

SOLIDARIDAD NETWORK ASIA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activities of Solidaridad Network Asia Limited (“the company”) are supporting organisations in developing countries working to combat poverty systematically and it is a not-for-profit organisation. The principal activities of its subsidiary are engaged in area of agricultural technology including technology development, technology consulting, technology transfer and technology services; computer software production (except for musical products and electronic publications); wholesale, import and export and commission agency (except for auction) of edible agricultural products, computer, software and supporting equipment, and to provide associated services and commercial information consultancy (together “the group”).

DIVIDENDS

The directors do not recommend the payment of any dividend for the year.

DIRECTORS

The directors who held office during the year were: -

Directors of the company

Mahesh Haribhai MEHTA
Shahamin Sahadat ZAMAN
Shatadru CHATTOPADHAYAY
Subramaniam MUNUSAMY
Xiaohui LIANG
Jeroen DOUGLAS

Director of the subsidiary

Shatadru CHATTOPADHAYAY

In accordance with Articles of Association of the company, all directors continue in office.

PERMITTED INDEMNITY PROVISION

At no time during the year were there any permitted indemnity provisions in force for the benefit of one or more directors of the company or its subsidiary.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the company or its subsidiary.

EQUITY-LINKED ARRANGEMENTS

During the year, the company entered into no equity-linked agreement.

At the end of the year, the company subsisted of no equity-linked agreement.

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DIRECTORS' REPORT (CONT'D)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the company or its subsidiary a party to any arrangements to enable the directors of the company to acquire benefits by means of acquisition of shares or debentures of the company or any other body corporate.

BUSINESS REVIEW

In pursuant to section 388 and Schedule 5 of Hong Kong Companies Ordinance (Cap. 622), the directors have presented the business review regarding to the financial year ended 31 December 2020.

KEY RESULTS IN 2020

Good Practices

- 475,782 farmers reached with 383,026 hectares of land under sustainable management
- Facilitated 19,181,865 MT of sustainable production
- 150 estates, mines and factories adopted good practices

During 2016-2020, Solidaridad Asia promoted the adoption of good practices by farms and industry sites to ensure economic, social and environmental sustainability that helps bring people out of poverty. Good practices referred to not only a change in agriculture or industry practices, but also financial literacy, fair wages, protection of workers and legal compliance and use of digital solutions. During the five-year strategic period, Solidaridad Asia achieved the following milestones under good practices:

- Empowering farmers through innovation: Leveraged technological advances to increase speed and scale of field interventions and engaged with farmers to provide them with personalised information on production systems and market connectivity. This can be witnessed through digital applications like TRINITEA and I3SF, as well as developing partnerships with IDEA-Vodafone Foundation that facilitates integration of IOT-based solutions i.e. sensors, automatic weather stations etc. Further, during 2020, with the rise and spread of COVID-19, digital technology-enabled learning and knowledge sharing was used to facilitate delivery of timely and targeted information to farmers.
- Steering towards gender-inclusive initiatives: Worked towards integrating gender interventions in its programmes to ensure increased participation of women, particularly in leadership positions, in formation of collectives for trade and agriculture extension and in strengthening the existing collectives.
- Stewardship in responsible industrial, estate and factory processes: Advocated for and implemented good practices in industrial mineral extraction, mills and leather production. For example, the EO-based wastewater discharge has helped tanneries in minimising the release of total suspended solids (TSS) along with other reductions.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Good Practices (cont'd)

- Promoting circularity: Waste to wealth initiative was launched in India to reuse the leather waste and convert it to reusable materials like tiles, belts, purses and other products. A one of its kind supply chain intervention to strengthen the waste supply chains and reduce the land and water pollution. Initiated a pilot to recover, reduce, reuse and recycle PET bottles. 300 MN MT of PET bottles are now recycled reducing the plastic load. Additionally, built a model on tracing the source of waste generation with support from waste collectors to get segregated waste at the household level, after a round of orientation of families living in nearby localities. This was done in partnership with Plastx, an Australian company.
- Initiative expanding beyond good practices in agriculture and industries: Integrated socio-economic changes through awareness on health, nutrition, WaSH and finance. Solidaridad Asia work benefitted more than 100,000 families and increased their capacities at the grass roots on WASH, health, nutrition, environment and gender.

Robust Infrastructures

- 50,000 farmers through a federated model, now own the Village Super Market- A market transformative initiative
- 1,531 producer groups promoted
- 630 rural entrepreneurs supported

Solidaridad Asia has directly and indirectly engaged in the development and strengthening of supply chain interventions that support activities under good practices. Some of the main achievements include:

Village Super Market (VSM), a market transformation initiative in Bangladesh currently supports 15,000 farmers and has helped them gain right prices and quality-based pricing for their products.

- *“The weighing mechanism is better and accurate at SBIs. We sell our products to the SaFaL supply chain and not to other local places because we get accurate weight at SaFaL supply chains.” - Horticulture PG Members*

We promoted 630 entrepreneurs. Rural entrepreneurs and service providers help bridge the gap in extension, market access and input supply and act as a link between the FPOs and the farmers. For the promotion of rural entrepreneurs, training and capacity building programmes were implemented, including book-keeping, financial management and business planning. Across programmes and countries, entrepreneurs were supported to ensure availability of appropriate knowledge and farm equipment for farmers.

Across Asia, Solidaridad worked towards strengthening the capacities of FPOs and rural entrepreneurs with the objective of ensuring long-term sustainability and viability of their business operations, and better and sustained service delivery for farmers. Three FPOs were registered under the electronic future trading platform provided by the National Commodity & Derivatives Exchange (NCDEX).

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Robust Infrastructures (cont'd)

In 2016-2020, Solidaridad Asia also concentrated on leveraging the banking and finance sector. In Indonesia, Solidaridad Asia worked closely with the Credit Union Keling Kumang (CUKK) to extend the benefits of financial products to all of CUKK and strengthen their organisational capacity.

Enabling Policy Environment

- 20 policy recommendations made to public and private stakeholders across 37 MSPs
- 12,000 women dairy farmers empowered with digital technologies to have better control on revenue earned

Solidaridad Asia firmly believes that the manifestation of sustainable transformation is not a plausible outcome without effective and meaningful synergy between projects and related policies. Solidaridad Asia has been committed to policy engagements and availed multiple strategies to enable policy environments-from creating and empowering networks of stakeholders to providing advice, support and practical tools to public and private decision-makers for improved policy making and enforcement. The ultimate aim is to make sustainability the norm, moving from civil society organisation (CSO)-driven voluntary standards to mandatory frameworks. During 2016-2020, Solidaridad Asia took active initiatives in establishing multi-stakeholder platforms to enhance inclusive dialogue and decision-making and create an enabling policy environment for landscape and market governance. The organisation brought together key stakeholders, including producer organisations, local government authorities, businesses and civil society to identify opportunities of joint commitment towards addressing sustainability issues. This led to increased mutual understanding among the stakeholders and a recognition of each other's role in the value chain.

During this period, programmes like Asia Sustainable Palm Oil Network (ASPN) and Tea Asia resulted in the capacity development of producer associations across Asian countries, leading to unification of policies and aligned sustainability strategies. Through ASPN, Solidaridad has initiated building cooperation between national initiatives in Palm Oil in Malaysia (MSPO), India (IPOS) and Indonesia (ISPO). These efforts will lead to jointly develop mechanisms and a common understanding for large-scale implementation of sustainability frameworks to facilitate smallholders' inclusion, production and trade of sustainable palm oil. Efforts undertaken through Tea Asia resulted in the CTMA in China to set up the secretariat for the Indian, Indonesian and Chinese tea stakeholders. The apex members including tea organisations of all key Asian tea producing countries-CTMA (China), ITA (India), ITMA (Indonesia), Sri Lanka Tea Board (Sri Lanka) & Central Tea Association of Japan have pledged to hold joint campaigns to increase consumption of high-quality green and black tea in global markets and increase consumer awareness on varieties and qualities of tea and develop a common coordinated roadmap on sustainable development of tea sector globally.

Solidaridad Asia promoted 07 national sustainability standards across commodities of palm oil, tea, sugarcane, castor, Industrial minerals.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Sustainable Landscapes

Solidaridad Asia approach for landscape development is divergent from the commonly understood models of landscapes. We believe that ecology-based landscapes solutions will support the farmers in better management of climate change actions, business integration and policy actions. The Ganga Landscape project in India focussed on transforming two key sectors, sugarcane and leather, through sustainable land and water management in the Ganga basin for inclusive economic and environmental benefits. The programme facilitated the foundation of a multi-stakeholder platform that actively engaged in landscape planning and development around the Gangetic plain. The MSP has helped improve the adoption and uptake of technologies in the industrial cluster. In sugarcane growing areas, a 10-point charter was developed by the farmers for promotion of sustainable landscape around the Ganga basin. Solidaridad Asia also organised several advocacy programmes wherein women participants were invited and encouraged for contributing in the programmes by stating their perspective on water-use efficiency.

Solidaridad Asia's Sustainable Landscape Management programme in Indonesia facilitated integration of inclusive regional sustainable landscape management practices in the plans and policies of landscape stakeholders through the establishment of a Central Java Landscape multi-stakeholder platform (MSP)-Sekretariat Kawasan Pangan Berkelanjutan-SKPB. Dialogues, meetings and discussions were organised through the MSP with the government and stakeholders at the provincial, district and local level as well as at the national level on different aspects and issues of sustainable landscape management.

MOST SIGNIFICANT CHANGE STORY

The Digital Gateway to Empower Women Dairy Farmers

Dairy farming is a prominent source of income generation for the rural communities in Bangladesh. It is estimated that the smallholders in Bangladesh produce 90 per cent of the milk sold locally. Despite the high production, much of the milk produced is however sold in the informal market, without reaping a remunerative profit for the farmers. And a vast majority of these small dairy farmers in Bangladesh are women.

Meet Protiva

Protiva Biswas of the Shinga village in Dumuria sub-district of Khulna region has grown her dairy business from strength to strength over the past decade, but not without her share of challenges.

“Sale of milk was difficult. The local milkmen neither paid a fair price for the milk, nor the entire amount at one go. We had to go through financial hardship to survive,” says Protiva.

The women dairy farmers in Bangladesh face several challenges, including that of low yields due to poor cattle management, lack of quality feed and fodder, limited access to veterinary services and poor accessibility to markets. Most of all, they often do not receive the money in hand for the milk sold. Milk produced is usually carried for sale to the collection center by a male family member, to whom the price for the milk is paid.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Meet Protiva (cont'd)

Lack of ownership of income also leads to poor investments in raising the productivity of farm businesses. “We could not buy concentrated feed for the cattle for higher milk production,” she adds.

The prevailing social norms inhibit women farmers like Protiva from accessing productive resources such as knowledge and skills, market, dairy input etc. Limited mobility resulting primarily from the existing gender dynamics and power relations restrict these women’s abilities to exercise equal access to and control over financial and other productive resources.

Overcoming these barriers to bring equity and fairness to the women farmers in the formal milk supply chain was not easy. Since mobility, or the lack of it, was an issue, Solidaridad Asia established a pilot initiative of using digital medium to reach out to the women dairy farmers. The objective was to ensure that i) even if they are unable to attend the in-person training sessions, they could learn virtually through digital medium; ii) they can go back and listen to the training sessions whenever required.

The pilot programme also enabled these women farmers to gain access to the banking/mobile wallet systems. Thus, the money from the sale of milk could directly be transferred to the women’s bank account, giving them control over their income.

“We can now get fair value for quality and full amount paid in our own mobile wallet. We also get notification through SMS. I can keep track of the volume of milk supplied and the price through my mobile,” mentions Protiva.

Of Initiatives & Interventions

The digital solutions employed by Solidaridad Asia offer the following benefits:

- **Inclusion Through Integration (i2i) App:** The i2i app collects data from the milk collection centers (quality and quantity of milk delivered and the sale price of milk thereof) and links it with the mobile wallets of the women farmers. The MCC then transfers the money directly to the bank account of women. Solidaridad is partnering with bKash to provide the mobile wallets for the women farmers. BRAC Dairy is the off-taker for the milk from the milk collection centers operated by Solidaridad-trained entrepreneurs.
- **Interactive Voice Response (IVR) System for improved knowledge on good dairy farming practices:** An IVR system sends text and voice messages to women dairy farmers, providing information and training related to improved dairy farming practices, reinforcing the need for better cattle management.

Over the next two years, Solidaridad aims to reach out to 25,000 women farmers in Bangladesh’s Khulna and Jessore districts with these digital tools. The data gathered from the tools will enable the teams to improve the effectiveness of their programmes related to dairy farming and other commodities in the region.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Community Awareness

For the digital tools to be widely adopted by the women farmers, it is important that their family members understand the importance of financial inclusion for women farmers and support them to use the tools. Solidaridad is training community mobilisers on concepts such as gender inclusivity, women's empowerment, digital inclusion and financial management. About 1,500 community members, including the husbands, fathers, fathers-in-law and mothers-in-law of the women dairy farmers in the region have participated in the training sessions.

"The extensive training sessions and the money from milk sales reaching me directly has brought prosperity to my household. I can now buy quality feed for my cattle."

The programme activities include discussion on registration with the MCCs, improved dairy farming, women's empowerment and dairy advisory services.

"Farming excites me because I am now confident of supplying fresh and healthy milk to my family, the community and the people of my country following the best practices," concludes Protiva.

About SaFaL

Solidaridad has been actively working with women dairy farmers since 2012 as a part of the SaFaL (Sustainable Agriculture, Food Security and Linkages) programme. The initiative focusses on improved livestock management, input supply, breed development and market linkages. By training entrepreneurs in the community, SaFaL also promoted the establishment of 15 milk collection centres (MCCs), where women dairy farmers can sell the milk and get paid fair prices, based on the quality and quantity of milk delivered.

INNOVATION AREA RESULTS

Gender

Implementation and practice:

1. Gender action plan was formulated by gender focal persons of different projects; accordingly, the actions were taken.
2. A standalone project was conceived and implemented with support from USAID. The project aims at bringing women dairy farmers into formal supply chain.
3. The projects plans were integrated with aspects with the support of Gender Strategies and a ready reckoner of corresponding activities.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Knowledge Products:

1. Covid 19 has impacted women and men in different ways. A study was conducted in order to determine the impact of COVID-19 on women in South and South East Asia (represented by countries, Bangladesh, India, Sri Lanka and Indonesia) on attributes related to 1. Access and usage of technology and extension services related to farming practices 2. Financial inclusion 3. Livelihoods (farm and off farm) and entrepreneurship 4. Household power dynamics and 5. Health & nutrition including access to medical services and drinking water.
2. This report would further lead to formulation of strategies on gender inclusivity post COVID 19. Human Centred Design for technologies: As digital tools are being proposed and used in the dairy project, it was realised that the tools should be designed as per the needs and demand from women farmers who are supposed to use these tools. A study was conducted in Bangladesh to understand the need of the women farmers and accordingly the tools have been designed.

Internal Organisation

1. In the year 2020, all the new recruits were provided gender training during their induction and a separate training for all the staff was conducted for the team in China.
2. Internal Complaints Committee was formed as per the Anti Sexual Harassment policy formulated in the year 2018. The committee met every quarter to update the status of any incident reported and measures taken. Regular online meetings were held by the gender focal persons from different projects to keep an update of the gender interventions being implemented, promote cross learning and support each other.

Impact Investment

1. **Policy and Advocacy:** We participated in and contributed to several external forums, e.g. Sankalp, which had more than 5,000 attendees; Asia Venture Partner Network which had more than 1,000 attendees and SoCap with more than 1,000 attendees. A session on 'Policy Issues on Access to Finance' was organised internally that had about 100 attendees as part of a 'core group' for policy recommendation. Another online event on 'An Introduction to Impact Investing' from the Japanese lens highlighted the role and relevance of impact investing in Asia. These activities enabled Solidaridad Asia to play a prominent role in policy influencing by defining what impact investment is and how it should enable access to finance for MSMEs and farmers. They also create a bridge between Solidaridad's MASP 3, wherein access to finance is a key issue, and the role of impact investing in it, which acts as an accelerator.
2. **Implementation and Practice:** Structuring the Village Super Market (VSM) into a community-owned business remained a focal point of our work. The complexity around impact investing, managing private stakeholder interests, alignment with farmers' interest and the overall impact of COVID-19 have made it a long and complex but meaningful exercise. A financial and legal structure and a handover plan to the farmer community was made in 2020. We also completed the concept creation for the social-landscape theme ready for pilot (July 2021-22), which will lead to the design of a large-scale impact finance (impact bond), and wound up the flagship TRINITEA programme's e-commerce business plan.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Climate Change

We continued our efforts to strengthen the initiatives around climate change. New programmes were introduced in Malaysia and Indonesia that would result in adoption of climate adaptive, mitigative practices in Palm oil with improved productivity. 3 landscapes programmes firmly embedded actions that resulted in reduced carbon emissions. New varieties of seeds were developed in collaboration with Research agencies in Soy that shortens the crop cycle and negates the effects of early rainfall. Regenerative and Organic farming in Cotton was initiated and is now protecting the farmers from pest attacks. Solidaridad supported farmers were able to save part of their crops in comparison to other farmers in Soy inspite of a large-scale pest attack in India.

We participated and anchored workshops and learning sessions on Climate Change in the region and as a first, we developed "Climate Smart Index" that will be rolled out in 2021.

Digital Solutions

In Solidaridad Asia, information technology (IT) has been instrumental in developing technologies based on GIS software and GPS agriculture. Satellite imagery, drone and other aerial imagery. Major technology innovations have been focussed in areas such as the Internet of Things (IoT) and robotics, livestock technology, precision agriculture and artificial intelligence, machine learning, natural language processing and blockchain. We have developed about 31 products that are functioning in different parts of Asia, catering to 300,000 small farmers in various agri-sectors. Some of our products are mentioned:

Traceability applications:

- **TRINITEA:** Traceability-Factory app, Traceability-Agents app, Traceability-Drivers app, Traceability-Factory Managers app, TRINITEA website, TRINITEA analytics web app,
- **I2I** dairy Bangladesh. Dairy Dashboard.

Capacity Building Applications:

- Solibot
- Digital leaf disease recognition system,
- Event/programme management application,
- Leather Mgmt application
- Bentang Savit -Indonesia, Palm Oil Mgmt.
- I3SF sugar-Sugarcane Digital Village Web app

Data analytics and Management:

- Solidaridad Asia Dashboard,
- Industrial Mineral Dashboard,
- Bentang Savitt Dashboard, Malaysian Palm oil Mgmt.,

Waste management

- Smart-Bins Admin App, Smart bins Collection centre App , Smartbin Province App , Smart-bin Dashboard web App, Smart bin Local Authority App

Predictability using satellite imagery

- Pineapple Management application
- Soy Yield Prediction

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
DIRECTORS' REPORT (CONT'D)

AUDITORS

Lee, Au & Co., retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Lee, Au & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

APPROVAL OF DIRECTORS' REPORT

The report was approved by the directors on

On behalf of the board



Director
Shatadru CHATTOPADHAYAY
Hong Kong

**Independent Auditor's Report to the Members
of Solidaridad Network Asia Limited 禾眾亞洲有限公司**
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the consolidated financial statements of Solidaridad Network Asia Limited 禾眾亞洲有限公司 (“the company”) and its subsidiary (together “the group”) set out on pages 14 to 33, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in funds and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“the Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Hong Kong Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Lee, Au & Co.
Certified Public Accountants

HONG KONG:

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>EUR</u>	<u>2019</u> <u>EUR</u>
Project income	3	10,505,386	12,403,388
Project implementation cost		(9,166,555)	(11,080,658)
Gross surplus		1,338,831	1,322,730
Other income	4	107,278	76,829
Other net (loss)/gain	5	(182,395)	99,821
Administrative and other operating expenses		(882,703)	(714,265)
Surplus for the year	6	381,011	785,115

The notes on pages 19 to 33 form an integral part of these financial statements.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u> EUR	<u>2019</u> EUR
Surplus for the year	381,011	785,115
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>381,011</u>	<u>785,115</u>

The notes on pages 19 to 33 form an integral part of these financial statements.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 EUR	2019 EUR
Non-current assets			
Property, plant and equipment	9	7,567	12,538
Current assets			
Other receivables	11	451,282	926,005
Cash and bank balances		7,076,947	6,507,445
		7,528,229	7,433,450
Current liabilities			
Trade payables	12	(436,354)	(621,990)
Accrued charges	13	(586,170)	(466,923)
Deposits received	14	-	(56,385)
Restricted funds	15	(3,968,386)	(4,136,815)
		(4,990,910)	(5,282,113)
Net current assets		2,537,319	2,151,337
NET ASSETS		2,544,886	2,163,875
RESERVES			
Accumulated surplus		2,544,886	2,163,875

Approved and authorised for issue by the board of directors on
and signed on its behalf.

Director
Shatadru CHATTOPADHAYAY

Director
Jeroen DOUGLAS

The notes on pages 19 to 33 form an integral part of these financial statements.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated surplus
	<u>EUR</u>
Balance at 1 January 2019	1,378,760
Changes in funds for 2019	
Total comprehensive income for the year	785,115
Balance at 31 December 2019	
and 1 January 2020	<u>2,163,875</u>
Changes in funds for 2020	
Total comprehensive income for the year	381,011
Balance at 31 December 2020	<u><u>2,544,886</u></u>

The notes on pages 19 to 33 form an integral part of these financial statements.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u> EUR	<u>2019</u> EUR
Cash flows from operating activities		
Surplus for the year	381,011	785,115
Adjustments for:		
Depreciation	6,581	6,116
Interest income	(58)	(2,870)
	<u>387,534</u>	<u>788,361</u>
Operating surplus before working capital changes	387,534	788,361
Decrease in other receivables	474,723	498,792
(Decrease)/increase in trade payables	(185,636)	33,458
Increase/(decrease) in accrued charges	119,247	(655,781)
Decrease in deposit received	(56,385)	(51,434)
Decrease in restricted funds	(168,429)	(283,056)
	<u>571,054</u>	<u>330,340</u>
Net cash generated from operating activities	571,054	330,340
Cash flows from investing activities		
Payment for the purchase of property, plant and equipment	(1,610)	(9,318)
Interest received	58	2,870
	<u>(1,552)</u>	<u>(6,448)</u>
Net cash used in investing activities	(1,552)	(6,448)
Net increase in cash and cash equivalents	569,502	323,892
Cash and cash equivalents at 1 January	6,507,445	6,183,553
	<u>7,076,947</u>	<u>6,507,445</u>
Cash and cash equivalents at 31 December	7,076,947	6,507,445
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	7,076,947	6,507,445

The notes on pages 19 to 33 form an integral part of these financial statements.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

1. General information

Solidaridad Network Asia Limited is a limited company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is located at Rooms 1318-20, Hollywood Plaza, 610 Nathan Road, Mongkok, Kowloon, Hong Kong. The company is supporting organisations in developing countries working to combat poverty systematically. The principal activities of its subsidiary are engaged in area of agricultural technology including technology development, technology consulting, technology transfer and technology services; computer software production (except for musical products and electronic publications); wholesale, import and export and commission agency (except for auction) of edible agricultural products, computer, software and supporting equipment, and to provide associated services and commercial information consultancy.

2. Basis of preparation and accounting policies

(a) Statements of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for PEs) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the group is set out below.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the company and its subsidiary (together referred to as the “group”).

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS for PEs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS for PEs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 18.

2. Basis of preparation and accounting policies (cont'd)

(c) Subsidiary

Subsidiary is an entity that are controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from the activities.

A subsidiary is fully consolidated from the date on which control is transferred to the group and is de-consolidated from the date that control ceases. The results of subsidiary acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated financial statements present financial information about the group as a single economic entity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profits and losses resulting from intragroup transactions are eliminated in full unless the losses indicate an impairment that requires recognition in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with those used by other members of the group. The financial statements of the company and of its subsidiary used in the preparation of the consolidated financial statements are prepared as of the same reporting date (equivalent to the date of the statement of financial position of the company).

Non-controlling interests in the net assets of consolidated subsidiary are presented separately from the group's equity therein. Non-controlling interests in net assets consist of the amount of those interests at the date of the original business combination and the share of changes in equity by the non-controlling parties since the date of the combination. Losses applicable to the non-controlling parties in excess of the non-controlling interest in the subsidiary equity are allocated to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

(d) Property, plant and equipment

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Computer	33 1/3%
Office equipment	20%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

2. Basis of preparation and accounting policies (cont'd)

(e) Impairment of assets

At each date of the statement of financial position, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If an estimated recoverable amount is less than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment loss for goodwill is irreversible in subsequent period.

(f) Other receivables

Other receivables are measured at initial recognition at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

(g) Leases

Leases where substantially all the risks and rewards incidental to ownership of the leased assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to profit or loss on straight-line basis over the lease term. Incentives such as rent-free period or subsidy on decoration, if any, are recognised as a reduction of rental expenses over the lease term on straight-line basis.

(h) Trade and other payables

Trade and other payables are measured at initial recognition at the transaction price and subsequently measured at amortised cost using the effective interest method.

2. Basis of preparation and accounting policies (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Translation of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Euro. at the rates of exchange ruling at the date of the statement of financial position. Transactions during the year are translated into Euro. at the rates of exchange ruling at the dates of the transactions. Profits and losses resulting from the above translation policy are included in profit or loss for the year.

2. Basis of preparation and accounting policies (cont'd)

(l) Related parties

- (a) A person, or a close member of that person's family, is related to the group if that person:
 - (i) has control or joint control over the group;
 - (ii) has significant influence over the group; or
 - (iii) is a member of the key management personnel of the group or the group's parent.
- (b) An entity is related to the group if any of the following conditions applies:
 - (i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of a third party.
 - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.
 - (viii) a person identified in (a)(ii) has significant influence over the entity or significant voting power in it.
 - (ix) a person or a close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the reporting entity.
 - (x) A member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the reporting entity or has significant voting power in it.

2. Basis of preparation and accounting policies (cont'd)

(m) Employee benefit obligations

Salaries, annual bonuses, paid annual leave, obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, and the cost of non-monetary benefits are recognised as expenses in profit or loss as incurred.

(n) Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the date of statement of financial position.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the date of statement of financial position, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

2. Basis of preparation and accounting policies (cont'd)

(o) Separate financial statements

The group regards the company-level statement of financial position of the company presented in notes to consolidated financial statements as a separate financial statement. In the separate financial statements, the investment in a subsidiary is measured at cost less impairment.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Project income

Income against the project is recognised to the extent of the project expenditure incurred subject to the availability of fund and the project expenditure to complete the project can be measured reliably.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

3. Project income

Project income represented income accrued from the execution of the project activities specified in the project agreement.

4. Other income

	<u>2020</u>	<u>2019</u>
	EUR	EUR
Bank interest income	58	2,870
Sundry income	107,220	73,959
	<u>107,278</u>	<u>76,829</u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

5. Other net (loss)/gain

	<u>2020</u> EUR	<u>2019</u> EUR
(Loss)/gain on exchange, net	(182,395)	99,821
	<u> </u>	<u> </u>

6. Surplus for the year

	<u>2020</u> EUR	<u>2019</u> EUR
The surplus for the year is stated after charging:-		
Auditors' remuneration	18,183	26,723
Depreciation	6,581	6,116
Overseas staff expenses (including directors' emoluments, note 7)	487,345	246,755
	<u> </u>	<u> </u>

7. Directors' emoluments

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:-

	<u>2020</u> EUR	<u>2019</u> EUR
Director fee	14,000	14,000
	<u> </u>	<u> </u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

8. Income tax

(a) As the group has not derived any profits from Hong Kong, no provision for current taxation is considered necessary.

(b) Reconciliation between tax expense and accounting surplus at applicable tax rate:-

	<u>2020</u> <u>EUR</u>	<u>2019</u> <u>EUR</u>
Surplus for the year	381,011	785,115
Tax at the applicable tax rate of 16.5% (2019: 16.5%)	62,867	129,544
Tax effect of non-deductible expense	1,086	1,009
Tax effect of non-taxable revenue	(63,953)	(130,553)
Tax expense	<u>-</u>	<u>-</u>

(c) There is no deferred tax asset or liability.

9. Property, plant and equipment

	<u>Computer</u> <u>EUR</u>	<u>Office</u> <u>equipment</u> <u>EUR</u>	<u>Total</u> <u>EUR</u>
Cost			
At 1 January 2020	9,613	19,471	29,084
Addition during the year	1,084	526	1,610
At 31 December 2020	10,697	19,997	30,694
Accumulated depreciation			
At 1 January 2020	7,015	9,531	16,546
Charge for the year	2,583	3,998	6,581
At 31 December 2020	9,598	13,529	23,127
Net book value			
At 31 December 2020	1,099	6,468	7,567
At 31 December 2019	2,598	9,940	12,538

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

10. Investment in a subsidiary

At 31 December 2020, the company held equity interest in the following subsidiary:

Name of subsidiary	Country of incorporation	Proportion of ownership interest held by the company		Principal activities
		2020	2019	
Solidaridad (Shanghai) Agricultural Technology Development Company Limited	People's Republic of China	100%	100%	Engage in area of agricultural technology including technology development, technology consulting, technology transfer and technology services; computer software production (except for musical products and electronic publications); wholesale, import and export and commission agency (except for auction) of edible agricultural products, computer, software and supporting equipment, and to provide associated services and commercial information consultancy.

11. Other receivables

	2020 EUR	2019 EUR
Sundry debtors	404,624	848,305
Deposit paid	16,783	18,833
Temporary advance	29,875	58,867
	451,282	926,005

12. Trade payables

	2020 EUR	2019 EUR
Trade payables	436,354	621,990

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

13. Accrued charges

	<u>2020</u> EUR	<u>2019</u> EUR
Auditors' remuneration	9,466	15,966
Foreign exchange difference	182,395	-
Professional and consultancy fee	394,309	450,957
	<u>586,170</u>	<u>466,923</u>

14. Deposits received

	<u>2020</u> EUR	<u>2019</u> EUR
Dimension Engineers Limited	-	56,385

15. Restricted funds

	<u>2020</u> EUR	<u>2019</u> EUR
Arkema France	11,689	(6,437)
BASF SE	39,832	(6,437)
Coca Cola USA	224,963	316,902
Earth Innovation Institute	31,115	40,677
Foundation Solidaridad Latino Americana	1,492	(6,552)
GIZ	4,191	32,211
IDH-The Sustainable Trade Initiative	1	1
IFC Bangladesh	2,509	10,307
Minister for Foreign Trade and Development Corporation	(14,969)	94,073
Netherlands Organisation for Scientific Research	59,844	90,686
Roundtable on Sustainable Palm Oil (RSSF)	(29,481)	2,528
Royal Netherlands Embassy – Bangladesh	978,595	375,704
RVO (Netherlands Enterprise Agency)	711,125	758,966
Solidaridad REC Europe	1,684,523	2,113,359
Solidaridad North America	66,769	71,256
STHAL	70,000	70,000
Unilever Asia Pvt Ltd.	116,737	153,881
Walton Family Foundation	9,451	25,690
	<u>3,968,386</u>	<u>4,136,815</u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

16. Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the group's consolidated equity is set out in the consolidated statement of changes in funds. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:

	Accumulated surplus <hr/> EUR
Balance at 1 January 2019	1,378,760
Changes in equity for 2019	
Total comprehensive income for the year	972,130
	<hr/>
Balance at 31 December 2019 and 1 January 2020	2,350,890
Changes in equity for 2020	
Total comprehensive income for the year	193,962
	<hr/>
Balance at 31 December 2020	<u><u>2,544,852</u></u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

17. Related party transactions and directors' interests in transactions, arrangements or contracts

(a) In addition to the transactions and balance detailed elsewhere in these financial statements, the group had the following transactions with related parties:-

	<u>2020</u> <u>EUR</u>	<u>2019</u> <u>EUR</u>
Project income receivable from Stichting Solidaridad	6,810,849	7,343,161
Project income receivable from Foundation Solidaridad Latino Americana	78,638	-
Project income receivable from Solidaridad REC North America	301,019	207,394
Consultancy expenses incurred for Solidaridad Network India Pvt. Ltd.	-	17,500
Network contribution expenses incurred for Solidaridad Network Foundation	-	124,751
	<u> </u>	<u> </u>

The amount due to/from Stichting Solidaridad, of EUR1,684,523 (2019: EUR2,113,359) is included in restricted fund, and EUR6,366 (2019: EUR494,668) is included in other receivables.

The amount due from Solidaridad Network India Pvt Ltd., of EUR30,574 (2019: EUR48,192) is included in other receivables.

The amount due to Solidaridad Greater China Limited, of EUR11,962 (2019: EUR11,962) is included in trade payables.

The amount due from/to Foundation Solidaridad Latino Americana, of EUR1,492 (2019: EUR6,552) is included in restricted fund.

The amount due to Solidaridad REC North America, of EUR66,769 (2019: EUR71,256) is included in restricted fund.

The amount due from Solidaridad Network Sri Lanka, of EUR338,874 (2019: EUR410,168) is included in other receivables.

The amount due to Solidaridad Regional Expertise Centre, of EUR203,586 (2019: EUR196,076) is included in other receivables.

The amount due from Yayasan Solidaridad Network Indonesia, of EUR114,540 (2019: EUR56,799) is included in other receivables.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

17. Related party transactions and directors' interests in transactions, arrangements or contracts (cont'd)

The amount due from Solidaridad SECAEC, of EURNil (2019: EUR4,418) is included in other receivables.

The amount due from ISH Solidaridad Japan, of EUR8,589 (2019: EURNil) is included in other receivables.

The amount due from Solidaridad Network Foundation, of EUR75,000 (2019: EURNil) is included in other receivables.

The amount due from Solidaridad Network Malaysia BHD, of EUR24,838 (2019: EURNil) is included in other receivables.

Balances with related parties are unsecured, interest-free and repayable on demand.

(b) Except for the related party transaction as disclosed above, no other transaction, arrangement or contract of significance to which the group was a party subsisted at the end of the year or at any time during the year in which any director had a material interest.

18. Key sources of estimation uncertainty

Key sources of estimation uncertainty and critical accounting judgements in applying the group's accounting policies are as follows:-

(a) Impairment on other receivables

The group assesses provision for impairment of other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to loan and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of loan and other receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and provision for impairment losses in the period in which such estimate has been change.

(b) Income taxes

Significant judgement is required in determining the offshore nature of the surplus derived from the group's project activities and whether it is subject to Hong Kong income tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2020

19. Company-level statement of financial position

	Note	2020 EUR	2019 EUR
Non-current assets			
Property, plant and equipment		7,567	12,538
Investment in a subsidiary	10	20,000	20,000
		<u>27,567</u>	<u>32,538</u>
Current assets			
Other receivables		559,819	1,164,624
Cash and bank balances		6,948,376	6,433,104
		<u>7,508,195</u>	<u>7,597,728</u>
Current liabilities			
Trade payables		(436,354)	(619,253)
Accrued charges		(586,170)	(466,923)
Deposits received		-	(56,385)
Restricted funds		(3,968,386)	(4,136,815)
		<u>(4,990,910)</u>	<u>(5,279,376)</u>
Net current assets		<u>2,517,285</u>	<u>2,318,352</u>
NET ASSETS		<u>2,544,852</u>	<u>2,350,890</u>
RESERVES			
Accumulated surplus	16	<u>2,544,852</u>	<u>2,350,890</u>

Approved and authorised for issue by the board of directors on
and signed on its behalf.

Director
Shatadru CHATTOPADHAYAY

Director
Jeroen DOUGLAS



SOLIDARIDAD NETWORK ASIA LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the years ended 31 December 2019 and 2020 included in this profit and loss statement do not constitute the company's specified financial statements for those years as defined in section 436 of the Hong Kong Companies Ordinance but is derived therefrom.

The company is required to deliver its specified financial statements to the Registrar of Companies and has done so.

Auditor's reports have been prepared on the specified financial statements for both years.

The auditor's reports for both years:

- (i) were not qualified or otherwise modified;
- (ii) did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the reports; and
- (iii) did not contain a statement under section 406(2) or 407(2) or (3) of the Hong Kong Companies Ordinance.

FOR MANAGEMENT PURPOSES ONLY
SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u> EUR	<u>2019</u> EUR
<u>Income from fund raising</u>		
Income-Project implementation	9,972,375	11,771,359
Income-Overhead support	533,011	632,029
	<u>10,505,386</u>	<u>12,403,388</u>
<u>Less: Project implementation cost</u>		
Sourced from restricted fund	9,353,604	10,893,533
	<u>1,151,782</u>	<u>1,509,855</u>
<u>Add: Other income</u>		
Bank interest income	58	2,759
Gain on exchange, net	-	99,822
Sundry income	107,220	73,959
	<u>107,278</u>	<u>176,540</u>
	<u>1,259,060</u>	<u>1,686,395</u>
<u>Less: Administrative and other overseas operating expenses</u>		
Auditors' remuneration	18,183	26,723
Boarding and lodging expenses	(1,704)	4,764
Depreciation	6,581	6,116
Directors' fee	14,000	14,000
Loss on exchange, net	182,395	-
Meeting and workshop expenses	11,306	12,998
Office expenses	79,804	146,446
Overseas staff expenses	487,345	232,755
Professional fee	219,385	203,012
Repairs and maintenance	13,147	13,109
Sundry expenses	17,415	12,895
Travelling expenses	17,241	41,447
	<u>1,065,098</u>	<u>714,265</u>
Surplus for the year	<u>193,962</u>	<u>972,130</u>