remain competitive depends on having relevant products that meet consumer needs, a rewarding compensation plan, and a financially viable company.

Management believes that the direct selling channel is an effective way to sell our products and services. We believe that the direct-selling channel is ideally suited to marketing our products and services because demand for travel, entertainment and lifestyle products and services is strengthened by ongoing personal contact and education between members and their customers. In addition, our members consume our products and services themselves, and therefore can provide first-hand testimonials about our products and services, which can serve as a powerful sales tool.

We believe our business model enables us to grow our business with moderate investment in our infrastructure and fixed costs. We incur no direct incremental cost to add a new member in our existing markets or add additional products and services to our product and service mix, and our member compensation varies directly with sales. Furthermore, we can readily increase production and distribution of our products and services as a result of having access to numerous third-party relationships.

Patents and Trademarks

We have applied for registration for our major trademark, VITAXEL live better, in Malaysia (5 applications), Singapore, Brunei, Indonesia, Philippines, Thailand, Myanmar, Vietnam, China, Hong Kong, Macau, Cambodia, Laos and Taiwan. To date, all of the applications Malaysia and the other applications from the other 12 countries except Indonesia have been approved. We have also filed trademark registrations for our V device mark in all the countries stated above and also in the United States of America. To date, this trademark has been approved in Malaysia, Singapore, Brunei, Philippines, Myanmar, Macau, Laos and Taiwan and other countries including United States of America are pending for approval. We consider trademark protection to be important to our business.

List of Approved Trademark

Trademark	Country	Trademark Number
VITAXEL live better	Malaysia	2014054864
	Malaysia	2014055015
	Malaysia	2014055022
	Malaysia	2014055017
	Malaysia	2014055024
	Brunei	46827
	Cambodia	KH/63388/17
	China	17457041
	Hong Kong	303482631
	Laos	35972
	Macau	N/102422
	Myanmar	4/10323/2015
	Philippines	4/2015/00008618
	Singapore	40201512077R
V device mark	Taiwan	01770159
	Thailand	171121389
	Vietnam	283992
	Malaysia	2016061183
	Brunei	47867
	Laos	38092
	Macau	N/112729
	Myanmar	4/11300/2016
Philippines	4/2016/00502995	
Singapore	40201609692T	
Taiwan	01816775	

List of Pending Trademark Application

Trademark	Country	Application Date
VITAXEL live better	Indonesia	28 July 2015
V device mark	United States	16 March 2018
	Cambodia	17 June 2016
	China	25 March 2016
	Hong Kong	25 March 2016
	Indonesia	21 June 2016
	Thailand	16 June 2016
	Vietnam	17 June 2016

Government and Industry Regulation

Many countries have either implemented new laws or, made revisions to existing laws on direct selling and multilevel marketing in the last decade. Both developed and developing economies have realized the potential of the direct selling industry in light of the positive socio-economic impact of this sector – both directly and indirectly.

Along with the primary objective of regulating various fraudulent schemes, these countries have also enacted specific legislation largely self-monitored by local associations. Globally, these regulations relating to direct selling industry vary from country to country. Certain countries, including Malaysia, have enacted specific anti-pyramid laws to deal with frauds and abusive schemes, however, through specific regulations, they distinguish permissible multi-level marketing (“MLM”) operations by direct selling companies. On the other hand, some countries primarily focus on consumer protection and strive to identify fraudulent schemes.

The substantive provisions governing direct selling businesses in various countries are founded on similar principles such as drafting a precise definition of direct selling business, pre-licensing of direct selling company, registration of direct sellers, stipulations governing activities and rewards/bonuses received by direct sellers, bans on entry fees, extensive buy-back policies and related matters.

In addition, the direct sales/MLM industry has some level of self regulation and standards established by recognized trade organizations. The direct selling industry self-regulates itself to maintain high levels of probity, integrity, corporate governance and consumer protection standards. Multiple direct selling companies from across the world have also joined forces to form direct selling associations which promote ethical business practices and prescribe a detailed code of ethics for the members, its sales representatives and customers. The code of conduct is a self-regulatory standard which regulates the varying interactions across the spectrum of direct sales that often exceeds local legal requirements.

The World Federation of Direct Selling Associations (“WFDSA”) is a non-governmental, voluntary organization globally representing the direct selling industry as a Federation of 60 national Direct Selling Associations (“DSA’s”) and one regional DSA – Federation of European DSA (Seldia). The “World Selling Code of Conduct” (the “DSA Code”) was published by the WFDSA for National DSA members. This DSA Code establishes a standard framework for interaction between direct selling member companies, their direct sellers and consumers. The DSA Code is a constantly evolving cornerstone of the direct selling industry’s commitment to ethical business practices and customer service. It is a mechanism that helps ensure that independent salespeople and customers are treated fairly and respectfully.

In order for a DSA to become a member of WFDSA, it must adopt the minimum standards set forth by the Code to the extent the requirements are consistent with the law in each particular country. These Code of Ethics are enforced by an independent code administrator who is not connected with any member company. As a condition to membership in the DSA, all member companies agree to honor the administrator's decisions. Broadly, the Code seeks to capture various aspects of a direct selling business which need to be regulated including use of misleading testimonials, misrepresentation of actual or potential earning claims or use of any exploitative and deceptive recruitment practices.

The Code has been classified into three sections containing regulations in respect of:

- Conduct for the Protection of Consumers
- Conduct Between Companies and Direct Sellers
- Conduct Between Companies.

Further, to help ensure legal compliance, the Code provides that new memberships should not be subject to significant monetary commitment either by way of entrance fees, training fees, purchases of sales kits or inventory loading. The companies take responsibility for consumer protection through provision of accurate information, product warranty and buyback offers. It ensures that member companies implement adequate mechanisms to address customer complaints with respect to their products and/or its sales representatives.

The Code is a self-regulation and not a law, therefore, does not restate all legal obligations. Compliance with local laws pertaining to direct selling by National DSA's is a condition of acceptance by or continuance of membership in DSA. The Code also has a provision for an extra-territorial effect wherein every national DSA pledges that it will require each member to comply with the WFDSA World Codes of Conduct for Direct Selling with regard to direct selling activities outside of its home country, unless those activities are under the jurisdiction of Codes of Conduct of another country's DSA to which the member also belongs.

Malaysia is a member of the WFDSA and has drafted a standard code of ethics for companies engaged in direct selling activities.

While the Company does not necessarily "commit" to the worldwide industry standards it does endeavor to maintain those standards as a minimum.

Regulations in Malaysia

The rise of the number of direct selling companies in Malaysia was accompanied by the rise of fraudulent activities such as pyramid and Ponzi schemes. In 2011, Malaysia amended its previously existing statute to rename it the Direct Sales and Anti-Pyramid Scheme Act (the "DSAPSA"). The key objectives of DSAPSA was to incorporate specific provisions governing sales achieved through electronic medium and regulations on legitimate multilevel marketing.

The DSAPSA provides for:

- Licensing of direct sales activities for the protection of the consumer's rights and interest;
- Promotion and regulation of the growth and development of ethical direct sales activities; and
- Prohibition of all activities involving pyramid schemes, chain distribution schemes or other similar schemes.

All door-to door sales and mail order selling (including selling by telephone) in Malaysia are subject to the DSAPSA which sets forth the conditions under which business may be conducted, defines requirements of direct sales contracts, identifies conditions under which licenses may not be granted or revoked and the punishment for fraud. The DSAPSA also provides for a cooling-off period of 10 days after the date of making a direct sales contract. The regulating authority is the ministry of Domestic Trade and Consumers Affairs.

The DSAPSA also stipulates that any person negotiating a door-to door sale will have to produce an identification card and authority card. This protects consumers from fraudulent schemes. In Malaysia, direct sellers are treated as independent contractors. The following types of marketing plans are presently covered under the provisions of the DSAPSA:

- Door-to-door sales (Multilevel marketing plan/ Single marketing plan)
 - Mail Order sales
- Sales through electronic transactions.

There is no prohibition on the sales of specific products. However, direct selling companies wanting to introduce new products must seek prior approval from the relevant authority before distributing the products. Also, all health products must be registered with the Drug Control Authority, Ministry of Health, before they can be sold through this mode. The Company is not involved in either door-to-door sales or mail order sales.

The Direct Selling Association of Malaysia (“DSAM”)

The DSAM functions at the societal level to create and maintain an environment that is conducive to the growth and stability of the direct selling industry in Malaysia. Established in 1978 as a national trade association, it is led by a President and Vice-President and 7 committee members, all of whom are elected by member companies. In addition to the cooperation extended by member companies, the DSAM works closely with the Ministry of Domestic Trade, Co-operatives & Consumerism, Ministry of Finance, Ministry of Health, other government bodies and trade associations to achieve common goals. The DSAM Code of Conduct is an example of self-regulation. It is a strict and effective code of conduct implemented worldwide, and endorsed by the Ministry of Domestic Trade, Cooperatives& Consumerism.

Research and Development Activities

Other than time spent researching our business and proposed markets, we have not spent any funds on research and development activities to date. In the event opportunities arise from our operations, we may elect to initiate research and development activities, but we have no plans for any activities to date.

The Company will expand its network and membership through various promotion and advertisement.

Environmental Laws

Our operations are not subject to any environmental laws.

Employees

We have 26 full time employees, all of which are located in Malaysia. None of these employees are represented by a labor union. We have not experienced any work stoppages and we believe that our relations with our employees are good.

Corporate Information

Our principal executive office is located at Bangunan Cheong Wing Chan, 4th Floor, No. 41-51, Jalan Maharajalela, 50150, Kuala Lumpur, Malaysia and our telephone number is 603-2143-2889. Our website is www.vitaxel.com. Information provided on, or accessible through, our website, however, is not part of this report and is not incorporated herein.

ITEM 1A. Risk Factors

Smaller reporting companies are not required to provide the information required by this item.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Our principal executive offices are currently located at Bangunan Cheong Wing Chan, 4th Floor, No. 41-51, Jalan Maharajalela, 50150, Kuala Lumpur, Malaysia, where the Company leases approximately 8,330 square feet at a monthly rental of RM18,326 (approximately US\$4,425), which houses 28 employees. This lease terminates in Sept 30, 2020 and is renewable for 1-year increment.

This location is utilized for corporate office and inventory storage, and we believe our facilities are adequate for our current needs.

Additional space may be required as we expand our business activities, but we do not foresee any significant difficulties in obtaining additional office facilities if deemed necessary.

We do not own any real property.

ITEM 3. Legal Proceedings

There are no pending legal proceedings to which we are a party or in which any director, officer or affiliate of ours, any owner of record or beneficially of more than 5% of any class of our voting securities, or security holder is a party adverse to us or has a material interest adverse to us.

ITEM 4. Mine Safety Disclosures

Not Applicable.

PART II

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

a) Market Information

Our common shares are quoted on the OTCQB under the symbol “VXEL”. Trading in stocks quoted on the OTC Markets is often thin and is characterized by wide fluctuations in trading prices due to many factors that may be unrelated to a company’s operations or business prospects. We cannot assure you that there will be a market in the future for our common stock.

OTC Markets securities are not listed or traded on the floor of an organized national or regional stock exchange. Instead, OTC Markets securities transactions are conducted through a telephone and computer network connecting dealers in stocks. OTC Markets issuers are traditionally smaller companies that do not meet the financial and other listing requirements of a regional or national stock exchange. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

b) Holders

As of March 4, 2020 the Company 1,861 stockholders of record. This figure does not include those shareholders whose certificates are held in the name of broker-dealers or other nominees.

c) Dividend Policy

The Company has never paid cash dividends on its common stock and does not anticipate paying dividends in the foreseeable future. Declaration or payment of dividends, if any, in the future, will be at the discretion of our board of directors and will depend on our then current financial condition, results of operations, capital requirements and other factors deemed relevant by the board of directors. There are no contractual restrictions on our ability to declare or pay dividends.

d) Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights and number of shares of restricted stock (a)	Weighted-average exercise price of outstanding options, warrants and rights (excluding restricted stock reflected in column (a)) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	—	\$ —	—
Equity compensation plans not approved by security holders	3,100,290	\$ —	36,899,710
Total	3,100,290	\$ —	36,899,710

On January 18, 2016, our board of directors and stockholders approved, the 2016 Equity Incentive Plan (“2016 Plan”), which reserves a total of 10,000,000 shares of our Common Stock for issuance under the 2016 Plan. As described below, incentive awards authorized under the 2016 Plan include, but are not limited to, incentive stock options within the meaning of Section 422 of the internal Revenue Code of 1986, as amended (the “Code”). If an incentive award granted under the 2016 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with the exercise of an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2016 Plan.

The number of shares of our Common Stock subject to the 2016 Plan, any number of shares subject to any numerical limit in the 2016 Plan, to the terms of any incentive award or to any combination of the foregoing, is expected to be adjusted in the event of any change in our outstanding our Common Stock by reason of any stock dividend, spin-off, split-up, stock split, reverse stock split, recapitalization, reclassification, Share Exchange, consolidation, liquidation, business combination or exchange of shares or similar transaction.

In 2017, the Company issued 3,100,290 shares of our Common Stock under the 2016 Plan. Out of the 3,100,290 shares of our Common Stock, the Company granted and issued 1,000,000 shares of common stock of the Company to Dato Lim Hui Boon, President of the Company; 1,000,000 shares of common stock of the Company to Leong Yee Ming, CEO of the Company; and 1,000,000 shares of common stock of the Company to Lim Wee Kiat, Chairman of the Board. As at December 31, 2017, the Company has balance of 6,899,710 shares of our Common Stock under the 2016 Plan.

In December 2017, the Board of Directors of the Company increased the number of shares under the 2016 Plan to 40,000,000 shares.

In 2018, the Company did not issue any shares options under the 2016 Plan.

As of December 31, 2018, and March 19, 2019, respectively, there were an aggregate of 3,100,290 shares issued under the 2016 Plan with no additional shares issuable upon exercise of Options granted under the plan in year 2018. As of March 19, 2019, there were an aggregate of 6,899,710 shares of common stock remaining eligible for issuance pursuant to the 2016 Plan, as amended to date.

During the year ended December 31, 2019, the Company did not issue any shares options under the 2016 Plan.

Administration

The compensation committee of the Board, or the Board in the absence of such a committee, will administer the 2016 Plan. Subject to the terms of the 2016 Plan, the compensation committee or the Board has complete authority and discretion to determine the terms upon which awards may be granted under the 2016 Plan.

Recent Sales of Unregistered Securities

There were no unregistered sales of securities during the period covered by this report that were not previously reported in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the year ended December 31, 2019, there were no repurchases of the Company's common stock by the Company.

ITEM 6. Selected Financial Data

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this Item.

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the results of operations and financial condition for the years ended December 31, 2019 and 2018 should be read in conjunction with our consolidated financial statements and the notes to those consolidated financial statements that are included elsewhere in this Annual Report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. See “Forward-Looking Statements.”

Overview

Vitaxel Group Limited is the holding company for Vitaxel SDN BHD (“Vitaxel”), and Vitaxel Online Mall SDN BHD (“Vionmall”), both of which are wholly owned subsidiaries of the Company and both of which were, incorporated under the laws of the Country of Malaysia.

Vitaxel is a global direct selling, multi-level marketing (“MLM”) company offering travel, entertainment, lifestyle and other products and services principally through electronic commerce commonly referred to as e-commerce.

Vionmall is an e-commerce business for retail sales direct to consumers. We do not develop or manufacture the products and services which we offer.

Results of Operations

For the year ended December 31, 2019 compared to December 31, 2018

Revenue

We recognized revenue of \$83,508 and \$35,191 for the years ended December 31, 2019 and 2018 respectively. The increase in revenue for the year ended December 31, 2019 to the year ended December 31, 2018 was attributable to the launch of VTrips under Vionmall, whereby VTrips offer travel packages through its online platform to the public and members of Vitaxel.

Cost of Sales

Cost of sales for the year ended December 31, 2019 was \$74,122 compared to \$12,636 for the year ended December 31, 2018. The increase for the year ended December 31, 2019 was due to the increase of revenue of \$83,508 for the year ended December 31, 2019 as compared to the revenue for the year ended December 31, 2018 of \$35,191.

Gross Profit

Gross profit for the year ended December 31, 2019 was \$9,386 compared to \$22,555 for the year ended December 31, 2018. Gross margin for the year ended December 31, 2019 was 11%, compared to 64% for the year ended December 31, 2018. Higher gross profit margin in December 31, 2018 was primarily attributable to the sales to Vitaxel Corp. (Thailand) Limited. The Company entered into a Sale and Purchase Agreement dated July 2, 2018 to sell all the shares it owns in Vitaxel Corp. (Thailand) Limited for total proceeds of \$10,000. The sale was completed on July 2, 2018.

Operating Expenses

For the year ended December 31, 2019, we incurred total operating expenses in the amount of \$995,057 composed of selling expenses of \$1,437 and general and administrative expenses totaling \$993,620. For the year ended December 31, 2018, we incurred total operating expenses in the amount of \$1,471,447, composed of selling expenses of \$5,706 and general and administrative expenses totaling \$1,465,741. The decrease of \$4,269, or 75% for the selling expenses and the decrease of \$472,121, or 32% for the administrative expenses, caused total operating expenses to decrease by \$476,390 or 32%.

Liquidity and Capital Resources

As of December 31, 2019, we had a cash balance of \$63,436. During the year ended December 31, 2019, net cash used in operating activities totaled \$378,281. Net cash used in investing activities totaled \$34,152. Net cash used in financing activities during the period totaled \$526,641. The resulting change in cash for the period was \$940,961, which was primarily due to cash used in repayment to related parties.

As of December 31, 2018, we had a cash balance of \$1,004,397. During the year ended December 31, 2018, net cash used in operating activities totaled \$1,352,525. Net cash used in investing activities totaled \$690,169. Net cash generated from financing activities during the period totaled \$2,377,144. The resulting change in cash for the period was a of \$313,198, which was primarily due to cash provided from the proceeds received from related parties.

As of December 31, 2019, we had current liabilities of \$4,846,865, which was composed of amount due to related parties of \$4,372,856, other payable of \$340,112, commission payables of \$133,743 and accounts payable of \$154.

As of December 31, 2018, we had current liabilities of \$5,392,409, which was composed of amount due to related parties of \$4,862,363, other payable of \$381,514, commission payables of \$138,118 and accounts payable of \$10,414

We had net liabilities of \$4,668,067 and \$4,152,733 as of December 31, 2019 and December 31, 2018, respectively.

We have incurred losses since its inception resulting in an accumulated deficit of \$9,587,918 as of December 31, 2019, and further losses are anticipated in the development of its business raising substantial doubt about our ability to continue as a going concern. The ability to continue as a going concern is dependent upon us generating profitable operations in the future and/or obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they become due. Our failure to do so may result in us not being able to continue as an operating company.

Grand Legacy License; Transaction With Affiliate

On January 5, 2017, we entered into a License Agreement (the “Agreement”) with Grande Legacy Inc., a company incorporated in the British Virgin Islands. Pursuant to the Agreement, we granted Grande Legacy Inc. an exclusive, non-transferable, revocable license to use our trademarks, brands, logos or service marks to market and operate our business and commercialize our online shopping and service platform, including but not limited to our online shopping mall known as “Vionmall”, in the United States of America, South Korea, Japan and other parts of the world as agreed to by the Company from time to time. The term of the Agreement is three years with a possibility of renewal for another three years. The Agreement provides that Grande Legacy Inc. is in charge of all initial costs of setting up its business in United State of America, South Korea, Japan and other parts of the world agreed to by the Company. Grande Legacy Inc. is required to pay us a revenue share of 55% of the net profits for every three-month period.

On January 1, 2019, we amended the Licensing Agreement with Grande allowing them to provide their marketing activities in Singapore and further changing our royalty payment from 55% of net profit to 4% of revenue. We believe that these changes will allow us to generate revenue regardless of whether Grande Legacy Inc. is able to generate net profit or not, and will also avoid dispute as to calculations of net profits. During the year ended December 31, 2019, the Company received royalty income of \$16,527 from Grande Legacy Inc.

We have the following related party relationships with Grande Legacy Inc.: (i) our Chief Executive Officer, Leong Yee Ming owns 2 shares, or 50% of Grande Legacy Inc.’s issued and outstanding shares, and is a principal executive officer and a director Grande Legacy Inc.; and (ii) our President, Dato Lim Hui Boon’s brother Lim Hui Sing, owns 2 shares, or 50% of Grande Legacy Inc.’s issued and outstanding shares, and is a director of Grande Legacy Inc. However, Lim Hui Sing does not stay with any of the immediate family of the President of the Company, Mr Lim Hui Boon. He is considered to be independent party towards the said family. He is also not an officer nor a director of the Company

Grand Legacy Acquisition Termination; Continuation of License Agreement

On December 15, 2017, we entered into an agreement for the acquisition of Grand Legacy with its shareholders, Lim Hui Sing and Leong Yee Ming (together, the “Sellers”) and Vitaxel Sdn. Bhd., our wholly-owned subsidiary for the acquisition of Grande Legacy Inc. (“Grande Legacy”) (the “Acquisition”), a company incorporated in the British Virgin Islands. As consideration for the transaction, the Company was required to issue to each of the Sellers 37,500,000 shares of the Company’s common stock, or at total of 75,000,000 shares (the “Consideration Shares”).

Among the conditions to closing of the Acquisition, the parties agreed that:

- The Company and Grande Legacy were required to complete the audit of Grande Legacy and the consolidated audited financial statements of the Company and Grande Legacy reflecting such transaction.
- The Company would issue the 75,000,000 Consideration Shares to the Sellers within 30 days of the Company’s obtaining all shareholder approvals necessary to approve the issuance of said shares and to amend the Company’s Certificate of Incorporation by increasing its capitalization to facilitate such issuance.

While Grande Legacy was able to deliver its audited financial statements, the Company did not obtain the shareholder approval consents necessary to increase its capitalization so that it can issue the Consideration Shares.

On September 17, 2018, the Company was notified by Grande Legacy of their intent to terminate the Acquisition since the requisite approvals for issuance of the Consideration Shares and the audit was not completed. After extended deliberation and negotiation, the Company determined that the cost in completing the transaction would likely outweigh the benefits of completion of the Acquisition. Accordingly, the Company allowed the Acquisition to terminate and entered into a Termination and Release Agreement with Grande Legacy on December 5, 2018.

Other than expenses incurred in connection with the Acquisition transaction, the Company did not pay any consideration and no Consideration Shares were issued. In addition, no penalties were payable by either party.

Notwithstanding the foregoing termination of the Acquisition, the License Agreement between the Company and Grande Legacy entered into on January 5, 2017, as amended, is still in full force and effect.

Other

On August 15, 2016, we entered into a License Agreement with Vitaxel Corp (Thailand) Ltd., a limited liability entity and incorporated in Thailand, as amended on August 21, 2016 to, among other things, extend the term from three years with a three-year renewal term to 10 years with a 10-year renewal term. Pursuant to this agreement, we granted Vitaxel Corp. (Thailand) Ltd. an exclusive, non-transferable, revocable license to use our trademarks, brands, logos or service marks to market and operate our business and commercialize our online shopping and service platforms, including but not limited to our online shopping mall known as “Vionmall”, in Thailand. We and or our subsidiaries will have the right of first refusal to acquire Vitaxel Corp. (Thailand) Ltd. if its shareholders decide to dispose its assets or company. Vitaxel Corp (Thailand) Ltd. is in charge of all initial costs of setting up our business in Thailand. Vitaxel Corp (Thailand) Ltd. shall pay us a revenue share of 70% of the net profits.

We have the following material relationships with Vitaxel Corp (Thailand) Ltd.: (i) we own 48% of Vitaxel Corp (Thailand) Ltd’s issued and outstanding shares; (ii) our Secretary and Chairman, Lim Wee Kiat, and one of its directors, Leong Yee Ming, each own one share, or 0.00005% of Vitaxel Corp (Thailand) Ltd’s issued and outstanding shares, and hold positions on Vitaxel Corp (Thailand) Ltd’s Board of Directors; and (iii) our President, Dato Lim Hui Boon, owns 200 shares, or 1.0% of Vitaxel Corp (Thailand) Ltd’s issued and outstanding shares, and is a member of Vitaxel Corp (Thailand) Ltd.’s Board of Directors.

On July 2, 2018, we entered into an agreement with one independent third party to dispose the entire shareholding in Vitaxel Corp (Thailand) Ltd. for total proceeds of \$10,000. The disposal was completed on July 2, 2018. The License Agreement between the Company and Vitaxel Corp (Thailand) Ltd. entered into on August 15, 2016 is still in full force. The Company did not receive any royalty payment from Vitaxel Corp (Thailand) Ltd during the year ended December 31, 2019 and 2018.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons.

Critical Accounting Policies and Estimates

There are no material changes in the critical accounting policies set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Please refer to Note 2 Summary of Significant Accounting Policies of the Financial Statements for disclosures regarding the critical accounting policies related to our business.

Recently Issued Accounting Standards

Our recently issued accounting standards are included in Note 2 Summary of Significant Accounting Policies of the Financial Statements for disclosures regarding the critical accounting policies related to our business.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 8. Financial Statements and Supplementary Data

VITAXEL GROUP LIMITED

FINANCIAL STATEMENTS

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Vitaxel Group Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Vitaxel Group Ltd. (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of loss and comprehensive loss, stockholders' equity and cash flows, for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has accumulated losses of \$9,587,918 since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2018
Vancouver, Canada
April 06, 2020



An independent firm
associated with Moore
Global Network Limited

VITAXEL GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
(In U.S. dollars)

	As of December 31, 2019	As of December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 63,436	\$ 1,004,397
Accounts receivable	—	82
Amount due from related parties	5,132	4,928
Inventories	17,450	32,585
Other receivables, prepayments and other current assets	30,559	55,954
Total Current Assets	<u>116,577</u>	<u>1,097,946</u>
Non-current assets		
Property and equipment, net	62,221	141,730
Total Non-Current Assets	<u>62,221</u>	<u>141,730</u>
TOTAL ASSETS	<u>\$ 178,798</u>	<u>\$ 1,239,676</u>
CURRENT LIABILITIES		
Amounts due to related parties	\$ 4,372,856	\$ 4,862,363
Commission payables	133,743	138,118
Accounts payable	154	10,414
Accruals and other payables	340,112	381,514
Total current liabilities	<u>4,846,865</u>	<u>5,392,409</u>
TOTAL LIABILITIES	<u>4,846,865</u>	<u>5,392,409</u>
Commitments and Contingencies (Note 10)		
STOCKHOLDERS' EQUITY		
Preferred stock par value \$0.0001: 1,000,000 shares authorized; and 0 outstanding	—	—
Common stock par value \$0.0001: 70,000,000 shares authorized; 54,087,903 and 54,087,903 shares issued and outstanding, respectively	5,409	5,409
Additional paid-in capital	4,749,798	4,749,798
Accumulated deficit	(9,587,918)	(9,111,400)
Accumulated other comprehensive income	164,644	203,460
Total Stockholders' Equity	<u>(4,668,067)</u>	<u>(4,152,733)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 178,798</u>	<u>\$ 1,239,676</u>

The accompanying notes are an integral part of the consolidated financial statements.

VITAXEL GROUP LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(In U.S. dollars)

	For the Years Ended December, 31	
	2019	2018
REVENUE	\$ 83,508	\$ 35,191
COST OF REVENUE	(74,122)	(12,636)
GROSS PROFIT	9,386	22,555
OPERATING EXPENSES		
Selling expense	(1,437)	(5,706)
General and administrative expenses	(993,620)	(1,465,741)
Total Operating Expenses	(995,057)	(1,471,447)
LOSS FROM OPERATIONS	(985,671)	(1,448,892)
OTHER INCOME / (EXPENSE), NET		
Management fee income	480,000	240,000
Other income	88,016	1,346
Bad debts	(82)	(430,600)
Impairments	(23,208)	(612,056)
Other expense	(35,573)	(84,724)
Total other income / (expense), net	509,153	(886,034)
NET LOSS	\$ (476,518)	\$ (2,334,926)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Foreign currency translation adjustment	(38,816)	98,189
TOTAL COMPREHENSIVE LOSS	\$ (515,334)	\$ (2,236,737)
Weighted average number of common shares outstanding - basic and diluted	54,087,903	54,087,903
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.04)

The accompanying notes are an integral part of the consolidated financial statements

VITAXEL GROUP LIMITED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Stated in US Dollars)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other comprehensive income (loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2017	54,087,903	\$ 5,409	4,749,798	\$ (6,776,474)	\$ 105,271	\$ (1,915,996)
Net loss	—	—	—	(2,334,926)	—	(2,334,926)
Foreign currency translation adjustment	—	—	—	—	98,189	98,189
Balance, December 31, 2018	54,087,903	\$ 5,409	4,749,798	\$ (9,111,400)	\$ 203,460	\$ (4,152,733)
Net loss	—	—	—	(476,518)	—	(476,518)
Foreign currency translation adjustment	—	—	—	—	(38,816)	(38,816)
Balance, December 31, 2019	<u>54,087,903</u>	<u>\$ 5,409</u>	<u>4,749,798</u>	<u>\$ (9,587,918)</u>	<u>\$ 164,644</u>	<u>\$ (4,668,067)</u>

The accompanying notes are an integral part of the consolidated financial statements.

VITAXEL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (476,518)	\$ (2,334,926)
Items not involving cash:		
Depreciation – property, plant and equipment	84,512	51,594
Impairment on long term investments	—	612,056
Impairment on amount due from related parties	—	279,810
Impairment on amount due from associate company	—	150,790
Impairment on accounts receivable	82	—
Property and equipment written off and disposal	29,149	50,986
Inventories written off	23,208	829
Changes in operating assets and liabilities:		
Accounts receivable	—	(82)
Other receivables, prepayments and other current assets	25,395	(11,649)
Inventories	(8,073)	(4,889)
Accounts payable	(10,260)	(20,992)
Commission payables	(4,375)	(14,753)
Accrued expense and other payables	(41,402)	(111,299)
Net cash used in operating activities	<u>(378,282)</u>	<u>(1,352,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from associate	—	(47,766)
Purchase of short-term investment	—	(629,151)
Purchase of property, plant and equipment	(34,152)	(13,252)
Net cash used in investing activities	<u>(34,152)</u>	<u>(690,169)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to directors	—	(40,491)
(Repayment to) / Proceeds from related parties	(526,640)	2,417,635
Net cash (used in) / provided by financing activities	<u>(526,640)</u>	<u>2,377,144</u>
EFFECT OF EXCHANGE RATES ON CASH	<u>(1,887)</u>	<u>(21,252)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(940,961)</u>	<u>313,198</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,004,397</u>	<u>691,199</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 63,436</u>	<u>\$ 1,004,397</u>
SUPPLEMENTAL OF CASH FLOW INFORMATION		
Cash paid for interest expenses	<u>\$ —</u>	<u>\$ —</u>
Cash paid for income tax	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of the consolidated financial statements.

VITAXEL GROUP LIMITED

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS

(In U.S. dollars)

1. ORGANIZATION AND BUSINESS

Vitaxel Group Limited (the “Company” or “Vitaxel”), incorporated in Nevada, is engaged in direct selling industry and online shopping platform primarily through its operating entities in Malaysia.

Vitaxel SDN BHD (“Vitaxel SB”), was incorporated in Malaysia on August 10, 2012. The Company is primarily engaged in the direct selling industry utilizing a multi-level marketing model with an emphasis on travel, entertainment and lifestyle products and services.

Vitaxel Online Mall SDN BHD (“Vionmall”), was incorporated in Malaysia on September 22, 2015. The Company is primarily in developing online shopping platforms geared to Vitaxel and its members and the third-party suppliers of products and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Company’s financial statements are expressed in U.S. dollars.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. On consolidation, all intercompany balances and transactions are eliminated. The Company owns 100% interest in both of its subsidiaries, Vitaxel SB and Vionmall.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. Significant areas of estimate include useful lives of property and equipment, impairment of long-term assets and deferred income tax obligations. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Foreign currency translation and transactions

The functional currency of the Company is the Malaysian Ringgit (“MYR”) and reporting currency of the Company is United States Dollar (“USD”). The financial statements of the Company are translated into USD using the exchange rate as of the balance sheet date for assets and liabilities and average exchange rate for the year for income and expense items. Translation gains and losses are recorded in accumulated other comprehensive income or loss as a component of shareholders’ equity.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments, which are unrestricted from withdrawal or use, and which have original maturities of three months or less when purchased.

Accounts receivable

Accounts receivable are recognized and carried at original invoiced amount less an allowance for any potential uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. The Company generally does not require collateral from its customers. For the year ended December 31, 2019 and 2018, the Company write off \$82 and \$0 respectively of its accounts receivable as bad debts. For the year ended December 31, 2019 and 2018, the Company has provided an impairment on the amount due from HWGG of \$0 and \$279,810 respectively, and an impairment of \$0 and \$150,790 on the amount due from Vitaxel Thailand Co. Ltd respectively.

Fair value of financial instruments

FASB ASC 820, "Fair Value Measurement," specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As of December 31, 2019 and 2018, none of the Company's assets and liabilities was required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivables, payables and accrued liabilities, approximate their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the periods presented.

Inventories

Inventories consist of finished goods. Inventories are stated at lower of cost or net realizable value, with cost determined on a weighted-average method, and not to exceed net realizable value. The Company writes down its inventory balances for obsolete amounts estimated on an individual basis for the finished goods. For the year ended December 31, 2019 and 2018, the Company wrote down \$23,208 and \$829 respectively, of its inventories that have been obsolete.

Long-term investment

The Company's interests in associated companies are accounted for under equity method under U.S. GAAP. Under the equity method, if the Company's share of losses of an associated company equals or exceeds the amount of investment plus advances made by the Company, the Company ordinarily discontinues including its share of losses and the investment is reported at nil value. If the associated company subsequently reports net income, the Company will resume applying the equity method only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

Property and equipment, net

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Office equipment	5 years
Computer equipment	5 years
Furniture and fixtures	5 years
Electrical & fitting	5 years
Motor vehicle	5 years
Software and website	5 years
Leasehold improvement	5 years

The residual values, useful lives and methods of depreciation of property and equipment are reviewed and adjusted if appropriate, on an annual basis. During the financial year ended December 31, 2018, the Company has revised the estimated useful of Computer equipment and Software and website from 10 years to 5 years. During the financial year ended December 31, 2019, the Company has revised the estimated useful of all assets from 10 years to 5 years.

Revenue recognition

Effective January 1, 2018, the Company recognizes revenue pursuant to FASB Accounting Standards Codification 606 (“ASC 606”) Revenue from Contracts with Customers, the standard applies a five step model (i) The standard applies to a company’s contracts with customers (ii) The unit of account for revenue recognition under the new standard is a performance obligation (a good or service) and the performance obligations will be accounted for separately if they are distinct (iii) The transaction price is determined based on the amount of consideration that a company expects to be entitled to from a customer (iv) The transaction price is allocated to all the separate performance obligations in an arrangement, and (v) Revenue will be recognized when an entity satisfies each performance obligation by transferring control of the promised goods or services to the customer. Goods or services can transfer at a point in time or over time.

Product sales – The Company recognizes revenue when it satisfies each performance obligation by transferring control of the goods to the independent members or purchasers of the products. Product sales are recognized net of product returns, discounts and taxes. A reserve for product returns is accrued based on historical experience. There was no deferred revenue accrued as of December 31, 2019 and 2018.

Membership fee – The Company recognizes the membership fee revenue over the term of the membership, which is 12 months. The revenue will not be recognized until the 10 days cooling-off period is expired. For the year ended December 31, 2019 and 2018, all membership fees were waived by the Company for promotion purpose, except for only 2 renewal fees totaling to \$30 recognized in December 31, 2018.

ASC was adopted January 1, 2018 and applied using the partial retrospective method. There was no impact from the adoption of ASC 606 on the Company’s accounting for revenue.

Commission expense

Commission expense incurred by the Company is recognized as cost of revenue and as a liability (commission payable in the consolidated balance sheet. Commission expense is not recoverable once recognized and is expensed as incurred.

Income Taxes

Income taxes are determined using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes that date of enactment. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

U.S. Corporate Income Tax

The Company is subject to U.S. corporate income tax on its taxable income at a rate of up to 21% for taxable years beginning after December 31, 2017 and U.S. corporate income tax on its taxable income of up to 35% for prior tax years. Recent U.S. federal tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Reform"), was signed into law on December 22, 2017. The U.S. Tax Reform significantly modified the U.S. Internal Revenue Code by, among other things, reducing the statutory U.S. federal corporate income tax rate from 35% to 21% for taxable years beginning after December 31, 2017; limiting and/or eliminating many business deductions; migrating the U.S. to a territorial tax system with a one-time transition tax on a mandatory deemed repatriation of previously deferred foreign earnings of certain foreign subsidiaries; subject to certain limitations, generally eliminating U.S. corporate income tax on dividends from foreign subsidiaries; and providing for new taxes on certain foreign earnings. Taxpayers may elect to pay the one-time transition tax over eight years, or in a single lump-sum payment. See Note 8 – Income Tax.

To the extent that portions of its U.S. taxable income, such as Subpart F income or global intangible low-taxed income ("GILTI"), are determined to be from sources outside of the U.S., subject to certain limitations, the Company may be able to claim foreign tax credits to offset its U.S. income tax liabilities. Any remaining liabilities are accrued in the Company's consolidated statements of comprehensive income and estimated tax payments are made when required by U.S. law.

Uncertain Tax Positions

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes are classified as a component of the provisions for income taxes. The Company did not recognize any income tax due to uncertain tax positions or incur any interest and penalties related to potential underpaid income tax expense as of December 31, 2019 and 2018.

Comprehensive loss

Comprehensive loss includes net loss and cumulative foreign currency translation adjustments and is reported in the Consolidated Statement of Comprehensive Loss.

Loss per share

The loss per share is computed using the weighted average number of shares outstanding during the fiscal years. For the years ended December 31, 2019 and 2018, there was no dilutive effect due to net loss.

Related party transactions

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include (a) affiliates of the registrant; (b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; (c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (d) principal owners of the Company; (e) management of the Company; (f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (g) Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. The financial statements include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of financial statements is not required in those statements. The disclosures shall include: (a) the nature of the relationship(s) involved; (b) description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; (c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and (d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Topic 842 is effective for public companies for annual reporting periods beginning after December 15, 2018, including interim periods within those fiscal years. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability, measured on a discounted basis, on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. Originally, entities were required to adopt ASU 2016-02 using a modified retrospective approach, which required prior periods to be presented under this new standard with certain practical expedients available. However, in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which allows entities the option of recognizing the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption while continuing to present all prior periods under previous lease accounting guidance. The Company adopted Topic 842 as of January 1, 2019 which did not result in any impact on the Company's financial statements as the Company did not have leases with terms longer than 12 months.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which improves fair value disclosure requirements by removing disclosures that are not cost beneficial, clarifying disclosures' specific requirements and adding relevant disclosure requirements. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted and an entity can choose to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. The adoption of ASU 2018-13 is not expected to have a material impact on the consolidated financial statements.

In December 2019, the FASB issued ASU2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, with the intent to reduce the complexity in accounting for income taxes. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, and early adoption is permitted. The accounting update removes certain exceptions to the general principles in ASC 740 as well as provides simplification by clarifying and amending existing guidance. The Company is currently assessing the impact of the new standard on the consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the Securities and Exchange Commission ("SEC") did not, or are not believed by management, to have a material impact on the Company's present and future consolidated financial statements.

Reclassification: Certain reclassifications have been made to the prior period amounts to conform to the current period's presentation.

3. GOING CONCERN

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

For the year ended December 31, 2019, the Company reported a net loss of \$476,518 and had a working capital deficit of \$4,730,288. The Company had an accumulated deficit of \$9,587,918 as of December 31, 2019.

The continuation of the Company as a going concern is dependent upon improving the profitability and the continuing financial support from its stockholders or other capital sources. Management believes that the continuing financial support from the existing shareholders or external debt financing will provide the additional cash to meet the Company's obligations as they become due. There is no certainty that further funding will be available as needed. These factors raise substantial doubt about the ability of the Company to continue operating as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of the Company's ability to continue as a going concern.

4. **OTHER RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS**

Other receivables, prepayments and other current assets consist of the following:

	<u>As of December 31, 2019</u>	<u>As of December 31, 2018</u>
Deposits (1)	\$ 20,824	\$ 47,161
Prepayments (2)	9,203	8,555
Others (3)	532	238
	<u>\$ 30,559</u>	<u>\$ 55,954</u>

- (1) Deposits represented payments for rental, utilities and deposit payment to product suppliers.
- (2) Prepayments mainly consists of prepayment for insurance and IT related fees.
- (3) Others mainly consists other miscellaneous payments

5. LONG-TERM INVESTMENT

	As of December 31, 2019	As of December 31, 2018
Investment in associated companies		
Vitaxel Corporation Thailand Co., Ltd (1)		
Cost	\$ 27,539	\$ 27,539
Share of loss in investment in an associated company	(25,716)	(25,716)
Foreign currency translation adjustment	(1,823)	(1,823)
Total investment in associated companies	<u>—</u>	<u>\$ —</u>
Other long-term investments		
Ho Wah Genting Group Ltd (2)		
Cost	\$ 629,151	\$ 629,151
Impairment on carrying amount	(612,056)	(612,056)
Foreign currency translation adjustment	17,095	17,095
Total other long-term investments	<u>\$ —</u>	<u>\$ —</u>
Total Long-Term Investments	<u>\$ —</u>	<u>\$ —</u>

(1) On April 20, 2016, the Company invested 958,000 Thai Baht or \$27,539 in Vitaxel Corporation Thailand Co., Ltd., a company registered in Thailand, and holds 47.99% shares of it. The long-term investment is accounted using the equity method.

The Company entered into a Sale and Purchase Agreement dated July 2, 2018 to sell all the total and outstanding shares of Vitaxel Corporation Thailand Co. Ltd. for total proceeds of \$10,000. The disposal has been completed as of the date of this report.

As of December 31, 2018, the Company has provided impairment on the amount due from Vitaxel Corporation Thailand Co., Ltd of \$150,790.

(2) During the year ended December 31, 2018, the Company acquired 7,663,246 shares of common stock of Ho Wah Genting Group Limited (“HWGG”), which is listed on the U.S. OTC (Pink) Market (stock code: HWGG), for consideration of MYR2,466,993 or US\$629,151 from certain shareholders of HWGG. This resulted in ownership by the Company of approximately 1.53% of HWGG

The President of the Company, Dato’ Lim Hui Boon, is also the President of HWGG.

In the absence of active market participants and liquidity for HWGG stock based on the review of the trading history of this stock, management concluded that there is no active market for the stock. There is significant doubt about HWGG’s ability to continue as a going concern and thus the management deemed that the stock has no readily determinable fair value.

As of December 31, 2018, the Company has provided impairment of \$612,056 investment of HWGG.

6. PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following:

	As of December 31, 2019	As of December 31, 2018
Office equipment	\$ 28,100	\$ 36,163
Computer equipment	101,614	72,123
Furniture and fittings	8,123	7,557
Electrical & fitting	—	—
Motor vehicle	—	—
Software and website	16,589	12,757
Renovations	—	103,038
	<u>154,426</u>	<u>231,638</u>
Less: Accumulated depreciation	(92,205)	(89,908)
Balance at end of year	<u>\$ 62,221</u>	<u>\$ 141,730</u>

Depreciation expenses charged to the statements of loss and comprehensive loss for the years ended December 31, 2019 and 2018 were \$84,512 and \$51,594 respectively.

7. ACCRUALS AND OTHER PAYABLES

Accruals and other payables consist of the following:

	As of December 31, 2019	As of December 31, 2018
Provisions and accruals	\$ 38,224	\$ 67,989
Others (1)	301,888	313,525
Balance at end of year	<u>\$ 340,112</u>	<u>\$ 381,514</u>

(1) Other payables mainly consist of members allocated redemption points and commission payable.

8. INCOME TAX

Income taxes consisted of Malaysia income tax and U.S. income tax. Malaysia income tax rate is 24% (2018: 24%) and United States of America income tax rate is 21% (2018: 21%). A reconciliation of income taxes at statutory rates is as follows:

	For the year ended	
	December 31, 2019	December 31, 2018
Loss before income tax	\$ (476,518)	\$ (2,334,926)
Statutory rate	21%	21%
Expected income tax recovery	\$ (100,000)	\$ (490,000)
Permanent difference	21,000	179,000
Effect of change in tax rate	—	45,000
Change in valuation allowance	79,000	266,000
Income tax recovery	<u>\$ —</u>	<u>\$ —</u>

Deferred tax assets are as follows:

	For the year ended	
	December 31, 2019	December 31, 2018
Non-capital loss carry-forwards	\$ 816,000	\$ 761,000
Property and equipment	24,000	—
	<u>840,000</u>	<u>761,000</u>
Unrecognized deferred tax assets	(840,000)	(761,000)
Current tax expenses	<u>\$ —</u>	<u>\$ —</u>

Total loss carry-forward is \$1,014,597 for U.S and \$2,514,339 for Malaysia.

9. RELATED PARTY TRANSACTIONS

	As of December 31, 2019	As of December 31, 2018
Amount due from related parties		
Ho Wah Genting Berhad (1)	\$ 5,132	\$ 4,928
Total Amount due from related parties	<u>\$ 5,132</u>	<u>\$ 4,928</u>
Amount of due to related parties		
Ho Wah Genting Holiday Sdn Bhd (2)	—	170
Grande Legacy Inc. (3)	4,372,855	4,862,193
Balance at end of year	4,372,855	4,862,363
Total Amount due to related parties	<u>\$ 4,372,855</u>	<u>\$ 4,862,363</u>

The related parties' balances are unsecured, interest-free and repayable on demand.

- (1) The President of the Company, Dato' Lim Hui Boon, is also the Group President of Ho Wah Genting Berhad ("HWGB"), a company listed in Bursa Malaysia Main Market.

The Company recognized rent expenses of \$16,902 (2018 - \$20,840) to HWGB during the years ended December 31, 2019.

During the year ended December 31, 2019, the Company has mutually agreed to terminate the lease with HWGB.

(2) A director of the Company, Lim Wee Kiat, is also a director of Ho Wah Genting Holiday Sdn Bhd and of Vitaxel Sdn Bhd.

(3) A director of the Company, Leong Yee Ming, is also a director of Grande Legacy Inc.

On January 5, 2017, the Company executed a license agreement with Grande Legacy Inc (“GL”). The agreement grants GL exclusive use of Vitaxel Marks to operate a Vitaxel business in countries other than Malaysia, Singapore and Thailand. However, GL is still in the process of obtaining online payment gateway for its credit card sales, GL is currently engaging Vitaxel SB to collect credit card sales proceeds on its behalf.

On July 1, 2018, the Company signed an amendment to licensing agreement with GL, providing the revised terms of royalty payment. GL shall pay the Company royalty equal to 55% of net profits on a quarterly basis, commencing July 1, 2018. During the year ended December 31, 2018, the Company recognized \$nil royalty income due to GL incurring losses for the six months ended December 31, 2018.

On July 1, 2018, Vitaxel SB has entered into a management and administrative services agreement with GL. The agreement is to provide certain management and administrative support services for the operation of GL. For these services, Vitaxel SB shall charge a monthly management fee of \$40,000 to GL. For the year ended December 31, 2019 and 2018, the Company charged to GL management fee income of \$480,000 and \$240,000 respectively.

On January 1, 2019, the Company signed an amendment to licensing agreement with GL, providing the revised terms of royalty payment. GL shall pay the Company royalty equal to 4% of revenue on a quarterly basis, commencing January 1, 2019. During the year ended December 31, 2019, the Company recognized royalty income of \$16,527.

During the year ended December 31, 2019, the Company billed GL for product sales and VTrips income of \$8,031 and \$72,084 respectively.

(4) Total payment made in the form of compensation, which includes salary, bonus, stock awards and all other compensation have been made to the following:

	December 31, 2019	December 31, 2018
Dato' Lim Hui Boon	\$ 40,000	\$ 230,000
Lim Wee Kiat	52,154	65,158
Leong Yee Ming	49,256	50,612
	<u>\$ 141,410</u>	<u>\$ 345,770</u>

Vitaxel also paid a former director \$1,500 director's fee for the year ended December 31, 2019.

10. COMMITMENTS AND CONTINGENCIES

Capital Commitments

As of December 31, 2019, and 2018, Company has no capital commitments.

Operation Commitments

The total future minimum lease payments under the non-cancellable operating lease with respect to the office and the dormitory, as well as hardware trading platform as of December 31, 2019 are payable as follows:

2020	\$	39,824
Total	\$	<u>39,824</u>

Rental expense of the Company was \$76,532 and \$95,364 for the years ended December 31, 2019 and 2018, respectively.

11. SHAREHOLDERS' EQUITY

The Company has 1,000,000 shares authorized for preferred stock, with 0 outstanding during the year ended December 31, 2019 and 2018.

The Company also has 70,000,000 shares authorized for common stock, with 54,087,903 outstanding during the year December 31, 2019 and 2018.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

We maintain controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management including our principal executive and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Based upon their evaluation of those controls and procedures performed as of the end of the period covered by this report, our principal executive and principal financial officer concluded that our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting.

Leong Yee Ming, our Chief Executive Officer, and Lim Wee Kiat, our Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Chief Executive and Chief Financial Officer assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in *Internal Control — Integrated Framework (2013)*. A material weakness, as defined by SEC rules, is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Our management has carried out an evaluation, with the participation and under the supervision of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), of the effectiveness of the design and operation of our disclosure controls and procedures, as of December 31, 2019. Based upon their participation in that evaluation, the CEO and CFO concluded that the disclosure controls and procedures were effective as of December 31, 2019.

Accordingly management believes, based on its knowledge, that (1) this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made not misleading with respect to the period covered by this report, and (2) the financial statements, and other financial information included in this report, fairly present in all material respects our financial condition, results of operations and cash flows for the years and periods then ended.

This report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management’s report in this report.

Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting during the fourth quarter of the year ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information.

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

Below are the names of and certain information regarding the Company's current executive officers and directors:

Name	Age	Position(s)
Lim Wee Kiat	39	Chairman (Director), Secretary and Chief Financial Officer
Dato Lim Hui Boon	68	President
Leong Yee Ming	52	Chief Executive Officer and Director

Directors are elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified. Directors are elected by a plurality of the votes cast at the annual meeting of stockholders and hold office until the expiration of the term for which he or she was elected and until a successor has been elected and qualified.

A majority of the authorized number of directors constitutes a quorum of the Board of Directors for the transaction of business. The directors must be present at the meeting to constitute a quorum. However, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors individually or collectively consent in writing to the action.

Executive officers are appointed by the Board of Directors and serve at its pleasure.

The principal occupation and business experience during the past five years for our executive officer and directors is as follows:

Lim Wee Kiat – Chairman of the Board of Directors, Chief Financial Officer and Secretary

Lim Wee Kiat has served as our Chairman of the Board of Directors and Secretary since January 18, 2016, and since August 21, 2017 has served as our Chief Financial Officer. He has more than 10 years business experience with 5 years in the area of multi-level marketing and management. He has served as a Director and as President for Vitaxel since December 2013. Since June 2010, he has served as Executive Director for Ho Wah Genting Berhad in Kuala Lumpur, Malaysia ("Ho Wah Genting"), a public Malaysian corporation where his responsibilities include implementation of strategies, policies and decisions. Since December 2013, he has served in Kuala Lumpur, Malaysia as Vitaxel's Chief Executive Officer. From April 2008 until March 2014 he served in Kuala Lumpur, Malaysia as Executive Director for HWG Tin Mining SDN BHD, a subsidiary of Ho Wah Genting. From June 2011 until August 2013 he served in Kuala Lumpur, Malaysia as a Non-Executive Director for Connect County Holdings Berhad and from February 2014 until December 2014 as its Deputy Chief Executive Officer. He is a graduate of the University of Nottingham (United Kingdom) where he received a Bachelor of Science Degree in Computing and Information Systems in 2003. Lim Wee Kiat's extensive experience in the industry led to the decision to appoint him to our board of directors

Dato Lim Hui Boon – President

Dato Lim Hui Boon has served as our President since March 15, 2016. He is a self-made businessman who, since his early ventures into the transportation business has, over the years, expanded into various sectors including hospitality, entertainment, mining and manufacturing. He started his business in transport and travel marketing overseas customers for Genting Group. He is the founder of the Ho Wah Genting Berhad ("HWGB") Group of Companies which includes Ho Wah Genting Berhad, Ho Wah Genting Transport & Tour SDN BHD and Ho Wah Genting Coach Manufacturing SDN BHD. Through Dato Lim Hui Boon's leadership, HWGB was successfully listed on the Second Board of Kuala Lumpur Stock Exchange in December 1994, and later transferred to Main Board of Bursa Malaysia Securities BHD in November 2000.

He was designated as the Group President to the Board of HWGB after his resignation as an Executive Director and Chairman on June 14, 2011. He is also the founder of CVM Mineral Limited, a mining and manufacturing of magnesium ingot. The company was listed on the main board of Hong Kong Stock Exchange in December 2008. He later served as a President of the company from November 2009 to February 2013. Dato Lim Hui Boon also held other directorship due to his experience. He was the Director of HWG International Singapore Limited (listed on Singapore Exchange) from 1995 to 1998 and the Director of Paragon Union Berhad (listed on Bursa Malaysia) from 1997 to 1998. He also holds positions as an Honorable Committee Member of the Kuala Lumpur and Selangor Hwee Ann Association and a member of the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry. In May 2015, Dato' Lim Hui Boon received an Honorary Professorship from the University of International Business and Economics, Beijing, China. Dato Lim Hui Boon's extensive experience in the industry led to the decision to appoint him to our board of directors.

Leong Yee Ming – Chief Executive Officer and Director

Leong Yee Ming has served as our Chief Executive Officer and as a Director since January 18, 2016. He has more than 30 years of field and management experience in business, particularly in the network-marketing industry. Since November 2015, he has also served as the chief executive officer for Vitaxel Sdn. Bhd. From December 2013 until May 2015 he served as Chief Executive Officer for Grande Life, Inc. and Grand Legacy, Inc., corporations which he co-founded which are engaged in relationship marketing and lifestyle programs. From February 2011 until November 2013 he was a strategic consultant for MLM Co., in Asia and the United States. From April 2009 until January 2011 he was a Pioneer Leader/1st Diamond Executive in Kuala Lumpur, Malaysia for Asia – Velocity International Inc. From May 2005 until January 2009 he was the chief operating officer for Gano iTouchLife Worldwide Inc., a company which he co-founded in Singapore. From December 2002 until March 2005 he was a Pioneer Leader, International Systems Trainee and 8-Star Distributor for Tiens Health Development SDN BHD in Kuala Lumpur, Malaysia. Leong Yee Ming's extensive experience in the industry led to the decision to appoint him to our board of directors.

Director Independence

We are not currently subject to listing requirements of any national securities exchange or inter-dealer quotation system which has requirements that a majority of the board of directors be "independent" and, as a result, we are not at this time required to have our Board of Directors comprised of a majority of "independent directors."

Committees

The Board has no standing committees.

Audit Committee Financial Expert

Our Board does not currently have any member who qualifies as an audit committee financial expert. We believe that the cost related to retaining such a financial expert at this time is prohibitive. Further, because we are in the start-up stage of our business operations, we believe the services of an audit committee financial expert are not warranted at this time.

Potential Conflict of Interest

Since we do not have an audit or compensation committee comprised of independent Directors, the functions that would have been performed by such committees are performed by our Board. Thus, there is a potential conflict of interest in that our Directors have the authority to determine issues concerning management compensation, in essence their own, and audit issues that may affect management decisions. We are not aware of any other conflicts of interest with any of our executives or Directors, other than with respect to decisions that relate to Grand Legacy in that our Chief Executive Officer, Leong Yee Ming owns 2 shares, or 50% of Grande Legacy Inc.'s issued and outstanding shares, and is a principal executive officer and a director Grande Legacy Inc.; and (ii) our President, Dato Lim Hui Boon's brother Lim Hui Sing, owns 2 shares, or 50% of Grande Legacy Inc.'s issued and outstanding shares, and is a director of Grande Legacy Inc.

Board's Role in Risk Oversight

The Board assesses on an ongoing basis the risks faced by the Company. These risks include financial, technological, competitive, and operational risks. The Board dedicates time at each of its meetings to review and consider the relevant risks faced by the Company at that time. In addition, since the Company does not have an Audit Committee, the Board is also responsible for the assessment and oversight of the Company's financial risk exposures.

Family Relationships.

Except for the father and son relationship between Dato Lim Hui Boon, our President, and Lim Wee Kiat our Chairman of the Board of Directors, Chief Financial Officer and Secretary, there are no family relationships among our directors or executive officers.

Involvement in Legal Proceedings.

To the best of our knowledge, during the past ten years, none of the following occurred with respect to our present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Code of Ethics and Business of Conduct

The Company does not currently have a written code of ethics and business of conduct policy.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who beneficially own more than 10% percent of our equity securities (“Reporting Persons”) to file reports of ownership and changes in ownership with the SEC. Based solely on our review of copies of such reports, all reporting persons complied with all applicable Section 16(a) filing requirements, other than a filing on Form 4 by Kay Wong-Alfariz when he resigned as a director on March 31, 2019.

Shareholder Communications

We have not yet established a process for shareholder communications.

ITEM 11. Executive Compensation

Summary Compensation Table

The table below sets forth certain information about the compensation awarded to, by or paid to our Chief Executive Officer and the other executive officers for the years ended December 31, 2019 and December 31, 2018.

Name and Principal Position	Year	Salary (US\$)	Bonus (US\$)	Stock Awards (US\$) (2)	All Other Compensation (US\$)	Total (US\$)
Dato’ Lim Hui Boon (President)	2019	40,000	-0-	-0-	-0-	40,000
	2018	230,000	-0-	-0-	-0-	230,000
Lim Wee Kiat (Chairman, Secretary and CFO)	2019	52,789	-0-	-0-	6,560	59,349
	2018	53,589	-0-	-0-	11,569	65,158
Leong Yee Ming (CEO)	2019	49,856	-0-	-0-	-0-	49,856
	2018	50,612	-0-	-0-	-0-	50,612

We have no plans in place and have never maintained any plans that provide for the payment of retirement benefits or benefits that will be paid primarily following retirement including, but not limited to, tax qualified deferred benefit plans, supplemental executive retirement plans, tax-qualified deferred contribution plans and nonqualified deferred contribution plans.

Except as indicated below, we have no contracts, agreements, plans or arrangements, whether written or unwritten, that provide for payments to the named executive officers listed above.

Outstanding Equity Awards at Fiscal Year-End

We have one compensation plan approved by our board of directors and stockholders, the 2016 Plan.

As of the end of our last completed fiscal year, we had no outstanding equity awards.

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

On November 1, 2015 Vitaxel entered into a Consulting Services Agreement (the “Consulting Agreement”) with Leong Yee Ming pursuant to which Leong Yee Ming provides management services. The Consulting Agreement expires July 31, 2016. Pursuant to the Consulting Agreement, Leong Yee Ming receives a monthly consulting fee of RM12,000 per month (approximately US\$2,740 per month) and an expense allowance of RM2,000 per month. Effective January 1, 2017, Leong Yee Ming monthly consulting fee has been increased to RM17,000 per month (approximately US\$4,156 per month), with no longer any expense allowance. The Consulting Agreement may be terminated by either party by providing the other with written notice of termination not less than one month prior to the date of termination.

Since April 1, 2014, Lim Wee Kiat has served as a Director and Director of Operations for Vitaxel at a monthly salary of RM5,000 (approximately US\$1,142 per month). Lim Wee Kiat also receives a monthly expense allowance of RM2,000 per month. Effective April 1, 2017, Lim Wee Kiat salary has been increased to RM18,000 per month (approximately US\$4,400 per month), with no longer any expense allowance. He is eligible to receive performance-based bonuses at the discretion of Vitaxel on December 31 of each year of employment. During the financial ended December 31, 2019, Lim Wee Kiat did not receive any bonuses. Either party may terminate the employment arrangement by providing the other with three-months’ advance written notice or the payment of three-months’ salary in lieu of notice. During the term of his employment by Vitaxel, Lim Wee Kiat may not engage in any employments which conflict with Vitaxel’s business or interests.

Other than as set forth above, none of the Company’s executive officers have employment agreements directly with the Company, although they may enter into such agreements in the future.

Director Compensation

Neither we, Vitaxel or Vionmall have compensated our directors, in their capacities as such, since our respective formations.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information relating to the beneficial ownership of our Common Stock at March 4, 2020, by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding shares of Common Stock;
- each of our directors;
- each of our named executive officers; and
- all current directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days through the exercise of any stock option, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by such person.

The percentage of shares beneficially owned is computed on the basis of 54,087,903 shares of common stock outstanding as of March 4, 2020. Shares of common stock that a person has the right to acquire within 60 days are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated below, the address for each beneficial owner listed in the table is c/o Vitaxel Group Limited Wisma Ho Wah Genting, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur, Malaysia.

Name of Beneficial Owner	Amount and nature of beneficial ownership	Percent of class
<i>Directors and Executive Officers</i>		
Lim Wee Kiat	7,696,553	14.23%
Dato Lim Hui Boon	1,000,000	1.85%
Leong Yee Ming	1,843,621	3.41%
<i>5% Stockholders:</i>		
Lim Ooi Hong (1)	4,453,071	8.23%
Lim Chun Yen (2)	12,263,345	22.67%
<i>All directors and executive officers as a group (6 persons)</i>	11,010,642	20.36%

(1) Lim Ooi Hong's address is No.2A Jalan Setia Tropika u13/20B Setia Eco Park, Selangor, Shan Alam 40170, Malaysia.

(2) Lim Chun Yen's address is 792 Cameron East Tower, BIK 3B, Gasing Heights Condo, Petaling Jaya, Selangor, 46000, Malaysia.

Changes in Control Agreements

Our management is not aware of any arrangements which may result in “changes in control” as that term is defined by the provisions of Item 403(c) of Regulation S-K, currently.

ITEM 13. Certain Relationships and Related Transactions and Director Independence.

Except as disclosed below, since January 1, 2017 none of the following persons has had any direct or indirect material interest in any transaction to which our Company was or is a party, or in any proposed transaction to which our Company proposes to be a party:

- any director or officer of our Company;
- any proposed director or officer of our Company;
- any person who beneficially owns, directly or indirectly, shares carrying more than 5 percent of the voting rights attached to our common stock; or
- any member of the immediate family of any of the foregoing persons (including a spouse, parents, children, siblings, and in-laws).

The following, (in addition to the transaction and agreements described in “Item 11. Executive Compensation”) reflects the related party transactions since January 1, 2017 that exceed the lesser of (i) \$120,000 or (ii) one percent of the average of our total assets at year-end for the last two completed fiscal years:

Our President, Dato Lim Hui Boon, is also the Group President of Ho Wah Genting Berhad, a company listed in Bursa Malaysia Main Market. As of December 31, 2019, and 2018, Ho Wah Genting Berhad owed the Company \$5,132 and \$4,928 respectively. The Company also recognized an expense of rent totaling \$16,902 and \$20,840 during the year ended December 31, 2019 and 2018 respectively. During the year ended December 31, 2019, the Company has mutually agreed to terminate the lease with Ho Wah Genting.

Our Chairman and Secretary, Lim Wee Kiat, is also on the board of directors of Ho Wah Genting Holiday Sdn Bhd.

A director of the Company, Leong Yee Ming, is also a director of Grande Legacy Inc. On January 5, 2017, the Company executed a license agreement with Grande Legacy Inc (“GL”). The agreement grants GL exclusive use of Vitaxel Marks to operate a Vitaxel business in countries other than Malaysia, Singapore and Thailand. However, GL is still in the process of obtaining online payment gateway for its credit card sales, GL is currently engaging Vitaxel SB to collect credit card sales proceeds on behalf.

On July 1, 2018, the Company signed an amendment to licensing agreement with GL, providing the revised terms of royalty payment. GL shall pay the Company royalty equal to 55% of net profits on a quarterly basis, commencing July 1, 2018. During the year ended December 31, 2018, the Company recognized \$nil royalty income due GL incurring losses for the 6 months ended December 31, 2018.

On July 1, 2018, Vitaxel SB has entered into a management and administrative services agreement with GL. The agreement is to provide certain management and administrative support services for the operation of GL. For these services, Vitaxel SB shall charge a monthly management fee of \$40,000 to GL. For the year ended December 31, 2019 and 2018, Vitaxel SB charged to GL management fee income of \$480,000 and \$240,000 respectively.

On January 1, 2019, Vitaxel SB signed an amendment to licensing agreement with GL, providing the revised terms of royalty payment. GL shall pay Vitaxel SB royalty equal to 4% of revenue on a quarterly basis, commencing January 1, 2019. Vitaxel SB recognized royalty income of \$16,528 for the year ended December 31, 2019.

During the year ended December 31, 2019 and 2018, the Company incurred general and administrative expenses of \$nil and \$295,647 respectively, related to the operations of GL for no fee.

We currently do not have a policy in place for dealing with related party matters.

Director Independence

We are not subject to listing requirements of any national securities exchange or national securities association and, as a result, we are not at this time required to have our board comprised of a majority of “independent directors.”

ITEM 14. Principal Accountant Fees and Services.

Audit Fees.

The aggregate fees billed in each of the fiscal years ended December 31, 2019 and December 31, 2018 for professional services rendered by the principal accountant for the audit of our annual financial statements and quarterly review of the financial statements included in our Form 10-K and Form 8-K, respectively, or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$18,000 and \$39,313, respectively.

Audit-Related Fees.

For each of the fiscal years ended December 31, 2019 and 2018, there were no fees billed for services reasonably related to the performance of the audit or review of the financial statements outside of those fees disclosed above under “Audit Fees.”

Tax Fees.

For fiscal year ended December 31, 2019, we did not engage any professional services rendered for tax services. The professional services rendered for tax services for fiscal year ended December 31, 2018 was \$1,200.

All Other Fees.

None.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Given the small size of our Board as well as the limited activities of our Company, our Board acts as our Audit Committee. Our Board pre-approves all audit and permissible non-audit services. These services may include audit services, audit-related services, tax services, and other services. Our Board approves these services on a case-by-case basis.

Pre-Approval of Audit and Permissible Non-Audit Services

We have not yet established an audit committee. Until then, there are no formal pre-approval policies and procedures. Nonetheless, the auditors engaged for these services are required to provide and uphold estimates for the cost of services to be rendered. The percentage of hours expended on Dale Matheson Carr-Hilton Labonte LLP engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant’s full-time, permanent employees was 0%.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules.

(1) Financial Statements and Report of Independent Registered Public Accounting Firm.

(2) Financial Statement Schedule: None.

(3) Exhibits

Exhibit No.	Exhibit Description
2.1	Share Exchange Agreement, dated as of January 18, 2016, by and among the Registrant, Vitaxel SDN BHD (“VXEL”), Vitaxel Online Mall SDN BHD (“VXELOM”), the Shareholders of VXEL and the Shareholders of VXELOM (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
3.1	Articles of Incorporation of the Company (incorporated by reference from the Registrant’s Registration Statement on Form S-1 filed on January 5, 2015)
3.2	Amended and Restated Articles of Incorporation of the Registrant as filed with the Nevada Secretary of State on January 8, 2016 (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 11, 2016)
3.3	Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Form S-1 filed with the SEC on January 5, 2015)
4.1*	Description of Common Stock
10.1	Split-Off Agreement, dated as of January 18, 2016, by and among the Registrant, Albero Enterprise Corp. and Andriy Berezhnyy (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.2	General Release Agreement, dated as of January 18, 2016, by and among the Registrant, Albero Enterprise Corp. and Andriy Berezhnyy (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.3	Registrant’s 2016 Equity Incentive Plan (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.4	Letter of Transfer, dated April 1, 2014 and Employment Agreement, dated April 1, 2014 between Vitaxel and Lim Wee Kiat (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.5	Consulting Agreement, dated November 1, 2015, between Vitaxel and Leong Yee Ming (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.6	Letter of Appointment, dated March 24, 2015, between Vitaxel and Lee Wei Boon (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.7	Letter of Appointment, dated December 1, 2014, between Vitaxel and Yee Hing Yip (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)
10.8	Letter of Appointment, dated February 6, 2015, between Vitaxel and Lim Boon Seng (incorporated by reference from the Registrant’s Current Report on Form 8-K filed on January 22, 2016)

- 10.9 [Letter of Appointment, dated October 28, 2015, between Vionmall and Wong Chien Nan \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 22, 2016\)](#)
- 10.10 [Travel Agency Services Contract dated November 1, 2015 between Vitaxel SDN BHD and Ho Wah Genting Holiday SDN BHD \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 22, 2016\)](#)
- 10.11 [License Agreement by and between Vitaxel Group Limited and Vitaxel Private Limited dated August 6, 2016 \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on August 11, 2016\)](#)
- 10.12 [License Agreement by and between Vitaxel Group Limited and Vitaxel Corp \(Thailand\) Ltd. dated August 15, 2016, as amended on August 21, 2016 \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on August 21, 2016\)](#)
- 10.13 [Share Sale Agreement among Lim Hui Sing, Leong Yee Ming, Vitaxel Sdn. Bhd. And Vitaxel Group Limited \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on December 19, 2017\)](#)
- 10.14 [Agreement among Lim Hui Song, Leong Yee Ming, Vitaxel Sdn. Bhd. and Vitaxel Group Limited \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 22, 2018\)](#)
- 10.15 [License Agreement dated as of January 5, 2017 between Vitaxel Group Limited and Grande Legacy Inc. \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 22, 2018\)](#)
- 10.16 [Termination and Release Agreement between Vitaxel Group Limited and Grande Legacy Inc., a British Virgin Island Company, dated as of December 5, 2018 \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on December 7, 2018\)](#)
- 16.1 [Letter from Li and Company PC dated November 23, 2015 to the Securities and Exchange Commission \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on November 23, 2015\)](#)
- 16.2 [Letter from KLJ & Associates, LLP dated May 3, 2016 to the Securities and Exchange Commission \(incorporated by reference from the Registrant's Current Report on Form 8-K filed on May 4, 2016\)](#)
- 21.1* [Subsidiaries of the Registrant](#)
- 31.1* [Certification of the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(Rule 13a-14\(a\) or 15d-14\(a\) of the Exchange Act\)](#)
- 31.2* [Certification of the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(Rule 13a-14\(a\) or 15d-14\(a\) of the Exchange Act\)](#)
- 32.1* [Certification of the Principal Executive Officer pursuant to 18 U.S.C. as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 200](#)

32.2* [Certification of the Principal Financial Officer pursuant to 18 U.S.C. as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 200.](#)

101 INS* XBRL Instance Document

101 SCH* XBRL Taxonomy Schema

101 CAL* XBRL Taxonomy Extension Calculation Linkbase

101 DEF* XBRL Taxonomy Extension Definition Linkbase

101 LAB* XBRL Taxonomy Extension Label Linkbase

101 PRE* XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

ITEM 16. 10-K Summary.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VITAXEL GROUP LIMITED

Date: April 6, 2020

By: /s/ Leong Yee Ming
Leong Yee Ming
Chief Executive Officer (Principal Executive Officer)

Date: April 6, 2020

By: /s/ Lim Wee Kiat
Lim Wee Kiat
Chief Financial Officer (Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Leong Yee Ming</u> Leong Yee Ming	Chief Executive Officer (Principal Executive Officer) and a Director	April 6, 2020
<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Lim Wee Kiat</u> Lim Wee Kiat	Chief Financial Officer (Principal Financial Officer) and a Director	April 6, 2020

Description of Common Stock

The following summary description is based on the provisions of our Amended and Restated Articles of Incorporation (the “Articles of Incorporation”), our Bylaws, (the “Bylaws”), and the applicable provisions of the Nevada Revised Statutes (the “NRS”). This information may not be complete in all respects and is qualified entirely by reference to the provisions of our Articles of Incorporation, our Bylaws and the NRS. Our Articles of Incorporation and our Bylaws are filed as exhibits to this Annual Report on Form 10-K.

General

Our authorized capital stock consists of 70,000,000 shares of Common Stock, and 1,000,000 shares of undesignated preferred stock, \$0.0001 par value per share (“Preferred Stock”).

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of Preferred Stock outstanding at the time, the holders of outstanding shares of our Common Stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine.

Voting Rights

Each holder of our Common Stock is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our articles of incorporation, which means that the holders of a majority of our shares of Common Stock voted can elect all of the directors then standing for election.

Preemptive or Similar Rights

Our Common Stock is not entitled to preemptive rights and is not subject to conversion or redemption. The rights of the holders of our Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our Preferred Stock that our board of directors may designate and issue in the future.

Liquidation Rights

Upon our liquidation, dissolution, or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Common Stock and any participating Preferred Stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding shares of Preferred Stock and payment of other claims of creditors.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue up to 1,000,000 shares of our Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each series, to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of Preferred Stock, but not below the number of shares of that series then outstanding, unless approved by the affirmative vote of the holders of a majority of our capital stock entitled to vote, or such other vote as may be required by the certificate of designation establishing the series. Our board of directors may authorize the issuance of Preferred Stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the Common Stock.

The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our Common Stock and the voting and other rights of the holders of our Common Stock.

LIST OF SUBSIDIARIES

1. Vitaxel SDN BHD

 2. Vitaxel Online Mall SDN BHD
-

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
OF REGISTRANT PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(RULE 13a-14(a) or 15d-14(a) OF THE EXCHANGE ACT)**

I, Leong Yee Ming, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vitaxel Group Limited;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 6, 2020

By: /s/ Leong Yee Ming

Name: Leong Yee Ming

Title: Chief Executive Officer (principal executive officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
OF REGISTRANT PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(RULE 13a-14(a) or 15d-14(a) OF THE EXCHANGE ACT)**

I, Lim Wee Kiat, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vitaxel Group Limited;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 6, 2020

By: /s/ Lim Wee Kiat

Name: Lim Wee Kiat

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Vitaxel Group Limited (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 6, 2020

By: /s/ Leong Yee Ming

Name: Leong Yee Ming

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Vitaxel Group Limited (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 6, 2020

By: /s/ Lim Wee Kiat

Name: Lim Wee Kiat

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)
