

SOLIDARIDAD NETWORK ASIA LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

# **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 2021.

### **PRINCIPAL ACTIVITY**

The principal activities of Solidaridad Network Asia Limited ("the company" / "Solidaridad Asia") 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

Gusti Muhammad HATTA

- appointed on 22 June 2021

#### 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.

# **SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**

## **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 2021.

#### **Introduction**

The year 2021 for Solidaridad Asia was a year of resilience, adaptation, and innovation. The team at Solidaridad Asia upheld the interest of farmers and workers through innovative digital outreach and market access. We continued to strive for policies that enable farmers welfare by establishing National Frameworks in Soy and mustard seed and medicinal plants ("MAPs") in India and Cotton in China. A multi-country scientific publication on the role of palm oil in nation development was unveiled in Sri Lanka. In the face of disruptions caused by the pandemic, reaching over 170,000 additional farmers in 2021 (Overall 620,000) is a testament of converting intent to reality. Solidaridad Asia delivered certification of Regenerative agriculture and obtained market commitments. Regional Alliances for Sustainable trade continue to grow stronger and contribute to the intent of market transformation.

#### **Main results per commodity in 2021**

##### **Soy**

In 2021, 62,752 soy farmers and 22,500 workers were trained on good soil management practices, bringing 81,000 hectares under sustainable management in India. Additionally, 40,882 farmers were trained in Bangladesh. The diversification with high-value crops like vegetables, MAPs proved to be a sound strategy, boosting the income position of 56,700 smallholder farming families. Together with the Soybean Processors Association of India (SOPA), Solidaridad Asia has facilitated the design and launch of the Indian Standard for Sustainable Soy (ISSS).

In Bangladesh due to the new varieties, there has been an increase in yield by 51%, income increase by 41% and reduction in the crop cycle for soybean from 120 days to 90-100 days.

##### **Tea**

Trinitea powered the expansion in reach with tea farmers. In 2021 the programme covered a total area of 41,400 hectares under climate management practices in India. 105,000 tea farm workers have improved their working conditions, of which over 60% are women (temporary) farmworkers. Crucial for the programme's rapid expansion has been the development, acceptance, and gradual inclusion of partnerships with key stakeholders like the India tea Association, United Planters of India, Tea Research Association, Bought Leaf Factory (in Bangladesh) and several Small Tea Growers associations, among others.



# **SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**

## **DIRECTORS' REPORT (CONT'D)**

### **BUSINESS REVIEW (CONT'D)**

#### **Cotton and Textile**

In 2021, 8,000 farmers covering 8,000 hectares of land adopted regenerative practices and got certified. Besides this, the program was able to certify 12,494 farmers under Organic Certification with a land area of 5,559 hectares. More than 20,000 farmers have started adopting water-efficient practices. It was estimated that nearly 3 billion liters of water use were saved due to the adoption of drips, rain gun and good practices on the ground. In China, Solidaridad Asia signed a Memorandum of Understanding with CNTAC (China National Textile and Apparel Council) to develop a sustainability framework for cotton for China.

#### **Minerals**

In 2021, 51 sites that are part of this programme continued and now are legally compliant in India and China. 13.12 million tons of minerals and salts were produced and traded by the certified mines. Additionally, to combat COVID-19, outreach activities were conducted covering 25 villages around the mining sites, with an estimated 15,000 beneficiaries.

#### **Palm Oil**

Solidaridad Asia brought together Industry experts, academicians, practitioners, nutritionists and social sector professionals from Indonesia, Malaysia, Netherlands, India and Sri Lanka to publish a report on Palm Oil "Truth and Myths". In Indonesia, 501 palm oil farmers were able to obtain land titles in West Kalimantan. Amongst many other benefits, obtaining legitimacy of the land titles makes farmers eligible for bank finances and government permissions and subsidies which are not otherwise available to them. The organisation strengthening of our partner Keling Kumang credit association (CUKK) resulted in over 75 million Euros in credit services to 204,000 smallholders. 8,387 smallholders, of which 50% women, received training on Financial Capability through a financial literacy program.

#### **Sugarcane**

Last year, due to our intervention, farmers adopted vermicomposting which has provided benefits of improved soil carbon leading to a 30% reduction in the cost of fertilizer application. Overall, the yield has gone up to 78.5 ton/ha as against 70 ton/ha in 2020 and 36 ton/ha in 2012 when the programme began. The programme created awareness and also distributed occupational safety and health kits (OHS) to 2000 farmers in 4 mills (in Karnataka). OHS training for nearly 8000 workers was provided last year.

#### **Castor**

In 2021, more than 1,240 castor farmers were trained, audited, and certified. Additionally, more than 12,500 tonnes of success certified castor seed in total have been cultivated. It was also observed that water consumption lowered by approximately 35% in the demo plots.

#### **Dairy**

Last year, production cost was reduced for dairy farmers in Bangladesh due to improved cow management practices such as fodder feeding, Urea molasses straw (UMC) and Silage, etc. Due to this, 62% of dairy farmers witnessed an increased income of nearly 43%. Additionally, 24,427 farmers (96% women) are now doing enterprise farming.



# **SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**

## **DIRECTORS' REPORT (CONT'D)**

### **BUSINESS REVIEW (CONT'D)**

#### **Fruits and Vegetables**

In 2021, production costs reduced due to judicious use of chemical fertilizer and better pest and disease management. This has resulted in 71% of Fruits and vegetable farmers having income increased as high as 54%. Also, 18,312 farmers (62% women) are now doing enterprise farming.

#### **Leather**

With our intervention, retrofitting of 130 fleshing machines by installing solenoid valves created a potential to reduce around 82,500 litres of freshwater withdrawal each day from the cluster. The intervention was honored with 'EEF Global Industrial Water Project Award of the Year 2021' for its positive impact on optimizing water consumption in one of the most water-intensive industries. Moreover, the project demonstrated the use of bio-based enzymes and sustainably produced 1 Lakh sq. ft. of leather through a process that reduces the effluent load.

### **Main results per intervention area in 2021**

#### **Good Practices**

For Solidaridad Asia, good practices refer to not only a change in agriculture or industry practices but includes financial literacy, fair wages, protection of workers and legal compliance, and use of digital solutions to enhance intelligence as a prerequisite for production capability improvement, market and finance access. In 2021, Solidaridad Asia continued to focus on the dissemination of good practices among farmer, workers, and processors through directly working with them. Further, to tackle the rise and spread of COVID-19, digital technology enabled learning and knowledge sharing was used to facilitate delivery of timely and targeted information. In 2021, Solidaridad Asia reached out to over 620,000 farmers, and workers, and 300 processors with good practices training on agriculture, mining, pollution control, and decent work. Further, a key aspect of Solidaridad Asia's work remains to encourage women's inclusivity in supply chains. Although Solidaridad Asia has been continuously working towards integrating gender in its programmes, this year the focus was on ensuring the implementation of women-centric programs in partnership with United States Agency for International Development (USAID) and Reliance India Foundation.

The year 2021 also marked the start of Multi Annual Strategic Plan (MASP-3) for Solidaridad Asia. From this year, Solidaridad Asia wanted to challenge the definition of good practice. For years, across organisations, good practices have been defined as activities that lead to an increase in yield. However, while this is true, Solidaridad Asia also insists that deep ecological troubles like reducing water tables, desertification of farm land and falling quality of the products must not be ignored. From 2021, Solidaridad Asia redefined its approaches of good practices to ensure that they not only make farmers and workers more resilient to ecological poverty through increased yield and income, but simultaneously leads to production which is in balance with nature. In 2021, Solidaridad Asia obtained the following milestones under the good practice domain, through the application of the new-defined approaches:

- Promotion of regenerative farming covering 8,000 hectares of land
- Reduced farm and industry pollution through optimum chemical usage, and promotion of circular economy
- Improved water-use efficiency in farms and industry through the adoption of cleaner technologies and practices

## **SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**

### **DIRECTORS' REPORT (CONT'D)**

#### **BUSINESS REVIEW (CONT'D)**

##### **Supportive Business Ecosystem**

At Solidaridad Asia, the supportive business ecosystem model is dedicated to the development of the concept of a democratic economy and redesigning basic business institutions and activities. Towards this end, Solidaridad Asia worked towards strengthening the capacities of Farmer Producer Organisation (FPOs) and rural entrepreneurs to achieve the following:

- Improved ownership of farmers in the value chain: More than 1,570 farmer groups were formed with the aim of increasing the ownership of farmers in the supply chain across commodities.
- Building the financial viability of entrepreneurs: Solidaridad Asia has supported over 3,000 entrepreneurs to build a financially viable business model. The entrepreneurs were supported on different trades like agro inputs, seed production, verm-compost, grain traders and collaboration with private and public sectors for improving backward and forward services. These capacity building areas include book-keeping, financial management and business planning.
- New jobs and employment: Solidaridad Asia promoted 6,620 new jobs for rural and agri entrepreneurs.

##### **Enabling Policy Environment**

Solidaridad Asia believes that along with the implementation of activities undertaken on the ground, policy influencing is critical to achieve speed and scale in sectoral transformations in a sustainable way. Solidaridad Asia has obtained the following achievements under Enabling policy Environment (EPE) in 2021:

- We undertook a concerted campaign in Sri Lanka on palm oil production and import ban. It had a massive contribution in overturning the ban on imports and we are now working towards overturning the ban on production. The first ever scientific and multi country effort resulted in publication of a book 'Truth and Myth' that showcases and highlights the benefits of palm oil in alleviating poverty in developing nations.
- Soybean national platform was established in India that created the first soy national standard for India; an effort towards ensuring sustainability becoming a norm in soy.
- We set up India's first medicinal plants national association and brought out various publications that in coming years will drive policy formation in the MAP sector.
- We signed an MOU with CNTAC to develop a national sustainability standard for cotton in China which deepens the effort to produce cotton sustainably.
- The Regional Alliances for Sustainable Trade was promoted for Palm Oil, Cotton and Tea. The participating countries continue their efforts to recognize and promote sustainability standards of each country.
- The 10 national sustainability frameworks developed or improved with Solidaridad Asia support have created important improvements in the sector performance in palm oil, soy, minerals, and tea.



# **SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**

## **DIRECTORS' REPORT (CONT'D)**

### **BUSINESS REVIEW (CONT'D)**

#### **Enabling Policy Environment (cont'd)**

- Solidaridad Asia has continued to maintain strong partnerships with key public sector actors across all commodities and countries. Through the platforms built by Solidaridad Asia, we have been able to create strong consensus between countries on the way forward for sustainably in the tea, leather, palm oil, and soy sectors. For instance, in tea in 2021, Solidaridad Asia, worked with stakeholders of different countries to form an agreement to work together for traceability of tea coming from the smallholders using digital tools.

#### **Market uptake**

Solidaridad Asia looks at Market Uptake in two ways: enabling consumers and citizens to use their purchasing decisions to support smallholder farmers, and democratising nutrition through improved accessibility.

The biggest achievement under market uptake in 2021 has been the progress made with the TRINITEA Traceability tool known as “Soli trace”. TRINITEA uses the QR code technology that allows consumers to view the producers and hear from them directly, and learn about the safety and quality standards. Each pack of tea comes with a QR code that can be scanned by consumers to know about the origin of the tea, the indigenous farmer-producer, the sustainable farming practices followed, and all the other steps involved in the making of the tea. In the current form of traceability, we are tracing the green leaf plucked by the individual farmer. Similar interventions are planned for dairy as well.

Further, in India, under the Soy programs, they have aimed to target Government of India’s largest feeding programmes i.e. Mid-Day Meal school scheme for children and Integrated Women and Child development scheme for women and children. For this purpose, in 2021 the program engaged the Mid-Day Meal Council- Government of Madhya Pradesh.

We facilitated market uptake of Cotton with multiple brands, the highlight being facilitation of market uptake of regenerative agriculture certified cotton. Overall, 900 MT of cotton uptake was facilitated.

Village Super Market (“VSM”) in Bangladesh was registered formally as a farmer cooperative. Private sector partnership in dairy is resulting in uptake of more than 5000 litres of milk each day from VSM. Quality input supplies for aqua culture is facilitated through VSM and branding for VSM produce is work in progress which will see products being marketed under SAFAL brand through the VSMs.

**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 **09 SEP 2022**

On behalf of the board



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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 11 to 30, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of 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 2021, 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: **09 SEP 2022**

**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<u>Note</u>	<u>2021</u> <u>EUR</u>	<u>2020</u> <u>EUR</u>
Project income	3	<b>7,629,780</b>	10,505,386
Project implementation cost		<b>( 6,891,663 )</b>	<b>( 9,451,308 )</b>
Gross surplus		<b>738,117</b>	1,054,078
Other income	4	<b>66</b>	107,278
Other net gain/(loss)	5	<b>182,396</b>	<b>( 182,395 )</b>
Administrative and other operating expenses		<b>( 787,511 )</b>	<b>( 597,950 )</b>
Surplus for the year	6	<b>133,068</b>	381,011

The notes on pages 16 to 30 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 2021**

	<u>2021</u> EUR	<u>2020</u> EUR
Surplus for the year	133,068	381,011
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>133,068</u>	<u>381,011</u>

The notes on pages 16 to 30 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 2021**

	Note	2021 EUR	2020 EUR
<b>Non-current assets</b>			
Property, plant and equipment	9	6,754	7,567
Investment in an associate	11	-	-
		<u>6,754</u>	<u>7,567</u>
<b>Current assets</b>			
Other receivables	12	1,804,775	451,282
Cash and bank balances		8,242,176	6,894,552
		<u>10,046,951</u>	<u>7,345,834</u>
<b>Current liabilities</b>			
Trade payables	13	( 429,069 )	( 436,354 )
Accrued charges	14	( 376,732 )	( 403,775 )
Restricted funds	15	( 6,569,950 )	( 3,968,386 )
		<u>( 7,375,751 )</u>	<u>( 4,808,515 )</u>
<b>Net current assets</b>		<u>2,671,200</u>	<u>2,537,319</u>
<b>NET ASSETS</b>		<u>2,677,954</u>	<u>2,544,886</u>
<b>RESERVES</b>			
Accumulated surplus		<u>2,677,954</u>	<u>2,544,886</u>

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

09 SEP 2022



Director  
Shatadru CHATTOPADHAYAY



Director  
Jeroen DOUGLAS

The notes on pages 16 to 30 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 2021**

	Accumulated surplus EUR
<b>Balance at 1 January 2020</b>	2,163,875
<b>Changes in funds for 2020</b>	
Total comprehensive income for the year	381,011
<b>Balance at 31 December 2020 and 1 January 2021</b>	2,544,886
<b>Changes in funds for 2021</b>	
Total comprehensive income for the year	133,068
<b>Balance at 31 December 2021</b>	2,677,954

The notes on pages 16 to 30 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 2021**

	<u>2021</u>	<u>2020</u>
	EUR	EUR
<b>Cash flows from operating activities</b>		
Surplus for the year	133,068	381,011
Adjustments for:		
Depreciation	4,663	6,581
Interest income	( 66 )	( 58 )
<b>Operating surplus before working capital changes</b>	<u>137,665</u>	<u>387,534</u>
(Increase)/decrease in other receivables	( 1,353,493 )	474,723
Decrease in trade payables	( 7,285 )	( 185,636 )
Decrease in accrued charges	( 27,043 )	( 63,148 )
Decrease in deposit received	-	( 56,385 )
Increase/(decrease) in restricted funds	<u>2,601,564</u>	<u>( 168,429 )</u>
<b>Net cash generated from operating activities</b>	<u>1,351,408</u>	<u>388,659</u>
<b>Cash flows from investing activities</b>		
Payment for the purchase of property, plant and equipment	( 3,850 )	( 1,610 )
Interest received	66	58
<b>Net cash used in investing activities</b>	<u>( 3,784 )</u>	<u>( 1,552 )</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,347,624</u>	<u>387,107</u>
<b>Cash and cash equivalents at 1 January</b>	<u>6,894,552</u>	<u>6,507,445</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>8,242,176</u></u>	<u><u>6,894,552</u></u>
<b>Analysis of the balance of cash and cash equivalents</b>		
Cash and bank balances	<u><u>8,242,176</u></u>	<u><u>6,894,552</u></u>

The notes on pages 16 to 30 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 2021**

**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 2021 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 19.

**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) Associate**

Associate is an entity in which the group has significant influence but not control. In general, if the group holds, directly or indirectly, 20% or more of the voting power of the investee company, it is presumed that the group has significant influence in the investee company unless it can be clearly demonstrated that it is not the case.

The group accounts for the investment in an associate using cost model. Under cost model, investment in an associate is measured at initial recognition at transaction price (including transaction costs) and subsequently measured at cost less any accumulated impairment losses. Dividends and other distributions received from the associate are recognised in profit or loss when the group's right to receive payment has been established.



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

**(e) 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.

**(f) 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.

**(g) 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.



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

**(h) 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.

**(i) 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.

**(j) 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.

**(k) 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.

**(l) 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)**

**(m) 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)**

**(n) 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.

**(o) 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 2021**

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

**(p) 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.

**(q) 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>2021</u> <b>EUR</b>	<u>2020</u> EUR
Bank interest income	<b>66</b>	58
Sundry income	-	107,220
	<u><b>66</b></u>	<u>107,278</u>

**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**5. Other net gain/(loss)**

	<u>2021</u>	<u>2020</u>
	EUR	EUR
Gain/(loss) on exchange, net	<u>182,396</u>	( <u>182,395</u> )

**6. Surplus for the year**

	<u>2021</u>	<u>2020</u>
	EUR	EUR
The surplus for the year is stated after charging:-		
Auditors' remuneration	17,563	18,183
Depreciation	4,663	6,581
Overseas staff expenses (including directors' emoluments, note 7)	<u>367,919</u>	<u>216,593</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>2021</u>	<u>2020</u>
	EUR	EUR
Director fee	<u>14,000</u>	<u>14,000</u>

**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**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:-

	<b>2021</b>	2020
	<b>EUR</b>	EUR
Surplus for the year	<b>133,068</b>	381,011
Tax at the applicable tax rate of 16.5% (2020: 16.5%)	<b>21,956</b>	62,867
Tax effect of non-deductible expense	<b>769</b>	1,086
Tax effect of non-taxable revenue	<b>( 22,725 )</b>	( 63,953 )
Tax expense	<b>-</b>	-

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

**9. Property, plant and equipment**

	Computer	Office equipment	Total
	EUR	EUR	EUR
<b>Cost</b>			
At 1 January 2021	10,697	19,997	30,694
Addition during the year	2,700	1,150	3,850
At 31 December 2021	<b>13,397</b>	<b>21,147</b>	<b>34,544</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	9,598	13,529	23,127
Charge for the year	1,637	3,026	4,663
At 31 December 2021	<b>11,235</b>	<b>16,555</b>	<b>27,790</b>
<b>Net book value</b>			
At 31 December 2021	<b>2,162</b>	<b>4,592</b>	<b>6,754</b>
At 31 December 2020	1,099	6,468	7,567



**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**10. Investment in a subsidiary**

At 31 December 2021, the group held equity interest in the following subsidiary:

Name of subsidiary	Country of incorporation	Proportion of ownership interest held by the company		Principal activities
		2021	2020	
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. Investment in an associate**

	2021 EUR	2020 EUR
Unlisted investment, at cost	-	-

Since establishment and up to the year 2020, the group has not contributed to the paid-up capital of the associate namely Seafood Trade Intelligence Portal, a foundation established in the Netherlands and engaged in activities related to data and analysis in the seafood and aquaculture sector. The group's 40% equity interest was transferred to a related company on 8 October 2020 and subsequently disposed to a third party by the aforesaid related company on 15 October 2020 with consideration of EUR70,000 returned to the group.

**12. Other receivables**

	2021 EUR	2020 EUR
Sundry debtors	1,707,232	404,624
Deposit paid	18,403	16,783
Temporary advance	79,140	29,875
	<b>1,804,775</b>	<b>451,282</b>

**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**13. Trade payables**

	<u>2021</u> EUR	<u>2020</u> EUR
Trade payables	429,069	436,354

**14. Accrued charges**

	<u>2021</u> EUR	<u>2020</u> EUR
Auditors' remuneration	15,016	9,466
Professional and consultancy fee	345,825	394,309
Others	15,891	-
	<u>376,732</u>	<u>403,775</u>

**15. Restricted funds**

	<u>2021</u> EUR	<u>2020</u> EUR
ADM Hamburg Aktiengesellschaft	70,356	-
Arkema France	50,357	11,689
BASF SE	108,841	39,832
Coca Cola USA	120,347	224,963
Dugros B.V.	( 1,330 )	-
Earth Innovation Institute	31,115	31,115
Foundation Solidaridad Latino Americana	-	1,492
German Agency for International Cooperation (GIZ)	( 11,555 )	4,191
IDH-The Sustainable Trade Initiative	-	1
IFC Bangladesh	-	2,509
Minister for Foreign Trade and Development Corporation	( 14,969 )	( 14,969 )
Netherlands Organisation for Scientific Research	11,043	-
Nutreco International B.V.	( 28,920 )	( 29,481 )
Roundtable on Sustainable Palm Oil (RSSF)	1,335,763	978,595
Royal Netherlands Embassy – Bangladesh	505,482	711,125
RVO (Netherlands Enterprise Agency)	4,385,673	1,684,523
Stichting Solidaridad	( 92,567 )	66,769
Solidaridad REC North America	70,000	70,000
STHAL	30,314	116,737
Unilever Asia Pvt Ltd.	-	9,451
Walton Family Foundation	-	-
	<u>6,569,950</u>	<u>3,968,386</u>

**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**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 EUR
<b>Balance at 1 January 2020</b>	2,350,890
<b>Changes in equity for 2020</b>	
Total comprehensive income for the year	193,962
<b>Balance at 31 December 2020 and 1 January 2021</b>	2,544,852
<b>Changes in equity for 2021</b>	
Total comprehensive income for the year	487,715
<b>Balance at 31 December 2021</b>	<u>3,032,567</u>



**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**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>2021</u>	<u>2020</u>
	EUR	EUR
Consultancy income from Stichting Solidaridad	-	12,000
Consultancy income from Solidaridad Network Foundation	-	13,000
Project income from Stichting Solidaridad	<b>4,230,461</b>	6,810,849
Project income from Foundation Solidaridad Latino Americana	<b>1,492</b>	78,638
Project income from Solidaridad REC North America	<b>309,672</b>	301,019
Other income from Seafood Trade Intelligence Portal	-	70,000
	<u>                    </u>	<u>                    </u>

The amount due from Solidaridad Network India Pvt Ltd., of EUR21,881 (2020: EUR30,574) is included in other receivables.

The amount due from Solidaridad Network Sri Lanka, of EUR476,154 (2020: EUR338,874) is included in other receivables.

The amount due from/to Solidaridad Regional Expertise Centre, of EUR645,819 (2020: EUR203,586) is included in other receivables.

The amount due from Yayasan Solidaridad Network Indonesia, of EUR343,339 (2020: EUR114,540) is included in other receivables.

The amount due to/from ISH Solidaridad Japan, of EUR1,769 (2020: EUR8,589) is included in other receivables.

The amount due to/from Solidaridad Network Foundation, of EUR30,141 (2020: EUR75,000) is included in other receivables.

The amount due from Solidaridad Network Malaysia BHD, of EUR177,030 (2020: EUR24,838) is included in other receivables.

The amount due to/from Stichting Solidaridad, of EUR4,385,672 (2020: EUR1,684,523) is included in restricted fund, and EUR55,081 (2020: EUR6,366) is included in other receivables.

The amount due to/from Foundation Solidaridad Latino Americana, of EUR Nil (2020: EUR1,492) is included in restricted fund.

The amount due from/to Solidaridad REC North America, of EUR92,567 (2020: EUR66,769) is included in restricted fund.

**SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2021**

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

The amount due to Solidaridad Greater China Limited, of EUR11,962 (2020: EUR11,962) is included in trade payables.

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. Commitments under operating leases**

The group had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2021</u> EUR	<u>2020</u> EUR
Not later than one year	<u>4,972</u>	<u>22,430</u>

**19. 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 2021**

**20. Company-level statement of financial position**

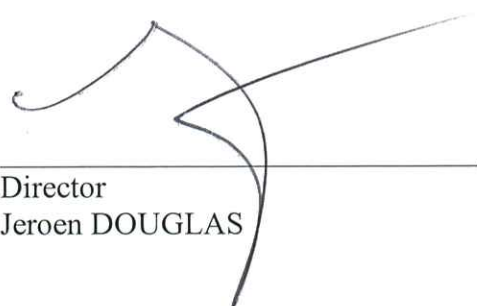
	Note	2021 EUR	2020 EUR
<b>Non-current assets</b>			
Property, plant and equipment		6,754	7,567
Investment in a subsidiary	10	20,000	20,000
Investment in an associate	11	-	-
		<u>26,754</u>	<u>27,567</u>
<b>Current assets</b>			
Other receivables		2,260,207	559,819
Cash and bank balances		8,079,910	6,765,981
		<u>10,340,117</u>	<u>7,325,800</u>
<b>Current liabilities</b>			
Trade payables		( 403,197 )	( 436,354 )
Accrued charges		( 361,157 )	( 403,775 )
Restricted funds		( 6,569,950 )	( 3,968,386 )
		<u>( 7,334,304 )</u>	<u>( 4,808,515 )</u>
<b>Net current assets</b>		<u>3,005,813</u>	<u>2,517,285</u>
<b>NET ASSETS</b>		<u>3,032,567</u>	<u>2,544,852</u>
<b>RESERVES</b>			
Accumulated surplus	16	<u>3,032,567</u>	<u>2,544,852</u>

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

09 SEP 2022



Director  
Shatadru CHATTOPADHAYAY



Director  
Jeroen DOUGLAS



SOLIDARIDAD NETWORK ASIA LIMITED  
PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE**

The financial information relating to the years ended 31 December 2020 and 2021 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 2021**

	<u>2021</u> EUR	<u>2020</u> EUR
<u>Income from fund raising</u>		
Income-Project implementation	7,251,408	9,972,375
Income-Overhead support	378,372	533,011
	<u>7,629,780</u>	<u>10,505,386</u>
<u>Less: Project implementation cost</u>		
Sourced from restricted fund	6,537,807	9,638,356
	<u>1,091,973</u>	<u>867,030</u>
<u>Add: Other income</u>		
Bank interest income	66	58
Gain on exchange, net	182,396	-
Sundry income	-	107,220
	<u>182,462</u>	<u>107,278</u>
	<u>1,274,435</u>	<u>974,308</u>
<u>Less: Administrative and other overseas operating expenses</u>		
Auditors' remuneration	17,563	18,183
Boarding and lodging expenses	273	( 1,704 )
Depreciation	4,663	6,581
Directors' fee	14,000	14,000
Loss on exchange, net	-	182,395
Meeting and workshop expenses	4,311	11,306
Office expenses	75,828	79,804
Overseas staff expenses	353,919	202,593
Professional fee	280,621	219,385
Repairs and maintenance	8,666	13,147
Sundry expenses	20,561	17,415
Travelling expenses	6,315	17,241
	<u>786,720</u>	<u>780,346</u>
Surplus for the year	<u>487,715</u>	<u>193,962</u>

File No: 22/52856106

**SOLIDARIDAD NETWORK ASIA LIMITED**  
**PROPOSED PROFITS TAX COMPUTATION**  
**YEAR OF ASSESSMENT 2021/2022**

	EUR
<u>Basis period:</u> Year ended 31 December 2021	
Surplus as per accounts	487,715
<u>Add:</u> Depreciation	4,663
	<hr/>
	492,378
<u>Less:</u> Bank interest income	66
	<hr/>
Adjusted surplus	492,312
	<hr/> <hr/>
Proposed assessable profits	NIL
	<hr/> <hr/>

Note to assessor:

The directors of the company are stationed outside of Hong Kong. The directors solicited, negotiated and concluded project income and project cost contracts outside of Hong Kong. The company has no staff in Hong Kong but appointed a secretarial company in Hong Kong to handle its clerical works based on the instructions from the directors. As such, we are of the opinion that the surplus or deficit derived from the company's projects are offshore nature and are not subject to Hong Kong tax.