

# **ALLCARGO HONG KONG LIMITED**

## **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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# **ALLCARGO HONG KONG LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors submit herewith their report together with the audited financial statements of ALLCARGO HONG KONG LIMITED (the "Company") for the year ended 31 December 2020.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are provision of shipping agency service and procurement service. There are no significant changes compared with the activities conducted in previous year.

### **FINANCIAL STATEMENTS**

The result of the Company for the year ended 31 December 2020 and the Company's financial position as at that date are exhibited in the annexed audited financial statements.

### **RESERVES**

Details of movements in reserves during the year are set out in the statement of changes in equity on page 8.

### **DIVIDENDS**

No dividends were paid or proposed to be paid (2019: Nil).

### **SHARE CAPITAL**

There are no changes in the composition of the number of shares of the issued capital of the Company.

### **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements that have, will or may result in the Company issuing shares or that require the Company to enter into any agreements that have, will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at 31 December 2020.

### **DIRECTORS**

The directors during the year and up to the date of this report were:-

MAN Sat Tol

(Resigned on 31 July 2020)

TONG Mung Hung Charles

WONG Sau Lan Becky

In accordance with the article 7 of the Company's Articles of Association, except permanent directors if any are appointed, all existing directors shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

### **MANAGEMENT CONTRACTS**

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

# **ALLCARGO HONG KONG LIMITED**

## **REPORT OF THE DIRECTORS (Continued)**

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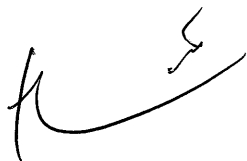
### **REPORTING EXEMPTION**

Since the Company falls within reporting exemption for the financial year in accordance with the Companies Ordinance, it has been exempted from certain disclosures in the report of the directors and in the financial statements.

### **AUDITOR**

The financial statements for the year were audited by Messrs. CHENG & CHENG LIMITED who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



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WONG Sau Lan Becky  
Chairman

Hong Kong, 13 August 2021



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ALLCARGO HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

#### Opinion

We have audited the financial statements of ALLCARGO HONG KONG LIMITED (the "Company") set out on pages 6 to 28, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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.

#### Information other than the financial statements and auditor's report thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **TO THE MEMBERS OF ALLCARGO HONG KONG LIMITED**

(Incorporated in Hong Kong with limited liability)

#### **Responsibilities of directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 HKSAAs 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 financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **TO THE MEMBERS OF ALLCARGO HONG KONG LIMITED**

(Incorporated in Hong Kong with limited liability)

#### **Auditor's responsibilities for the audit of the financial statements (Continued)**

- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



CHENG & CHENG LIMITED  
Certified Public Accountants

Hong Kong, 13 August 2021

Cheng Hong Cheung  
Practising Certificate number P01802

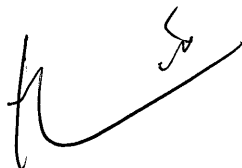
# ALLCARGO HONG KONG LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK\$	2019 HK\$
<b>Non-current assets</b>			
Plant and equipment	3	38,670	47,189
<b>Current assets</b>			
Trade debtors	4	997,120	2,832,051
Deposits, prepayment and other receivables	5	121,081	425,188
Amounts due from fellow subsidiaries	14	1,057,459	832,588
Cash at bank and on hand		91,130	43,235
		<u>2,266,790</u>	<u>4,133,062</u>
<b>Current liabilities</b>			
Accruals and other payables	7	1,408,119	97,495
Amount due to a fellow subsidiary	14	785,422	3,792,031
		<u>2,193,541</u>	<u>3,889,526</u>
<b>Net current assets</b>		<u>73,249</u>	<u>243,536</u>
<b>Total assets less current liabilities</b>		<u>111,919</u>	<u>290,725</u>
<b>Capital and reserves</b>			
Share capital	8	500,000	500,000
Reserves	8	(388,081)	(209,275)
		<u>111,919</u>	<u>290,725</u>

Signed on behalf of the Board of Directors by:-



WONG Sau Lan Becky  
Director



TONG Mung Hung Charles  
Director

The attached notes form an integral part of these financial statements.

# ALLCARGO HONG KONG LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 HK\$	2019 HK\$
<b>Revenue</b>	9	9,374,469	9,441,127
Other income	10	324,128	1,488
Administrative and other operating expenses		(9,852,770)	(10,227,610)
Other net income	10	13,609	1,168,456
Finance costs	11	(38,242)	(89,645)
<b>(Loss)/Profit before taxation</b>	12	(178,806)	293,816
Income tax	13	-	-
<b>(Loss)/Profit for the year</b>		<u>(178,806)</u>	<u>293,816</u>

There was no other comprehensive income or loss during the year.

The attached notes form an integral part of these financial statements.

# ALLCARGO HONG KONG LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
<b>Balance at 1 January 2019</b>	500,000	(503,091)	(3,091)
Profit for the year	-	293,816	293,816
<b>Balance at 31 December 2019 and 1 January 2020</b>	500,000	(209,275)	290,725
Loss for the year	-	(178,806)	(178,806)
<b>Balance at 31 December 2020</b>	500,000	(388,081)	111,919

The attached notes form an integral part of these financial statements.

# ALLCARGO HONG KONG LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 HK\$	2019 HK\$
<b>Operating activities</b>			
(Loss)/Profit before taxation		(178,806)	293,816
Adjustments for:			
Depreciation of owned assets		16,689	11,413
Net gain on disposal of line of business		-	(1,213,596)
Interest income		(128)	(148)
Interest on other loans		38,242	89,645
Operating loss before working capital changes		(124,003)	(818,870)
Decrease in trade debtors		1,834,931	2,524,568
Decrease in deposits, prepayment and other receivables		304,107	104,440
Decrease in trade creditors		-	(1,248,539)
Increase/(Decrease) in accruals and other payables		1,310,624	(65,762)
<b>Net cash from operating activities</b>		3,325,659	495,837
<b>Net cash (used in)/from investing activities</b>	15	(232,913)	3,573,176
<b>Net cash used in financing activities</b>	16	(3,044,851)	(4,879,278)
<b>Increase/(Decrease) in cash and cash equivalents</b>		47,895	(810,265)
<b>Cash and cash equivalents at the beginning of the year</b>		43,235	853,500
<b>Cash and cash equivalents at the end of the year</b>	17	91,130	43,235

The attached notes form an integral part of these financial statements.

# **ALLCARGO HONG KONG LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

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### **1. CORPORATE INFORMATION**

ALLCARGO HONG KONG LIMITED (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is 10/F., Pacific Plaza, 410 Des Voeux Road West, Hong Kong.

### **2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out as follows:-

#### **(a) STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. There is no significant impact to the Company from initial application of these new and revised HKFRSs for the current and prior accounting periods. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### **(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The measurement basis used in the preparation of the financial statements is the historical cost basis. The financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest dollar unless otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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 recognized 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.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (c) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Company's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

##### Receivables

A receivable is recognized when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see note 2(e)(i)).

##### Payables

Payables are initially recognized at fair value. Payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (d) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(e)(ii)).

Depreciation is calculated to write off the cost or valuation of each item of plant and equipment, less its estimated residual value, if any, using the straight line method over its estimated useful life, unless otherwise indicated. The estimated annual rate of depreciation adopted, is as follow:-

- |                      |     |
|----------------------|-----|
| - Computer equipment | 20% |
|----------------------|-----|

Where parts of an item of plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (e) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

##### (i) Credit losses from financial instruments

The Company recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables).

##### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The expected cash shortfalls of trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Company recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (e) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

##### (i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Company considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Company recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized in accordance with note 2(j)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (e) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

##### (i) Credit losses from financial instruments (Continued)

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

##### (ii) Impairment of other non-current assets

An assessment is carried out at the end of each reporting period to determine whether there are any internal or external indications that assets are impaired. If any such indications exist, the recoverable amount of the assets, being the greater of its net selling price or value in use, is estimated. The carrying amount of the asset is reduced to its recoverable amount where appropriate. Such impairment loss is recognized in profit or loss.

#### (f) 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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(e)(i).

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (g) EMPLOYEE BENEFITS

##### Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (h) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities, if any. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using the prevailing tax rates, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized.

#### (i) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized for other liabilities of uncertain timing or amount when the Company 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.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (j) REVENUE AND OTHER INCOME

Income is classified by the Company as revenue when it arises from the provision of services in the ordinary course of the Company's business.

Revenue is recognized when control over service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Company's revenue and other income recognition policies are as follows:

##### (i) Shipping agency service income

The Company introduces customers to shipping agents. Shipping agency service income is recognised at a point in time when the agents have arranged goods on board.

##### (ii) Procurement service income

Revenue from providing monthly procurement service is generally recognised over time when the performance obligation are fulfilled on a straight-line basis over the contracts terms.

##### (iii) Interest income

Interest income is recognized as it accrues using the effective interest method. For financial assets measured at amortized cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(e)(i)).

##### (iv) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

##### (v) Other income

Sundry income is recognized whenever it is received or receivable.

# **ALLCARGO HONG KONG LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2020

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### **2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)**

#### **(k) FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the accounts of the Company are measured by using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Hong Kong Dollars ("HK\$"), which is the functional and presentation currency.

#### **(l) TRANSLATION OF FOREIGN CURRENCIES**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

#### **(m) RELATED PARTIES**

A related party is a person or entity that is related to the Company in these financial statements, as follows:-

- (i) A person, or a close member of that person's family, is related to the Company if that person:
  - (1) has control or joint control over the Company;
  - (2) has significant influence over the Company; or
  - (3) is a member of the key management personnel of the Company or the Company's parent.
- (ii) An entity is related to the Company if any of the following conditions applies:
  - (1) 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).
  - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (3) Both entities are joint ventures of the same third party.
  - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  - (6) The entity is controlled or jointly controlled by a person identified in note 2(m)(i).
  - (7) A person identified in note 2(m)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (m) RELATED PARTIES (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 3. PLANT AND EQUIPMENT

	Computer equipment HK\$
<b>Cost</b>	
At 1 January 2019	43,975
Additions	<u>26,540</u>
At 31 December 2019 and 1 January 2020	70,515
Additions	<u>8,170</u>
At 31 December 2020	<u>78,685</u>
<b>Deduct: Accumulated depreciation</b>	
At 1 January 2019	11,913
Charged for the year	<u>11,413</u>
At 31 December 2019 and 1 January 2020	23,326
Charged for the year	<u>16,689</u>
At 31 December 2020	<u>40,015</u>
<b>Net book value</b>	
At 31 December 2020	<u><u>38,670</u></u>
At 31 December 2019	<u><u>47,189</u></u>

### 4. TRADE DEBTORS

	2020 HK\$	2019 HK\$
Trade debtors	<u>997,120</u>	<u>2,832,051</u>

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 4. TRADE DEBTORS (Continued)

All the trade receivables are expected to be recovered or recognized as expense within one year.

Trade debtors are due within 30-90 days from the date of billing. Further details on the Company's credit policy and credit risk arising from trade debtors are set out in note 19(b).

#### Trade debtors that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2020 HK\$	2019 HK\$
Less than 1 month past due	997,120	2,772,146
1 to 3 months past due	-	59,905
	<u>997,120</u>	<u>2,832,051</u>

### 5. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2020 HK\$	2019 HK\$
Deposits and prepayments	121,081	146,586
Other receivables	-	278,602
	<u>121,081</u>	<u>425,188</u>

### 6. REMUNERATION, BENEFITS AND INTERESTS OF DIRECTORS

Directors' remuneration, benefits and interests disclosed pursuant to section 383 of the Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year is "Nil" (2019: Nil).

### 7. ACCRUALS AND OTHER PAYABLES

	2020 HK\$	2019 HK\$
Accruals and sundry payables	<u>1,408,119</u>	<u>97,495</u>

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 8. CAPITAL AND RESERVES

#### Share Capital

	2020		2019	
	No. of shares	HK\$	No. of shares	HK\$
<b>Ordinary shares, issued and fully paid</b>				
At beginning and end of the year	500,000	500,000	500,000	500,000

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### Reserves

Details of movements in reserves during the year are referred to in the statement of changes in equity. The nature and purpose of reserves within equity are as follows:-

#### Accumulated losses

Accumulated losses are the cumulative net losses of the Company sustained in the business.

### 9. REVENUE

The Company is principally engaged in the provision of shipping agency service and procurement service. An analysis of revenue of the Company is as follows:-

#### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines and by geographical location of customers are as follows:

	2020	2019
	HK\$	HK\$
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major services lines		
Procurement service income	-	1,980,000
Shipping agency service income	9,374,469	7,461,127
	<u>9,374,469</u>	<u>9,441,127</u>

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 9. REVENUE (Continued)

#### Disaggregation of revenue (Continued)

	2020 HK\$	2019 HK\$
<b>Revenue from contracts with customers within the scope of HKFRS 15 (Continued)</b>		
Disaggregated by geographical location of customers		
Hong Kong	-	1,980,000
Mainland China	9,374,469	7,461,127
	<u>9,374,469</u>	<u>9,441,127</u>
Disaggregated by timing of revenue recognition		
Over time	-	1,980,000
At a point in time	9,374,469	7,461,127
	<u>9,374,469</u>	<u>9,441,127</u>

As the Company has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its service contracts for the provision of procurement service and shipping agency service such that the disclosure about revenue that the Company will be entitled to when it satisfies the remaining performance obligations under the contracts for provision of procurement service and shipping agency service that had an original expected duration of one year or less is not necessary.

### 10. OTHER INCOME AND OTHER NET INCOME

	2020 HK\$	2019 HK\$
<b><u>Other income</u></b>		
Interest income	128	148
Government grants (*)	324,000	-
Sundry income	-	1,340
	<u>324,128</u>	<u>1,488</u>
<b><u>Other net income</u></b>		
Exchange gains/(losses)	13,609	(45,140)
Net gain on disposal of line of business (ocean and air freight forwarding service)	-	1,213,596
	<u>13,609</u>	<u>1,168,456</u>

(\*) In 2020, the Company successfully applied for funding support from the "Anti-epidemic Fund" ("the Fund"), set up by the HKSAR Government. The purpose of the Fund is to provide time-limited financial support to employers to retain employees who may otherwise be made redundant.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 11. FINANCE COSTS

	2020 HK\$	2019 HK\$
Interest on other loans	38,242	89,645

### 12. (LOSS)/PROFIT BEFORE TAXATION

	2020 HK\$	2019 HK\$
(Loss)/Profit before taxation is stated after charging:		
Depreciation of owned assets	16,689	11,413
Employee benefits:		
Salaries, wages and other benefits	7,783,600	8,630,043
Provident fund expenses under defined contribution retirement plan	98,170	62,917
Total employee benefits expenses	7,881,770	8,692,960

### 13. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Company has no assessable profits (2019: Nil).

No provision for deferred taxation has been made as the deferred tax assets were not expected to be recognized in the foreseeable future (2019: Nil).

At the end of the reporting period, the Company has unused tax losses of HK\$1,871,668 (2019: HK\$1,396,167) available for offset against future profits. However, no deferred tax asset in respect of them had been recognized due to the unpredictability of future profit streams even though those tax losses may be carried forward indefinitely.

The tax expense for the year can be reconciled to the results per the statement of profit or loss and other comprehensive income as follows:-

	2020 HK\$	2019 HK\$
(Loss)/Profit before taxation	(178,806)	293,816
Notional tax at the domestic income tax rate of 16.5%	(29,503)	48,480
Tax effect of non-deductible expenses	6,310	22,083
Tax effect of non-taxable revenue	(56,670)	(200,268)
Tax effect of unrecognized temporary differences	1,405	(2,496)
Tax effect of unused tax losses not recognized	78,458	132,201
Income tax expense for the year	-	-

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 14. RELATED PARTY DISCLOSURES

During the year, the Company had the following significant related party's transactions and balances:-

#### (a) Financing arrangements

	Note	Owed to/(by) the Company by/(to) related parties		Related interest expense	
		As at 31 December		Year ended 31 December	
		2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
Amounts due from fellow subsidiaries	(i), (ii)	1,057,459	832,588	-	-
Amount due to a fellow subsidiary	(iii)	(785,422)	(3,792,031)	38,242	89,645

- (i) The outstanding balances with these related parties were unsecured, interest free and had no fixed repayment terms.
- (ii) No provisions for bad or doubtful debts had been made in respect of these loans.
- (iii) The outstanding balance with the related party was bearing interest at 2% per annum, were unsecured and repayable on demand (2019: bearing interest at 2% per annum, were unsecured and repayable on demand except for the amount of HK\$21,274 were unsecured, interest free and no fixed repayment terms).

#### (b) Other related party transactions

	Note	Year ended 31 December	
		2020 HK\$	2019 HK\$
Shipping agency service income from fellow subsidiaries	(i)	9,374,469	7,461,127
Procurement service income from a fellow subsidiary	(ii)	-	1,980,000
Sales of line of business (ocean and air freight forwarding service) to a fellow subsidiary	(iii)	-	1,213,596
Service fee paid to fellow subsidiaries	(iv)	1,398,317	-

- (i) Shipping agency service income from fellow subsidiaries was charged at a negotiated value. A balance of HK\$997,120 was still outstanding at the end of the reporting period (2019: HK\$852,053).
- (ii) Procurement service income from a fellow subsidiary was charged at a negotiated value. No significant balance was carried forward at the end of the reporting period in respect of the current year (2019: HK\$1,980,000).
- (iii) Sales of line of business (ocean and air freight forwarding service) to a fellow subsidiary was charged at a negotiated value. No significant balance was carried forward at the end of the reporting period in respect of the previous year.
- (iv) Service fee paid to fellow subsidiaries was charged at a negotiated value. No significant balance was carried forward at the end of the reporting period in respect of the current year.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 15. INVESTING ACTIVITIES

	2020 HK\$	2019 HK\$
Purchase of plant and equipment	(8,170)	(26,540)
Net movements of amounts due from fellow subsidiaries	(224,871)	2,385,972
Proceeds from disposal of line of business (ocean and air freight forwarding service)	-	1,213,596
Interest received	128	148
<b>Net cash (used in)/from investing activities</b>	<b>(232,913)</b>	<b>3,573,176</b>

### 16. FINANCING ACTIVITIES

	2020 HK\$	2019 HK\$
Net movements of amount due to a fellow subsidiary	(3,006,609)	(4,789,633)
Interest paid	(38,242)	(89,645)
<b>Net cash used in financing activities</b>	<b>(3,044,851)</b>	<b>(4,879,278)</b>

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Amount due to a fellow subsidiary HK\$
<b>At 1 January 2020</b>	<b>3,792,031</b>
<b>Changes from financing cash flows:</b>	
Net movements of amount due to a fellow subsidiary	(3,006,609)
Interest paid	(38,242)
<b>Total changes from financing cash flows</b>	<b>(3,044,851)</b>
<b>Other changes:</b>	
Interest expenses	38,242
<b>At 31 December 2020</b>	<b>785,422</b>

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 16. FINANCING ACTIVITIES (Continued)

#### Reconciliation of liabilities arising from financing activities (Continued)

	Amount due to a fellow subsidiary HK\$
At 1 January 2019	<u>8,581,664</u>
<b>Changes from financing cash flows:</b>	
Net movements of amount due to a fellow subsidiary	(4,789,633)
Interest paid	<u>(89,645)</u>
Total changes from financing cash flows	<u>(4,879,278)</u>
<b>Other changes:</b>	
Interest expenses	<u>89,645</u>
At 31 December 2019	<u><u>3,792,031</u></u>

### 17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position:-

	2020 HK\$	2019 HK\$
Cash at bank and on hand	<u>91,130</u>	<u>43,235</u>

### 18. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for members.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses.

The Company's operation is primarily sourced from the business income, and other finances sourced from the following which except otherwise indicated are interest free and have no fixed repayment terms:-

	2020 HK\$	2019 HK\$
<b>Current liabilities</b>		
Amount due to a fellow subsidiary	785,422	3,792,031
Accruals and sundry payables	<u>1,408,119</u>	<u>97,495</u>

The Company is not subject to externally imposed capital requirements.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

### 19. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2020	2019
	HK\$	HK\$
<b><u>Financial assets</u></b>		
Amortised cost	2,145,709	3,986,476
<b><u>Financial liabilities</u></b>		
Amortised cost	2,193,541	3,889,526

#### (b) Financial risk management

Exposure to credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Company's business

The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk is primarily attributable to cash and cash equivalents, trade receivables and other receivables. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies. All other receivables were still within the normal credit term and were revalued to be collateral.

To manage the trade debtors, the Company has policies in place to ensure that services are provided to customers with an appropriate financial strength. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews regularly the recoverable amount of each individual trade debtors to ensure that adequate impairment losses are made for irrecoverable amounts.

Trade debtors are due within 30-90 days from the date of billing. Normally, the Company does not obtain collateral from customers.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer base.

The Company assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 December 2019 and 2020.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 19. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management (Continued)

##### Liquidity risk

Management has built an appropriate liquidity risk management framework to meet the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### Interest rate risk

The Company has interest-bearing assets and liabilities in the form of cash and cash equivalent and amount due to a fellow subsidiary. Management considers the exposure to the changes in market interest rate should not be materially enough to cause adverse financial effect on the Company's position.

##### Currency risk

The Company's functional currency is Hong Kong Dollars by using the currency of the primary economic environment in which the Company operates. However, the Company's majority trade transactions are denominated in the US Dollars. Management considers no significant exposure to foreign currency risk because of the Hong Kong Dollars pegged to US Dollars.

##### Fair values measurement

The carrying amounts of the Company's financial instruments carried at cost or amortized cost are not materially different from their fair values as at 31 December 2019 and 2020.

### 20. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and a new standard which may be relevant to the Company but are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRSs, Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023

# ALLCARGO HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

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### 20. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8, Definition of Accounting Estimates	1 January 2023

The Company is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

### 21. ULTIMATE HOLDING COMPANY

The Company is controlled by its immediate holding company, AGL N.V., which is incorporated in Belgium. The ultimate holding company of the Company is Allcargo Logistics Limited, which is incorporated in India.

### 22. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current year's presentation.

### 23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 13 August 2021.