

SOLIDARIDAD NETWORK ASIA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023.

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

Delima Hasri DARMAWAN

Jeroen DOUGLAS

- appointed on 2 August 2023

- resigned on 31 October 2023

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.

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DIRECTORS' REPORT (CONT'D)

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.

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 2023.

Introduction

Our efforts in 2023 contributed to the prosperity of farmers, workers, and micro-enterprises while maintaining the ecosystems. By training a million smallholder farmers in sustainable practices, transforming close to a million hectares under sustainable management, and achieving significant water conservation, we have modestly contributed to Solidaridad's vision of building a world where every farmer, worker, and micro-enterprise prospers within a sustainable and inclusive economic ecosystem.

Highlights

Water Access Transforms Agriculture

The SAFAL for IWRM programme is working towards ensuring sustainable use, protection, and restoration of watersheds for resilient agriculture, in southwest Bangladesh. Through a community engagement process, the Gazir Canal in Nehalpur, Jashore district, was dredged in March 2023, and has since improved productivity and cropping intensity over 575 hectares of land, benefitting 982 smallholders by reducing their dependence on erratic rainfall and lowering production costs.

Creating Green Jobs

To take the leather sector to the next level, Solidaridad Asia believes it is imperative to empower and upskill the tannery workforce. Solidaridad has forged a strategic partnership with the Council for Leather Exports to train 150,000 workers over 5 years on innovative and circular practices and create a green and skilled workforce in India and shape a sustainable future for the industry.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Pollution Prevention

Our interventions have focused on water optimisation, effluent reduction, circular practices (waste to value) and GHG reduction in the leather sector. A Centre of Sustainability in Kolkata showcases techno-commercially viable solutions aimed at reducing the environmental footprint of the tanneries. Our innovations are now part of the pollution charter by the Central Pollution Control Board, India. Our proven model has paved the way for a 3-year programme in textiles, supported by the Government of India. The learnings are being scaled up in Bangladesh and Sri Lanka.

Petitioning for Inclusive EU Policy

Solidaridad in Malaysia submitted a memorandum to the Dutch PM on behalf of smallholder farmers, highlighting concerns over EU Deforestation Regulation. Action was sought on three critical goals: 1) Establish inclusivity quota for palm oil produced by smallholders to gain preferential access to EU market; 2) Align MSPO with EUDR to facilitate compliance and market access; 3) Develop a mechanism for carbon farming that incentivises sustainable practices by smallholders.

Preserving Forests and Livelihoods

In Indonesia, deforestation leading to severe land degradation is a major concern, affecting Indigenous communities like Dayaks. In 34-hectare Tawang Serimbak forest in Ensaid Panjang village, West Kalimantan, the agroforestry programme with partners like CU Keling Kumang is supporting 192 Dayak families reclaim right to livelihood and culture through sustainable management of forest resources, improved agricultural productivity, and supplementary income by promotion of ecotourism and women-run weaving businesses.

A Partnership for Sustainable Palm Oil

Solidaridad Asia and the Council of Palm Oil Producing Countries have inked a collaborative MoU that aims to address key challenges in the palm oil industry by promoting responsible practices. Key objectives include advancing sustainable practices among smallholders, developing a robust sustainability standard structure, creating an enabling policy environment, and improving joint communication to raise awareness about sustainable palm oil.

Ascending the Tea Value Chain

Collectivisation of small tea growers to enable them to ascend the value chain by establishing their own processing facilities for direct trading of produce is a key priority. In 2023, the tea programme supported the establishment of 24 farmer producer organisations (1,489 growers), and 124 self-help groups (2,995 growers) in India. In partnership with the Confederation of Small Tea Growers Association, a white paper on sectoral challenges and policy recommendations was submitted to the Government of India. Traceability from farm-to-cup through QR code was introduced in South India.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Cotton Farmers Accrue Regenerative Benefits

Cotton growers in India are turning over a new leaf with regenerative agriculture. In Maharashtra, 17,000 farmers are regenagri-certified with 25,893.37 hectare of land under regenerative farming – reporting around 12% reduction in production cost through efficient farm and water management practices and greater use of on-farm bio-inputs instead of chemicals, and positively impacting the yield. In Madhya Pradesh, 10,000 cotton farmers are on the way to become regenagri-certified in 2024.

Securing It with Soy

Conceptualised to deal with food security requirements of a rapidly-growing population, the India Sustainable Soy Programme is promoting regenerative and climate-smart soy cropping systems among 160,000 small-scale farmers, in 16 districts of central India. Around 65,000 farmers have improved income, 28 FPOs and 200 rural entrepreneurs have been supported, and 10,151 farmers certified under the Indian Standards for Sustainable Soy, a benchmark for sustainable soy production.

SoliTrace Benefits Thailand Farmers

2023 saw rollout of a SoliTrace system extension component in partnership with Dole, reaching 25% grower coverage, creating a continuous improvement system to sustain the impacts of project capacity building. It is reflected in an average yield increase of 14.3% and nearly 1.9 billion litres of water savings. The year also marked pioneering steps in regenerative pineapple farming, with comprehensive trials and completion of the first regenagri assessment for the crop.

Good Practices: Debunking the narrative to produce more food for the world, that has led to uncontrolled use of synthetic fertilisers resulting in soil degradation, higher GHG emissions and sub par prices, we have embarked on a journey that ensures optimum yield, quality produce and better prices for farmers through regenerative agriculture practices. In industrial sectors of leather and textiles, we have been able to demonstrate technologies that significantly reduce pollution and save water. A higher number of women were trained in agricultural practices and nearly 30,000 women were integrated into formal supply chains.

- 993,370 farmers were trained in good agricultural practices and regenerative farming. This has helped in creating a mindset shift among farmers towards making regenerative farming the new norm across various commodities.
- Through our support to farmers to produce in balance with nature, 996,294 hectares of land were bought under sustainable management.
- 250 processors were able to reduce pollution at their workplace and work towards waste management as a result of working with Solidaridad.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

SoliTrace Benefits Thailand Farmers (Cont'd)

- 4,940 million litres of water use was avoided in farming and industry through optimum use of water by using good agricultural practices, supporting water conservation measures at farm and community level, and use of technologies in leather tanneries and textile mills which reduced water consumption.

Supportive Business Ecosystem: Our belief is strongly embedded in democratic principles of businesses and has strong roots in cooperative/collective movements. Participation of farmers in the value chain activities has been amply demonstrated to result in higher income and quality services for farmers. In 2023, we strengthened our efforts to promote local entrepreneurship, farmers collectives and strengthening their governance.

- 1,145 farmers became co-owners in the supply chain across commodities.
- Solidaridad Asia supported 469 entrepreneurs to build a financially viable business model. The entrepreneurs were supported on different trades like agri inputs, seed production, vermi-compost, grain traders and collaboration with private and public sectors for improving backward and forward services. These capacity building arenas include book-keeping, financial management and business planning.
- 146,464 farmers reported to receive new or improved services from service providers supported through Solidaridad.
- 3,341 beneficiaries were provided with additional employment as a result of Solidaridad's support.

Enabling Policy: Policy influencing efforts have emerged from the learning that while at the country level, government and private sector policies are key enablers for augmenting our efforts towards a better and sustainable country, it is imperative that regional (Asian) countries form alliances to promote sustainable trade and being the largest producer and consumer of most agriculture produce, a voice for framing world sustainability order is crucial.

- Regional and national sustainability frameworks and multi-stakeholder platforms have been driving fair value distribution in the chain and sustainable trade and consumption across the Asian countries as a result of working with Solidaridad. In 2023, the 4 sustainability frameworks developed or improved with Solidaridad support have created important improvements in the sector performance in palm oil, soy, cotton, and tea.
- Solidaridad Asia worked with 98 civil society groups in the year 2023 to help them improve their involvement in decision-making.
- 126 corporates were supported in the year 2023 who implemented sustainability solutions and policies at their organisations.

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

BUSINESS REVIEW (CONT'D)

SoliTrace Benefits Thailand Farmers (Cont'd)

Market Uptake: Uniqueness of our market uptake strategy is inclusion of consumer voices. Through media campaigns and traceability applications, 2023 saw a remarkable outreach to the consumers. Our efforts to link the smallholder farmers, enterprises producing sustainable goods in leather and textile and more importantly building markets for players engaged in water to value products, resulted in higher achievements.

- 16,700,168 individuals were activated to potentially purchase sustainable products through Solidaridad awareness initiatives.
- A total of 2,043,806 tonnes of volume was sourced sustainably by brands supported through Solidaridad Asia's projects.

Sustainability Solutions

Feminisation of Supply Chain

Women are the cornerstone of agriculture representing 43% of the workforce, globally. Even for their outsized contributions in agriculture, women are often overlooked. Closing the gender gap in agriculture would produce significant gains for society by increasing agricultural productivity, strengthening value chains, reducing poverty and hunger, and promoting economic growth.

Solidaridad Asia takes a Feminisation of the Agricultural Supply Chain approach that challenges the barriers to women's advancement, and uses the market as a lever to invest in women, economically and socially. It begins by ensuring that in the entire supply chain, from production to retail, there is a deliberate effort to embrace gender diversity and promote the inclusion of women at every stage.

Our pilots in Bangladesh, India and Sri Lanka have demonstrated that the private sector has the potential to accelerate progress for women in agriculture, particularly in low- and middle-income countries. It's just a matter of getting started, taking a step towards gender inclusivity in sourcing in the supply chain.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Sustainability Solutions (Cont'd)

Sustainability Financing

Solidaridad and IFC in a unique collaboration intend to generate 1 billion USD (direct and leveraged) financing to promote and facilitate development of green and inclusive supply chains of select private sector agribusiness companies in South Asia impacting the lives of 1 million smallholder farmers. Harnessing the potential of sustainability financing to the companies, the effort is aimed to save 1 trillion of water, abate/sequester 1 million tonnes of GHG emission, with half a million workers experiencing decent working conditions, and 1 million hectare of land under regenerative practices. The collaboration will focus on South Asian countries of Nepal, Sri Lanka, Bangladesh and India.

Reducing Carbon Footprint in Tanneries

The carbon footprint of bovine leather amounts to approximately 65 kg CO₂ / sq. mtr. With over 2 billion square metres of leather produced globally each year, this creates a substantial environmental impact. To address this, greener technologies are crucial. In the Kolkata leather cluster, Solidaridad has been working with 100 tanneries to effectively minimise these footprints. The latest audit and lifecycle assessment of Solidaridad's interventions in five selected tanneries, conducted by TÜV SÜD South Asia, revealed significant achievements, with each tannery surveyed averting an estimated 150 tonnes of CO₂eq per year in greenhouse gas (GHG) emissions (Scope 2 and Scope 3) through just three technical innovations (desalting, water optimisation and accurate weighing) at the process level. The GHG-avoidance potential of these measures can, in fact, rise to around 500 tonnes of CO₂eq per tannery per year. The goal is to make at least one tannery carbon neutral in the next year, under the PAS 2060 certification.

Solidaridad in India is, currently, directly engaged with approximately 300 leather enterprises. For the future, Solidaridad is researching the potential of GHG avoidance through solid waste recycling solutions. It is also exploring the potential of generating renewable sources of energy (wind, solar and biogas) from tannery waste. These learnings will be shared with other commodities and projects within and outside India.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Organisation & Governance

China

Solidaridad has successfully established a representative office in China, transitioning from its previous status as a Wholly Owned Foreign Enterprise (WOFE), which was part of the Hong Kong entity and thus no longer recognised as a foreign enterprise under the new regulatory framework. Consequently, the China office pursued registration as a branch of the Network Secretariat to maintain its operations and presence within the country. This was the only option available at this moment to ensure compliance with Chinese laws and allow Solidaridad to continue its mission within the region. Solidaridad is committed to reemploying staff based on strategic needs and performance.

Solidaridad Network India Private Limited (SNIPL)

SNIPL is the innovation arm of Solidaridad Asia. It consisted of 10 staff and was functioning as a Private Limited Company registered in India with shareholdings under the Network Secretariat as well as Solidaridad Asia. However, due to persistent losses, it became impossible to continue supporting the operations and staff in SNIPL. On 1 March 2024, few of the SNIPL staff moved out and formed a private company called Demetrix Infotech Private Limited. SNIPL is in the process of being kept dormant with assets in the form of two software and two hardware. The remaining software was property of SNAL and has gone back to it. Demetrix will continue to provide software support to Solidaridad Asia offices on request.

Regenagri

Solidaridad acquired 50% stake in Regenagri which is world's leading regenerative agriculture certification standard. The process approved by the CSB of Asia aligns with our commitment to fostering sustainable and equitable supply chains. This strategic investment underscores Solidaridad Asia's dedication to regenerative agriculture, aiming to benefit small-scale farmers by improving soil health, water conservation, and carbon sequestration. By leveraging Regenagri's standards, Solidaridad Asia seeks to enhance agricultural productivity and resilience, facilitating farmers' access to carbon credit markets and ensuring practices that are environmentally sustainable and economically viable. This acquisition reflects Solidaridad Asia's ongoing efforts to set benchmarks in regenerative agriculture, prioritizing the prosperity of farmers and contributing to the global fight against climate change.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Human Resources

Solidaridad Asia is firmly committed to a policy of equal opportunity in all HR practices based on performance and competencies. During 2023, Asia Regional HR manual was revised/rechecked for inclusiveness, compliance with local laws, and revisions were made to the allowances considering the inflation and rising costs of accommodations and food while on travel. In alignment with the Asia Regional HR manual, the HR manuals of India and Malaysia were revised. The HR manuals of Indonesia and Bangladesh are in the process of revisions, with the finalisation being planned in the second quarter of 2024.

During the year 2023, 103 staff and associates were recruited for different positions across Solidaridad operations in Asia. 38% of female candidates were recruited for different positions.

The Gender Ratio has gone up to 24% in 2023 against the 30% target as per MASP. It is our constant endeavour to ensure women are recruited across all countries of operation and across all hierarchical levels.

Anti-sexual harassment policy is in place for all countries of operation in Asia in alignment with local country laws and regulations. Those will be further reviewed during 2024. Further, internal promotions were provided to female colleagues for mid to senior level leadership. The process of recruitment of a female candidate as Country Manager for Japan was initiated during the end quarter of 2023. The recruitment will be completed during the first quarter of 2024.

During 2023, India's country office took initiatives to tie up with reputed institutions to identify suitable female candidates for vacancies. Two female candidates have been selected through this process.

In 2023, the Asia Regional office was established. The year also saw the formation of the India finance team, with transference of responsibilities and a system for consolidation of accounts. We recruited our Financial Controller in 2023 and under his leadership the finance team is gearing up the systems to manage 20 million-euro budgets.

Communications

In 2023, Solidaridad Asia significantly amplified its efforts and reach across social media platforms, garnered extra media visibility, and helped programme teams with outreach, conceptualising and executing innovative ways and strategies to best leverage and showcase our sustainable interventions, products and technologies. More significantly, the communications team focused on establishing a pan-Asia identity by closely working with our offices in Bangladesh, India, Indonesia, Malaysia and Sri Lanka. These efforts have fostered greater collaboration and synergy across the board, leading to improved outcomes.

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DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Awards

Solidaridad Asia won two awards in 2023. In both cases, the communications team played an important role in editing and designing the submissions, besides also providing creative inputs.

First was the Water Sustainability Award (2022-2023) for innovation in water technology in its leather portfolio. This is the second time in a row that Solidaridad has won the award, presented by The Energy and Resources Institute (TERI) in collaboration with the Ministry of Jal Shakti, Government of India, International Water Association (IWA) and United Nations Development Programme (UNDP) on the occasion of World Water Day.

Solidaridad Asia also won the Diversity and Inclusion Innovation Award at the Food ingredients Europe event in Frankfurt, Germany, in November 2023, for its presentation of the feminisation of supply chain concept. At the event, Solidaridad's efforts to promote farmers' welfare and well-being were also acknowledged.

Building Credibility

To foster a relationship of trust with our stakeholders, be it farmers, brands or policymakers, 2023 has been a most productive year for Solidaridad Asia's communications team. The team played a vital role in the promotion and dissemination of information regarding learning workshops and big-ticket events. Participatory highlights from this year include The Conference on Advancing the Role of Women in Agricultural Supply Chains, the High Plenary on Collaborative Cotton Futures: ACRE's Regenerative Agriculture Initiative in India at the 10th edition of CRB's India and Sustainability Standards Conference, the National Small Tea Grower's Conference, the 2nd Sustainable Vegetable Oils Conference, and more. The team has also played an important role in coordinating, promoting and presenting takeaways from important workshops and the signing of multiple MoUs and memorandums across Asia in different commodities – leather, palm oil, apparel and textiles, among others. Beyond these activities and functions, the teams in India, Indonesia, Malaysia and Bangladesh also drafted informational brochures, booklets, leaflets, and distributed Solidaridad-branded merchandise for the participants at the events.

Internal Communication and Knowledge Sharing

In 2023, the communications team in Asia played a leading role in facilitating and organising several knowledge-sharing and training sessions and webinars for our colleagues. We collaborated with our Europe and Network teams on Yellow Week, with communications officers from Asia also leading sessions. In the later half of the year, Asia's communications team, together with the knowledge team, also facilitated and supported webinars (such as the Power of Voice learning sessions) and online conversations with experts and thought-leaders across organisations (such as Free Trade Europa). These sessions featured productive discussions regarding the implications of regulations and directives such as the EU Deforestation Regulation and the EU Corporate Sustainability Due Diligence Directive (EU CSDDD) for small farmers across Asia, also helping the organisation chart a future roadmap for interventions (both policy and on-ground). The India communications team also conducted a day-long workshop on various aspects of storytelling for more than 30 colleagues from Madhya Pradesh and Rajasthan.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Project Management & Evaluation

The PMEL team has been constantly evolving in line with the organisational strategies. The efforts have been directed towards transitioning from a data collector unit to a strategic support function. In 2023, along with improving the data quality, the team focussed their efforts in broadly four aspects: Methodological Improvements, Learnings, Research, and Technology Integration.

Methodological Improvements

Asia MASP strongly focuses on regenerative agriculture and decarbonisation of the supply chains. In alignment with the Asia MASP, the methodologies to capture the results were devised. The regenerative standard was applied to assess the status at the baseline for the P2P programme. Additionally, a pilot was conducted with support from TÜV SÜD South Asia Pvt. Ltd to capture the reduction of GHG emission in the leather tanneries. A similar pilot was conducted to assess the GHG emission in textile industries. We are still at a nascent stage to capture environmental results of our programme and we intend to direct our attention in 2024 towards application of methodologies and results focussing on soil health, water use efficiency and GHG emission reductions.

Research

Research is a strong focus for the PMEL in Asia. During 2023, research studies were initiated or anchored.

- The flagship report of Solidaridad Network 'The Smallholder Farmer Atlas' was anchored by Solidaridad Asia. The report highlights the perception of smallholder farmers across three critical impact areas of Solidaridad.
- Job creation and enterprise promotion forms the base for building supportive ecosystem services development. Research study was initiated on job creation to help us understand the potential of our proposed strategies on job creation and suggest additional pathways for rural job creation.
- A research study in Bangladesh with Institute of Water and Flood Management (IWFM), Bangladesh University of Engineering and Technology (BUET) focused on physical intervention and community participation in planning and managing the water management in the micro-watersheds.
- Inclusion of smallholder farmers in the carbon market has been a subject of deliberation. To assess the feasibility, viability and applicability of interventions for carbon trade, a research was conducted among the small tea growers in India.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司

DIRECTORS' REPORT (CONT'D)

BUSINESS REVIEW (CONT'D)

Partnerships

We have been able to secure 88% of our pipeline in 2023, amounting to 7.8 million euros. Additionally, projects worth 4.20 million euros are still under discussions with a high probability of actualisation. The REC was able to diversify the funding source to include local donor organisations. The major donors are Arkema, BASF, Jayant Agro, Vodafone Foundation, European Union, Colgate, HSBC, SMEP, GIZ, GSRD Foundation, Nayara, with other RECs for EU and Cargill etc.

Integrity

- Two issues were reported in 2023. One of them came from Indonesia. A third-party forensic audit was conducted to unearth the details. The ED, CSB and the local board have been informed about the status. The second case was reported in India. The person on whom allegation was levelled had resigned, however, all the concerned parties were engaged by a committee formed internally as per the requirements of Solidaridad. The issue was resolved amicably and the misunderstanding that led to the filing of complaint was addressed. Since it was not an integrity issue, with the help of HR, the job responsibilities were clarified, and a report was submitted to the Managing Director.
- The platform of Staff Orientation during onboarding, global onboarding programme, regular orientation of staff in meetings and workshops of programme, and functional department meetings have been extremely useful for effective implementation of the integrity policies across Asia. The REC has also oriented colleagues in 2023 for different countries in Asia, especially for New Person of Trust (PoT) for each country and the Country Management representatives, to keep a high standard of staff understanding on importance of integrity policies of the organisation and to encourage them to reach out to the concerned person as and when required as per the protocol of the organisational integrity policies. Based on the wider presence and number of employees for the REC, the Integrity team along with HR and Management took a decision of assigning responsibility of Person of Trust to one of the colleagues recommended by the country.

Learnings

Solidaridad Asia gave strong emphasis to the learning component in 2023 thereby organising various capacity building events (both online and offline) for staff on programmatic aspects as well as basics of PMEL. In 2023, Solidaridad Asia organised a total of 7 learning sessions (3 offline workshops and 4 online webinars). Additionally, monthly digests were shared to enhance team's knowledge on various relevant topics and themes. Additionally, the PMEL team from Asia also supported the global learning team in the Yellow Week to cross-learn from the network.

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 **24 APR 2024**

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 17 to 38, which comprise the consolidated statement of financial position as at 31 December 2023, 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 2023, 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: 24 APR 2024

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> EUR	<u>2022</u> EUR
Project income	3	10,325,091	11,770,143
Project implementation cost		(10,102,175)	(11,184,330)
Gross surplus		<u>222,916</u>	<u>585,813</u>
Other income	4	14,872	80,103
Other net gain	5	65,874	187,169
Administrative and operating expenses		(646,124)	(879,822)
Deficit for the year	6	<u>(342,462)</u>	<u>(26,737)</u>

The notes on pages 22 to 38 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 2023

	<u>2023</u> EUR	<u>2022</u> EUR
Deficit for the year	(342,462)	(26,737)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(342,462)</u>	<u>(26,737)</u>

The notes on pages 22 to 38 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 2023

	Note	2023 EUR	2022 EUR
Non-current assets			
Property, plant and equipment	9	22,586	3,610
Investment in an associate	10	58,358	-
		80,944	3,610
Current assets			
Other receivables	12	751,207	1,290,115
Cash and bank balances		4,877,106	5,576,494
		5,628,313	6,866,609
Current liabilities			
Other payables	13	(688,881)	(389,820)
Accrued charges	14	(245,738)	(399,361)
Restricted funds	15	(2,465,883)	(3,429,821)
		(3,400,502)	(4,219,002)
Net current assets		2,227,811	2,647,607
NET ASSETS		2,308,755	2,651,217
RESERVES			
Accumulated surplus		2,308,755	2,651,217

Approved and authorised for issue by the board of directors on **24 APR 2024**
and signed on its behalf.

Director
Shatadru CHATTOPADHAYAY

Director
Subramaniam MUNUSAMY

The notes on pages 22 to 38 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 2023

	Accumulated surplus <hr/> EUR
Balance at 1 January 2022	2,677,954
Changes in funds for 2022	
Total comprehensive income for the year	(26,737)
	<hr/>
Balance at 31 December 2022 and 1 January 2023	2,651,217
Changes in funds for 2023	
Total comprehensive loss for the year	(342,462)
	<hr/>
Balance at 31 December 2023	<u><u>2,308,755</u></u>

The notes on pages 22 to 38 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 2023

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Cash flows from operating activities		
Deficit for the year	(342,462)	(26,737)
Adjustments for:		
Depreciation	9,458	3,357
Interest income	(14,793)	(3,592)
	<hr/>	<hr/>
Operating deficit before working capital changes	(347,797)	(26,972)
Decrease in other receivables	538,908	514,660
Increase/(decrease) in other payables	299,061	(39,249)
(Decrease)/increase in accrued charges	(153,623)	22,629
Decrease in restricted funds	(963,938)	(3,140,129)
	<hr/>	<hr/>
Net cash used in operating activities	(627,389)	(2,669,061)
	<hr/>	<hr/>
Cash flows from investing activities		
Payment for investment in an associate	(58,358)	-
Payment for the purchase of property, plant and equipment	(28,434)	(213)
Interest received	14,793	3,592
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(71,999)	3,379
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(699,388)	(2,665,682)
Cash and cash equivalents at 1 January	5,576,494	8,242,176
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	4,877,106	5,576,494
	<hr/>	<hr/>
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	4,877,106	5,576,494
	<hr/>	<hr/>

The notes on pages 22 to 38 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 2023

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 2023 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) Consolidated financial statements

The consolidated financial statements for the year comprise the company and its wholly-owned subsidiary.

(d) 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.

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

(e) Associate

Associate is an entity over 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.

(f) 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)

(g) 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.

(h) 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.

(i) 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.

(j) 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)

(k) 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.

(l) 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.

(m) 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)

(n) 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)

(o) 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.

(p) 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)

(q) 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.

(r) 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>2023</u>	<u>2022</u>
	EUR	EUR
Bank interest income	14,793	3,592
Sundry income	79	76,511
	<u>14,872</u>	<u>80,103</u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

5. Other net gain

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Gain on exchange, net	65,874	187,169

6. Deficit for the year

	<u>2023</u>	<u>2022</u>
	EUR	EUR
The deficit for the year is stated after charging:-		
Auditors' remuneration	42,837	16,834
Depreciation	9,458	3,357
Overseas staff expenses (including directors' emoluments, note 7)	14,000	392,579

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>2023</u>	<u>2022</u>
	EUR	EUR
Director fee	14,000	14,000

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 at applicable tax rate:-

	<u>2023</u> EUR	<u>2022</u> EUR
Deficit for the year	(342,462)	(26,737)
Tax at the applicable tax rate of 16.5% (2022: 16.5%)	(56,506)	(4,411)
Tax effect of non-deductible expense	58,947	35,886
Tax effect of non-taxable revenue	(2,441)	(31,475)
Tax expense	-	-

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

9. Property, plant and equipment

	<u>Computer</u> EUR	<u>Office equipment</u> EUR	<u>Total</u> EUR
Cost			
At 1 January 2023	13,397	21,360	34,757
Addition during the year	6,347	22,087	28,434
At 31 December 2023	<u>19,744</u>	<u>43,447</u>	<u>63,191</u>
Accumulated depreciation			
At 1 January 2023	12,496	18,651	31,147
Charge for the year	3,019	6,439	9,458
At 31 December 2023	<u>15,515</u>	<u>25,090</u>	<u>40,605</u>
Net book value			
At 31 December 2023	<u>4,229</u>	<u>18,357</u>	<u>22,586</u>
At 31 December 2022	<u>901</u>	<u>2,709</u>	<u>3,610</u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

10. Investment in an associate

	<u>2023</u>	<u>2022</u>
	<u>HK\$</u>	<u>HK\$</u>
Unlisted investment, at cost	58,358	-

At 31 December 2023, the group held shares in the following associate:-

<u>Name of associate</u>	<u>Country of incorporation</u>	<u>Percentage holding</u>		<u>Nature of business</u>
		<u>2023</u>	<u>2022</u>	
Regenagi C.I.C.	U.S.A.	50%	-	Business not yet commenced

11. Investment in a subsidiary

At 31 December 2023, the company held equity interest in the following subsidiary:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Proportion of ownership interest held by the company</u>		<u>Principal activities</u>
		<u>2023</u>	<u>2022</u>	
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.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

12. Other receivables

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Sundry debtors	480,102	1,207,987
Deposit paid	34,224	31,155
Temporary advance	236,881	50,973
	<u>751,207</u>	<u>1,290,115</u>

13. Other payables

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Other payables	<u>688,881</u>	<u>389,820</u>

14. Accrued charges

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Auditors' remuneration	93,740	12,563
Professional and consultancy fee	151,998	386,798
	<u>245,738</u>	<u>399,361</u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

15. Restricted funds

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Stichting Solidaridad	87,537	1,113,391
Power of Voice- Reclaiming Sustainability	299,065	777,111
Royal Netherlands Embassy – Bangladesh	712,299	690,109
RVO (Netherland Enterprise Agency)	473,014	521,535
STHAL	140,621	220,000
Solidaridad Network Foundation	118,020	121,300
ADM Hamburg Aktiengesellschaft	64,752	109,442
BASF SE	5,185	44,538
Roundtable on Sustainable Palm Oil (RSSF)	33,723	33,723
Nutreco International B.V.	(37,826)	7,959
Coca Cola USA	91,597	536
Solidaridad REC North America	(104,242)	(96,582)
Sime Darby	(35,286)	(1,717)
Arkema France	(22,216)	(2,817)
Unilever Asia Private Limited (UAPL)	88,813	(13,004)
German Agency for International Cooperation (GIZ)	6,301	(14,077)
APICAL	22	(18,751)
Dole Foods	49,427	(31,195)
Dugros B.V.	(91,260)	(31,680)
Pathways to Prosperity	465,357	-
Syngenta Crop Protection AG	(20)	-
Laudes Foundation	121,000	-
	<u>2,465,883</u>	<u>3,429,821</u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

16. Capital and reserves

(a) Movements in components of equity

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

	Accumulated surplus <hr/> EUR
Balance at 1 January 2022	3,032,567
Changes in equity for 2022	
Total comprehensive loss for the year	(381,350)
	<hr/>
Balance at 31 December 2022 and 1 January 2023	2,651,217
Changes in equity for 2023	
Total comprehensive loss for the year	(356,284)
	<hr/>
Balance at 31 December 2023	<u><u>2,294,933</u></u>

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

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>2023</u>	<u>2022</u>
	EUR	EUR
Project income from Stichting Solidaridad	6,427,303	8,043,838
Project income from Solidaridad REC North America	7,660	204,215
	<u> </u>	<u> </u>

The amount due from Solidaridad Network India Pvt Ltd., of EUR12,982 (2022: EUR9,881) is included in other receivables.

The amount due from/to Solidaridad Network Sri Lanka, of EUR88,649 (2022: EUR28,527) is included in other receivables.

The amount due from Solidaridad Regional Expertise Centre, of EUR66,395 (2022: EUR128,386) is included in other receivables.

The amount due to/from Yayasan Solidaridad Network Indonesia, of EUR14,425 (2022: EUR22,367) is included in other receivables.

The amount due to/from ISH Solidaridad Japan, of EUR3,029 (2022: EUR5,429) is included in other receivables.

The amount due from Solidaridad Network Foundation, of EUR54,478 (2022: EUR321,887) is included in other receivables and EUR118,020 (2022: EUR121,300) is included in restricted fund.

The amount due to Solidaridad Network Malaysia BHD, of EUR41,825 (2022: EUR19,635) is included in other receivables.

The amount due from/to Stichting Solidaridad, of EUR849,404 (2022: EUR214,980) is included in restricted fund, and EUR137,815 (2022: EUR576,404) is included in other receivables.

The amount due from Solidaridad REC North America, of EUR104,242 (2022: EUR96,582) is included in restricted fund.

The amount due from Guangzhou Zengcheng Hezhong Poverty Alleviation Service Center, of EURNil (2022: 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.

SOLIDARIDAD NETWORK ASIA LIMITED 禾眾亞洲有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2023

18. Commitments under operating leases

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

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Not later than one year	-	19,135
	<u> </u>	<u> </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 2023

20. Company-level statement of financial position

	Note	2023 EUR	2022 EUR
Non-current assets			
Property, plant and equipment		22,586	3,610
Investment in a subsidiary	11	27,205	20,000
Investment in an associate	10	58,358	-
		108,149	23,610
Current assets			
Other receivables		815,227	1,241,306
Cash and bank balances		4,740,896	5,542,235
		5,556,123	6,783,541
Current liabilities			
Other payables		(660,783)	(338,850)
Accrued charges		(242,673)	(387,263)
Restricted funds		(2,465,883)	(3,429,821)
		(3,369,339)	(4,155,934)
Net current assets		2,186,784	2,627,607
NET ASSETS		2,294,933	2,651,217
RESERVES			
Accumulated surplus	16	2,294,933	2,651,217

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

24 APR 2024

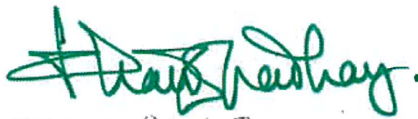
Director
Shatadru CHATTOPADHAYAY

Director
Subramaniyam MUNUSAMY



SOLIDARIDAD NETWORK ASIA LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

I hereby approve this document and
authorise Lee, Au & Co. to submit to
the IRD on my behalf.



Director

Date: 24 APR 2024



DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the years ended 31 December 2022 and 2023 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 2023

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<u>Income from fund raising</u>		
Income-Project implementation	9,977,747	11,440,606
Income-Overhead support	347,344	329,537
	<u>10,325,091</u>	<u>11,770,143</u>
<u>Less: Project implementation cost</u>		
Sourced from restricted fund	10,102,175	11,538,942
	<u>222,916</u>	<u>231,201</u>
<u>Add: Other income</u>		
Bank interest income	14,793	3,592
Gain on exchange, net	47,858	187,169
Sundry income	-	76,511
	<u>62,651</u>	<u>267,272</u>
	<u>285,567</u>	<u>498,473</u>
<u>Less: Administrative and other overseas operating expenses</u>		
Auditors' remuneration	42,837	16,834
Boarding and lodging expenses	22,751	628
Depreciation	9,458	3,357
Directors' fee	14,000	14,000
Meeting and workshop expenses	77,562	10,250
Office expenses	190,506	105,521
Overseas staff expenses	-	392,579
Professional fee	215,117	284,013
Repairs and maintenance	15,422	8,275
Sundry expenses	8,215	30,712
Travelling expenses	45,983	13,654
	<u>641,851</u>	<u>879,823</u>
Deficit for the year	<u>(356,284)</u>	<u>(381,350)</u>