

SOLIDARIDAD NETWORK ASIA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

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

- resigned on 26 May 2022

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 2022.

Introduction

The year 2022 was about setting a new norm and many firsts! Solidaridad's first regenerative agriculture certification paved the path for securing the health of the land in an economically viable way for the farmers in 5 commodities covering four Asian countries. Solidaridad's in-house developed QR code-based farm-to-cup traceability solution by the name of Soli-Trace was introduced to Indian tea consumers. And for the first time, at the initiative of Solidaridad, five major Asian palm oil-consuming countries came together to form the Asian Palm Oil Alliance to work on sustainable palm oil consumption.

Highlights

Regenerative agriculture

Solidaridad promoted regenerative practices in Asia such as crop diversification, tree planting, reduced tillage, mulching, and water conservation techniques that would lead to better soil organic content capturing and storage along with reduced emissions. These practices remove carbon present in the atmosphere and return it to the ground, thus converting the croplands into a "carbon sink."

Digital solutions

The digital divide is a major contributor to further widening the gender gap in agriculture. Through our digital interventions, we have brought nearly 12,000 women farmers in Bangladesh and 5,000 in India into the formal supply chain. Additionally, financial inclusion has strengthened their position in the formal market system.

Regional sustainability initiatives

Although Asian countries are among the major producers/consumers of agricultural commodities, they do not enjoy a majority stakeholder voice at the global policy table. The regional sustainability initiatives have been instrumental in promoting the voice of the region through multi-stakeholder platforms on tea, palm oil and cotton. These platforms are also demanding commitment to sustainability in the producer supply chain.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Farmer-owned organizations

Solidaridad Network Asia Limited is empowering farmers to play a larger role in the agricultural supply chain, by supporting and strengthening farmer producer organizations (FPOs) and cooperatives. The Village Super Market in Bangladesh is now a farmer-owned organization. Groups of ambitious soy farmers are being supported with training in making high-value products like tofu and building market linkages. In Bangladesh, Solidaridad-trained women entrepreneurs are running milk collection centres.

Pollution abatement

Our innovative solutions to tackle solid waste management in leather and textiles has further strengthened our pollution abatement agenda. The success from our leather projects in Kanpur and Kolkata is being recognized, both nationally and internationally, for reducing pollution and conserving water during leather processing. The results are now replicated in another major leather cluster in Tamil Nadu, India. Initiatives like Sustainability Scorecard Matrix, launched as part of the Leather Trade Intelligence Portal, bring focus on sustainable supply chain within the leather sector in India.

Workers well-being

In minerals, we have worked to strengthen our Code of Responsible Extraction (CORE) initiative, which improves working conditions among the mining communities. These include providing drinking water facilities, separate toilets for men and women, rest shelters for workers, creche facilities for lactating mothers, etc. Worker well-being is also a key focus across our projects in leather; workers are trained on occupational safety and health, provided safety kits, etc. In Sri Lanka, the Reaching the Unreached project focused on water, sanitation, and hygiene.

Results across four areas

Solidaridad implements programmes in four integrally interconnected result areas: at the farm or producer level, at the business level, at the policy level, and at the market level. All with the overall goal of building resilient communities through sustainable supply chains.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Good practices

In line with the multi-dimensional scope of good practices encompassing social, environmental, and economic performance, Solidaridad Network Asia Limited continued to strive beyond good agricultural practices and income increase to build climate-resilient and sustainable farming ecosystems in 2022. We made considerable progress in supporting farmers to produce in balance with nature, optimizing farm management for better yield and income, promoting decent working conditions with fair payments, and reducing pollution and waste in industry and mining. By 2022, over 1 million farmers, with more than 100,000 women, had been trained on good agricultural practices across different projects in Asia and covering almost 900,000 hectares of land under sustainable management.

Regenerative agriculture has proven to be a holistic approach to building the resilience of the agricultural ecosystem with a positive ripple effect on soil health, food quality, biodiversity improvement, water, and air quality. In 2022, we worked towards creating a mindset shift among farmers towards making regenerative farming the new norm across various commodities including cotton, soy, and sugarcane. Over 17,000 cotton farmers in India covering 25,000 hectares and 1,000 sugarcane farmers covering 1,497 acres have been certified for regenerative practices in India.

Adoption of regenerative and organic farming practices like cover cropping, organic manure, intercropping and integrated livestock grazing are creating climate-resilient and viable farming ecosystems. In cotton, sustainable production and adoption of organic practices have led to reduction of about 7.7 million kgs of chemical pesticides and fertilizers from the system. Various commodities like cotton, soy and palm oil promoted the preparation of bio-fertilizers and bio-pesticides using locally available material and farm waste. In sugarcane, more than 2,500 vermi-composting demonstrations were set up across various project locations in Madhya Pradesh and Rajasthan. This shift towards optimum or no use of fertilizers has also been strategic to reduce input costs, especially in cases like Indonesia where the prices of synthetic fertilizers increased by almost 100 percent in 2022.

We saw encouraging trends on the potential of regenerative farming practices to contribute to reduction of carbon emissions. In sugarcane, Solidaridad worked with farmers to tackle the widespread practice of stubble burning which releases N₂O and is one of the major contributors of greenhouse gas emissions in India. Use of bio-digesters and practices like mulching have resulted in carbon sequestration of at least 1.61 tco₂eq/hectare/year. The carbon credit payments as returns for lowering carbon emissions is expected to push the adoption of regenerative farming in Asia over the coming years.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Good practices (cont'd)

In addition to improved soil health and greenhouse gas reduction, optimum use of water as part of good agricultural practices saved more than 500 billion litres of water in 2022. Commodities like castor reduced water consumption by almost 30 percent in their demo plots. Additionally, practices like intercropping are also playing an important role in water conservation. Overdependence and monocropping of cereal crops (rice and wheat) on tube well irrigation has resulted in groundwater depletion in many parts of India. This is being addressed by intercropping with crops like mustard and vegetables, which also boosts income due to an increase in productivity. Commodities are also attempting climate adaptation to respond to extreme weather conditions. In Bangladesh, suitable soybean varieties were developed with resilience to saline, waterlogging and water shortage conditions.

The year 2022 also saw wider adoption of internet-of-things-based solutions like sensors, automatic weather stations to optimize farm management. These tools have been very effective in preparing farmers for expected losses due to changing weather conditions, irrigation scheduling, pest and diseases control etc. The timely and precise advisories have contributed towards the reduced use of chemical pesticides for the control of pests and diseases.

Solidaridad is also making strides in promoting decent working conditions and reducing pollution in industries through our expanding textile and leather commodity interventions. More than 15,000 workers in industrial minerals and over 2,900 workers in leather industries from three major leather clusters in India have improved working conditions. We are set to replicate the success of our leather projects in one of the biggest textile clusters in India in partnership with the Government of India.

Supportive business ecosystems

To create a level-playing field for farmers, Solidaridad has been facilitating effective market linkages while also improving access to financial services. Creation and strengthening of farmer-producer organizations has improved ownership of farmers in the value chain. In 2022, over 50,000 farmers were organized in farmer groups and close to 4,000 service providers and processors were trained/supported. The farmer-producer organizations and rural entrepreneurs played various roles across commodity value chains including facilitation of advisory services, information dissemination, availability of quality seed and other agricultural inputs, and farm machinery.

Farmer producer organizations are also setting up post-harvest processing infrastructure which lead to better prices for the yield. The supporting business ecosystem like better connectivity to markets and direct procurement from farmer producer organizations has resulted in income increase for more than 800,000 farmers in Asia. Farmer producer organizations have also been a critical space to promote gender representation. Engagement of women in farmer producer organizations and its governance has increased their representation in decision-making on sustainable produce. As a result of our capacity building, women farmers across commodities are exploring income diversification activities; for instance, in India and Bangladesh soy women farmers are processing and preparing value-added products like soy milk and tofu.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Enabling policy environment

Under Reclaim Sustainability, regional and national sustainability frameworks and multi-stakeholder platforms have been driving fair value distribution in the chain and sustainable trade and consumption across Asian countries. The regional sustainability initiatives by Solidaridad Network Asia Limited in tea, palm oil and cotton are paving the way for national and regional sector transformation. In 2022, there was a major focus on convening and strengthening Regional Sustainability Initiatives to collaborate on sustainability solutions and promote regenerative agriculture especially in the context of smallholder farmers.

- The Asian Palm Oil Alliance, launched in September 2022, is spearheading the sustainability agenda in palm oil by reducing the gap between producing and consuming countries and addressing the geo-political interests in the region.
- The second Asian Tea Alliance summit also committed to promote national sustainability standards while addressing the structural issues in the tea supply chain like market demand, price discovery, climate change adaptation and mitigation, access to technology among others.
- To make India the largest producer of certified regenerative cotton, Solidaridad, Centre for Responsible Business and regenagri came together to build the Alliance of Cotton and Textile Stakeholders on Regenerative Agriculture (ACRE). The alliance will collaborate with partners to develop standards and guidelines for sustainable cotton production which can address the structural challenges posed by fragmented supply chains and climate change.
- The Sustainable Castor Association has created the Sustainable Castor Caring Environment and Social Standards code in accordance with globally accepted principles and local stakeholder involvement with clear social, economic, and environmental objectives. Over 6,200 castor farmers covering 6,000 hectares have been certified under the code. These farms have shown 22 percent higher yield and the profits have motivated farmers to increase their land under castor farming.

Apart from the regional sustainability initiatives, Solidaridad in Asia continues to engage with various public and private stakeholders like government ministries and departments, industry associations, agribusiness consortiums, premier research institutes among others to promote sustainability across various commodities. In Sri Lanka, Solidaridad was endorsed by the Government as their technical partner in the leather portfolio. Similarly, in India we are partnering with the Government of India to kickstart the textile project on pollution abatement and water conservation. Various commodity programmes are building such strategic collaborations with the public sector to develop sustainability solutions and address issues in the value chains.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Market uptake

Solidaridad's approach to market uptake in Asia has been driven by the goal of democratizing nutrition and creating an empowered and aware customer base for smallholder produce. In 2022, we focused on connecting brands and retailers to sustainable supply chains, promoting sustainable sourcing, and consequently creating a demand for sustainable products in the market.

There is a wider adoption of digital tools like Soli-Trace which promote traceability in the supply chain. Following India's success story, Bangladesh adopted the TRINITEA framework in 2022 to develop cluster-based service mechanisms for quality improvement and sourcing of green leaf for developing traceable and sustainable tea value chain. Traceability feature has also been adopted in the dairy sector under the Trust Dairy initiative to build transparency and assurance on quality among consumers. Apart from tea, other commodities like soy and palm oil are also developing digital traceability solutions for a transparent and sustainable supply chain.

Engagement with businesses and private sector stakeholders is key to mainstream sustainability principles and therefore Solidaridad Network Asia Limited is committed to partner with brands/buyers for responsible and ethical sourcing and developing market linkages and sustainable solutions in alignment with emergent demand. Campaigns and events like Smallholders' Tea Week in Indonesia, where smallholder tea products were promoted in hotels, restaurants, and cafes, are interesting cases for market uptake campaigns.

With the growing demand from brands for compliance with sustainability standards, Solidaridad Asia is also supporting smallholder farmers to get certified against relevant sustainability frameworks to easily access domestic and international markets like in the case of RSPO certification for palm oil farmers in Indonesia or regenerative certification in cotton or sugarcane in India.

Organization & governance

Developments

During 2022, the Thailand country operation started with a dedicated country manager and the position of country manager for Indonesia was filled. We have been working to start operations in the Philippines and Nepal.

Human resources

Solidaridad Network Asia Limited has taken major steps to ensure gender balance at the leadership level. By the end of 2022, of the 8 countries where we have project offices, three offices are run by women country managers, in India, Indonesia and Sri Lanka.

The actual record count of number of staff in 2022 in Asia was 561, based on the ongoing and new projects approved in 2022. At the end of 2022, we counted 477 people working for Solidaridad Asia – the vast majority based in India.

Solidaridad has a lot of young staff who have joined recently. Over 50 percent of the staff has less-than-2-year experience with the organization.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Organizational developments

During 2022, the Thailand country operation started with a dedicated country manager and the position of country manager for Indonesia was selected from an internal recruitment process, looking at the gender diversity in the management team and providing career growth for an existing senior colleague to spearhead the country's operation. The regional team in Asia had planned to move to a separate office after organizational restructuring, and the process was initiated accordingly. At the same time the regional office decided to start looking for other country operation opportunities and has been working to start operations in the Philippines and Nepal.

Partnerships

Around 13.15 million euros worth of projects were secured out of the total applications in the pipeline. Additionally, projects with value of 5.20 million euro are still in the discussion stage with probability of starting in 2023. The regional office was able to diversify the funding source to include local donor organizations. The major donors are the Embassy of the Kingdom of the Netherlands in Bangladesh, the Government of India, Vodafone Foundation, Coca-Cola, Apical, Nayara, Bridgestone.

Integrity

One case was registered in 2022. The case was registered by a colleague for a conflict between a regular staff member and an associate working as support staff. The Integrity team did an investigation to arrive at a conclusion and take appropriate action. The case has been settled in agreement with the plaintiff.

The platform for staff orientation during onboarding and the global onboarding programme have been very useful for the effective implementation of integrity policies across all the countries in Asia operations. The regional office has plans to develop a monthly orientation of colleagues from different countries in Asia to maintain a high standard of staff understanding on the importance of integrity policies for the organization and to encourage them to reach persons concerned as and when required.

Project management and evaluations

In 2022, Solidaridad Network Asia Limited took the lead in undertaking a global research study to explore the relationship between commonly held expectations of sustainability against farmers' perception of fairness and satisfaction. The objective of this small farmer survey is to bring smallholder farmer's voice and perspectives forward. The expectations were divided into three areas: Prosperity, Inclusivity and Balance with Nature. The perceptions of the farmers were collected directly from the field and were checked against the secondary research conducted at the macro and meso levels. The study was conducted by collecting primary data of smallholder farmers across 18 countries in 8 commodities, covering nearly 10,000 farmers.

With continuous focus on capturing greater insights and learning from it, the teams in Asia continued using several digital tools like TRINITEA, i2i, Sourcetrace, etc. to capture granular data in our programmes.

To strengthen the learning component, a 3-day workshop in Kolkata (India) was organized for the internal team to introduce concepts of results-based management and problem analysis with our programme team.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Communication

In 2022, the communications team in Asia engaged in a variety of activities to ensure visibility and outreach of programmes across the region. The team initiated online seminars or webinars across Asia and covered multiple themes.

Awards

Solidaridad Network Asia Limited managed to get two awards in 2022. First was the Water Sustainability Award 2021-22 for our innovation in water technology through retrofitting of the fleshing process that helps reduce water consumption in leather manufacturing. The TERI-IWA-UNDP award was conferred on World Water Day 2022.

Second was the Global Good Award 2022 for our project 'Pollution Prevention and Efficient Water Use in the Unnao-Kanpur Cluster' in the category of Community Initiatives. Of the seven strong contenders, we clinched the gold!

Communication initiatives

We organized a three-month-long targeted awareness campaign on sustainability in tea from farm to cup, across print, online and social media, which reached more than 20 million consumers.

We also organized a mega tea convention, and supported the big-ticket launch of Asia Palm Oil Alliance, Alliance of Cotton and Textile Stakeholders on Regenerative Agriculture, SAFAL for Integrated Water Resource Management in Bangladesh, and Smart Agri project in Odisha.

For Smart Agri, regenerative agriculture, tea, sugarcane, leather, castor and other programmes, the communication team developed, designed, and disseminated various information and education materials. In addition, the team produced more than 50 reports, brochures, flyers, and banners.

We managed to get nine articles published in The Good Sight magazine (which targets development sector audience), covering various commodities and key programmatic themes and a well-read article in Industry Outlook.

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

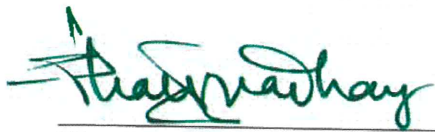
AUDITORS

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 18 SEP 2023

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 2022, 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 2022, 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: 18 SEP 2023

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> EUR	<u>2021</u> EUR
Project income	3	11,770,143	7,629,780
Project implementation cost		(11,184,330)	(6,891,663)
Gross surplus		585,813	738,117
Other income	4	80,103	66
Other net gain	5	187,169	182,396
Administrative and operating expenses		(879,822)	(787,511)
(Deficit)/surplus for the year	6	(26,737)	133,068

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 2022

	<u>2022</u> EUR	<u>2021</u> EUR
(Deficit)/surplus for the year	(26,737)	133,068
Other comprehensive income for the year	-	-
Total comprehensive (loss)/income for the year	<u>(26,737)</u>	<u>133,068</u>

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

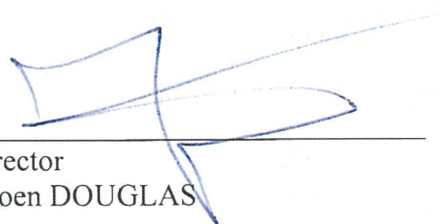
SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 EUR	2021 EUR
Non-current assets			
Property, plant and equipment	9	3,610	6,754
Current assets			
Other receivables	11	1,290,115	1,804,775
Cash and bank balances		5,576,494	8,242,176
		6,866,609	10,046,951
Current liabilities			
Other payables	12	(389,820)	(429,069)
Accrued charges	13	(399,361)	(376,732)
Restricted funds	14	(3,429,821)	(6,569,950)
		(4,219,002)	(7,375,751)
Net current assets		2,647,607	2,671,200
NET ASSETS		2,651,217	2,677,954
RESERVES			
Accumulated surplus		2,651,217	2,677,954

Approved and authorised for issue by the board of directors on 18 SEP 2023
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 2022

	Accumulated surplus <hr/> EUR
Balance at 1 January 2021	2,544,886
Changes in funds for 2021	
Total comprehensive income for the year	133,068
Balance at 31 December 2021 and 1 January 2022	<hr/> 2,677,954
Changes in funds for 2022	
Total comprehensive loss for the year	(26,737)
Balance at 31 December 2022	<hr/> <hr/> 2,651,217

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 2022

	<u>2022</u> EUR	<u>2021</u> EUR
Cash flows from operating activities		
(Deficit)/surplus for the year	(26,737)	133,068
Adjustments for:		
Depreciation	3,357	4,663
Interest income	(3,592)	(66)
Operating (deficit)/surplus before working capital changes	(26,972)	137,665
Decrease/(increase) in other receivables	514,660	(1,353,493)
Increase in other payables	(39,249)	(7,285)
Increase/(decrease) in accrued charges	22,629	(27,043)
(Decrease)/increase in restricted funds	(3,140,129)	2,601,564
Net cash (used in)/generated from operating activities	(2,669,061)	1,351,408
Cash flows from investing activities		
Payment for the purchase of property, plant and equipment	(213)	(3,850)
Interest received	3,592	66
Net cash generated from/(used in) investing activities	3,379	(3,784)
Net (decrease)/increase in cash and cash equivalents	(2,665,682)	1,347,624
Cash and cash equivalents at 1 January	8,242,176	6,894,552
Cash and cash equivalents at 31 December	<u>5,576,494</u>	<u>8,242,176</u>
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	<u>5,576,494</u>	<u>8,242,176</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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2022

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 2022 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) Other payables

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.

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>2022</u> EUR	<u>2021</u> EUR
Bank interest income	3,592	66
Sundry income	76,511	-
	<u>80,103</u>	<u>66</u>

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5. Other net gain

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Gain on exchange, net	<u>187,169</u>	<u>182,396</u>

6. (Deficit)/surplus for the year

	<u>2022</u>	<u>2021</u>
	EUR	EUR
The (deficit)/surplus for the year is stated after charging:-		
Auditors' remuneration	16,834	17,563
Depreciation	3,357	4,663
Overseas staff expenses (including directors' emoluments, note 7)	<u>392,579</u>	<u>367,919</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>2022</u>	<u>2021</u>
	EUR	EUR
Director fee	<u>14,000</u>	<u>14,000</u>

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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 (deficit)/surplus at applicable tax rate:-

	<u>2022</u> EUR	<u>2021</u> EUR
(Deficit)/surplus for the year	(26,737)	133,068
Tax at the applicable tax rate of 16.5% (2021: 16.5%)	(4,411)	21,956
Tax effect of non-deductible expense	35,886	769
Tax effect of non-taxable revenue	(31,475)	(22,725)
Tax expense	-	-

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

9. Property, plant and equipment

	<u>Computer</u> EUR	<u>Office</u> <u>equipment</u> EUR	<u>Total</u> EUR
Cost			
At 1 January 2022	13,397	21,147	34,544
Addition during the year	-	213	213
At 31 December 2022	<u>13,397</u>	<u>21,360</u>	<u>34,757</u>
Accumulated depreciation			
At 1 January 2022	11,235	16,555	27,790
Charge for the year	1,261	2,096	3,357
At 31 December 2022	<u>12,496</u>	<u>18,651</u>	<u>31,147</u>
Net book value			
At 31 December 2022	<u>901</u>	<u>2,709</u>	<u>3,610</u>
At 31 December 2021	<u>2,162</u>	<u>4,592</u>	<u>6,754</u>

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10. Investment in a subsidiary

At 31 December 2022, 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
		2022	2021	
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

	2022 EUR	2021 EUR
Sundry debtors	1,207,987	1,707,232
Deposit paid	31,155	18,403
Temporary advance	50,973	79,140
	1,290,115	1,804,775

12. Other payables

	2022 EUR	2021 EUR
Other payables	389,820	429,069

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13. Accrued charges

	<u>2022</u> EUR	<u>2021</u> EUR
Auditors' remuneration	12,563	15,016
Professional and consultancy fee	386,798	345,825
Others	-	15,891
	<u>399,361</u>	<u>376,732</u>

14. Restricted funds

	<u>2022</u> EUR	<u>2021</u> EUR
Stichting Solidaridad	1,113,391	4,385,673
Power of Voice- Reclaiming Sustainability	777,111	-
Royal Netherlands Embassy – Bangladesh	690,109	1,335,763
RVO (Netherland Enterprise Agency)	521,535	505,482
STHAL	220,000	70,000
Solidaridad Network Foundation	121,300	-
ADM Hamburg Aktiengesellschaft	109,442	70,356
BASF SE	44,538	108,841
Roundtable on Sustainable Palm Oil (RSSF)	33,723	(28,920)
Nutreco International B.V.	7,959	11,043
Coca Cola USA	536	120,347
Earth Innovation Institute	-	31,115
Minister for Foreign Trade and Development Corporation	-	(14,969)
Solidaridad REC North America	(96,582)	(92,567)
Sime Darby	(1,717)	-
Arkema France	(2,817)	50,357
Unilever Asia Private Limited (UAPL)	(13,004)	30,314
German Agency for International Cooperation (GIZ)	(14,077)	(11,555)
APICAL	(18,751)	-
Dole Foods	(31,195)	-
Dugros B.V.	(31,680)	(1,330)
	<u>3,429,821</u>	<u>6,569,950</u>

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15. 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
Balance at 1 January 2021	2,544,852
Changes in equity for 2021	
Total comprehensive income for the year	487,715
Balance at 31 December 2021 and 1 January 2022	3,032,567
Changes in equity for 2022	
Total comprehensive income for the year	(381,350)
Balance at 31 December 2022	<u>2,651,217</u>

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16. 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>2022</u>	<u>2021</u>
	EUR	EUR
Project income from Stichting Solidaridad	8,043,838	4,230,461
Project income from Foundation		
Solidaridad Latino Americana	-	1,492
Project income from Solidaridad REC		
North America	204,215	309,672

The amount due from Solidaridad Network India Pvt Ltd., of EUR9,881 (2021: EUR21,881) is included in other receivables.

The amount due to/from Solidaridad Network Sri Lanka, of EUR28,527 (2021: EUR476,154) is included in other receivables.

The amount due from Solidaridad Regional Expertise Centre, of EUR128,386 (2021: EUR645,819) is included in other receivables.

The amount due from Yayasan Solidaridad Network Indonesia, of EUR22,367 (2021: EUR343,339) is included in other receivables.

The amount due from/to ISH Solidaridad Japan, of EUR5,429 (2021: EUR1,769) is included in other receivables.

The amount due from/to Solidaridad Network Foundation, of EUR321,887 (2021: EUR30,141) is included in other receivables and EUR121,300 is included in restricted fund.

The amount due to/from Solidaridad Network Malaysia BHD, of EUR19,635 (2021: EUR177,030) is included in other receivables.

The amount due from/to Stichting Solidaridad, of EUR214,980 (2021: EUR4,385,672) is included in restricted fund, and EUR576,404 (2021: EUR55,081) is included in other receivables.

The amount due from Solidaridad REC North America, of EUR96,582 (2021: EUR92,567) is included in restricted fund.

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

The amount due to Solidaridad Greater China Limited, of EUR Nil (2021: EUR11,962) is included in trade payables.

The amount due from Guangzhou Zengcheng Hezhong Poverty Alleviation Service Center, of EUR188,554 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.

17. Commitments under operating leases

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

	<u>2022</u> EUR	<u>2021</u> EUR
Not later than one year	<u>19,135</u>	<u>4,972</u>

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2022

19. Company-level statement of financial position

	Note	2022 EUR	2021 EUR
Non-current assets			
Property, plant and equipment		3,610	6,754
Investment in a subsidiary	10	20,000	20,000
		23,610	26,754
Current assets			
Other receivables		1,241,306	2,260,207
Cash and bank balances		5,542,235	8,079,910
		6,783,541	10,340,117
Current liabilities			
Other payables		(338,850)	(403,197)
Accrued charges		(387,263)	(361,157)
Restricted funds		(3,429,821)	(6,569,950)
		(4,155,934)	(7,334,304)
Net current assets		2,627,607	3,005,813
NET ASSETS		2,651,217	3,032,567
RESERVES			
Accumulated surplus	15	2,651,217	3,032,567

Approved and authorised for issue by the board of directors on 18 SEP 2023
and signed on its behalf.

Director
Shatadru CHATTOPADHAYAY

Director
Jeroen DOUGLAS