

**ECU INTERNATIONAL FAR EAST LIMITED**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018**

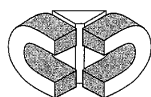
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**CHENG & CHENG LIMITED**

CERTIFIED PUBLIC ACCOUNTANTS 鄭鄭會計師事務所有限公司

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# **ECU INTERNATIONAL FAR EAST LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors have pleasure in submitting their report together with the audited financial statements of ECU INTERNATIONAL FAR EAST LIMITED (the "Company") for the year ended 31 December 2018.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is acting as freight forwarder agent. There is no significant change compared with the activity conducted in previous year.

### **FINANCIAL STATEMENTS**

The result of the Company for the year ended 31 December 2018 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 (2017: Nil).

### **SHARE CAPITAL**

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

### **DIRECTORS**

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

WONG Sau Lan, Becky  
MOHAMEDHUSEIN Saleem Mohamed Nazir  
Udaya Kumar

In accordance with the Company's Articles of Association, all existing directors shall remain in office.

### **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.

# ECU INTERNATIONAL FAR EAST LIMITED


## REPORT OF THE DIRECTORS (Continued)

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### AUDITOR

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

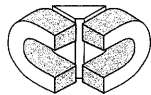
On behalf of the Board



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WONG Sau Lan, Becky  
Chairman

Hong Kong, 10 April 2019



## INDEPENDENT AUDITOR'S REPORT

### TO THE SOLE MEMBER OF ECU INTERNATIONAL FAR EAST LIMITED

(Incorporated in Hong Kong with limited liability)

#### Qualified opinion

We have audited the financial statements of ECU INTERNATIONAL FAR EAST LIMITED (the "Company") set out on pages 6 to 35, which comprise the statement of financial position as at 31 December 2018, 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, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, 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 qualified opinion

We were unable to obtain the ownership documents and financial information of the Company's subsidiaries and associate. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the ownership of investees. The carrying amount of investments in subsidiaries and associate were stated on the statement of financial position for the amount of HK\$1,834,048 and HK\$3,704,994 respectively as at 31 December 2018. Any adjustment to the figure may have a consequential significant effect on the net assets at 31 December 2018.

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 qualified 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.

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

### **TO THE SOLE MEMBER OF ECU INTERNATIONAL FAR EAST LIMITED**

(Incorporated in Hong Kong with limited liability)

#### **Information other than the financial statements and auditor's report thereon (Continued)**

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.

#### **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.

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

### **TO THE SOLE MEMBER OF ECU INTERNATIONAL FAR EAST LIMITED**

(Incorporated in Hong Kong with limited liability)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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, 10 April 2019

Cheng Hong Cheung  
Practising Certificate number P01802

# ECU INTERNATIONAL FAR EAST LIMITED

## STATEMENT OF FINANCIAL POSITION

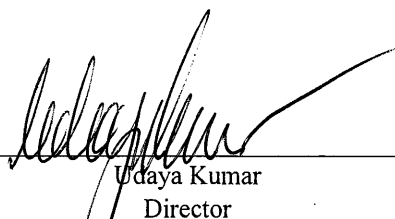
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
<b>Non-current assets</b>			
Plant and equipment	4	23,041	35,338
Interests in subsidiaries	5	1,834,048	1,834,048
Interests in associate	6	3,704,994	3,704,994
		<u>5,562,083</u>	<u>5,574,380</u>
<b>Current assets</b>			
Other receivables	7	18,633,699	15,979,189
Tax recoverable		111,525	36,493
Cash at bank and on hand		200,332	202,685
		<u>18,945,556</u>	<u>16,218,367</u>
<b>Current liabilities</b>			
Other payables	9	<u>7,136,558</u>	<u>9,247,578</u>
<b>Net current assets</b>		<u>11,808,998</u>	<u>6,970,789</u>
<b>Total assets less current liabilities</b>		<u>17,371,081</u>	<u>12,545,169</u>
<b>Capital and reserves</b>			
Share capital	10	10,000	10,000
Reserves	10	<u>17,361,081</u>	<u>12,535,169</u>
		<u>17,371,081</u>	<u>12,545,169</u>

Signed on behalf of the Board of Directors by:-



WONG Sau Lan, Becky  
Director



Udaya Kumar  
Director

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

## ECU INTERNATIONAL FAR EAST LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
<b>Revenue</b>	11	4,001,814	3,963,775
Other income	12	5,531,252	4,694,714
Administrative and other operating expenses		(5,059,852)	(3,527,844)
Other net income/(loss)	12	<u>328,698</u>	<u>(725,032)</u>
<b>Profit before taxation</b>	13	4,801,912	4,405,613
Income tax	14	<u>24,000</u>	<u>(122,601)</u>
<b>Profit for the year</b>		<u><u>4,825,912</u></u>	<u><u>4,283,012</u></u>

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

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



# ECU INTERNATIONAL FAR EAST LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital HK\$	Retained profits HK\$	Total HK\$
<b>Balance at 1 January 2017</b>	10,000	8,252,157	8,262,157
Profit for the year	-	4,283,012	4,283,012
<b>Balance at 31 December 2017 and 1 January 2018</b>	10,000	12,535,169	12,545,169
Profit for the year	-	4,825,912	4,825,912
<b>Balance at 31 December 2018</b>	10,000	17,361,081	17,371,081

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

# ECU INTERNATIONAL FAR EAST LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
<b>Operating activities</b>			
Profit before taxation		4,801,912	4,405,613
Adjustments for:			
Dividend income		(5,170,477)	(4,322,962)
Depreciation of owned assets		31,546	99,893
Interest income		(360,775)	(371,752)
Operating loss before working capital changes		(697,794)	(189,208)
Decrease/(Increase) in other receivables		135,697	(7,235)
Decrease in other payables		(482,627)	(2,796,675)
Cash used in operations		(1,044,724)	(2,993,118)
Interest received		202	130
Tax paid		(51,032)	(125,809)
<b>Net cash used in operating activities</b>		(1,095,554)	(3,118,797)
<b>Net cash from investing activities</b>	16	2,721,594	28,500,959
<b>Net cash used in financing activities</b>	17	(1,628,393)	(25,289,946)
<b>(Decrease)/Increase in cash and cash equivalents</b>		(2,353)	92,216
<b>Cash and cash equivalents at the beginning of the year</b>		202,685	110,469
<b>Cash and cash equivalents at the end of the year</b>	18	200,332	202,685

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

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### 1. CORPORATE INFORMATION

ECU INTERNATIONAL FAR EAST LIMITED (the "Company") is a limited liability company incorporated in Hong Kong and has its registered office at 10/F., Pacific Plaza, 410 Des Voeux Road West, Hong Kong. Its principal places of business are 10/F., Pacific Plaza, 410 Des Voeux Road West, Hong Kong and Unit 1001, Insular Life Cebu Business Centre, Mindanao Ave. cor. Biliran Road, Cebu Business Park, Cebu City, Philippines.

### 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

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance (Cap. 622), these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Except for the matters described in the basis for qualified opinion, the financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes Hong Kong Accounting Standards (HKASs) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622) that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a wholly owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622), and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10, Consolidated financial statements, so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the group of which the Company is the parent.

A summary of the significant accounting policies adopted by the Company in preparation of these financial statements is set out 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. Information on adoption of new accounting standards to the extent that they are relevant to the Company for the current and prior accounting periods are shown in note 3.

#### (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.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

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

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.

#### (c) SUBSIDIARIES

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Income from subsidiaries is recognised in the Company's financial statements on the basis of dividends declared by the subsidiaries.

#### (d) ASSOCIATES

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(h)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

Income from associates is recognised in the Company's financial statements on the basis of dividends declared by the associates.

#### (e) 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.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

#### (e) FINANCIAL INSTRUMENTS (Continued)

##### Receivables

A receivable is recognised 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 amortised cost using the effective interest method less allowance for credit losses (see note 2(h)(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.

#### (f) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(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 annual rates of depreciation adopted, if any, are as follows:-

- Furniture and equipment	20% - 50%
- Office equipment	20% - 50%

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.

#### (g) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

##### Classification of assets leased to the Company

Assets that are held by the Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

#### (g) LEASED ASSETS (Continued)

##### Operating lease charges

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

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

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

###### (A) Policy applicable from 1 January 2018

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

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

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

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

###### (A) Policy applicable from 1 January 2018 (Continued)

For all other financial instruments, the Company recognises 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.

###### 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.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

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

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

###### (A) Policy applicable from 1 January 2018 (Continued)

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 recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

###### Basis of calculation of interest income

Interest income recognised in accordance with note 2(m)(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 amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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.



## ECU INTERNATIONAL FAR EAST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

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

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

###### (A) Policy applicable from 1 January 2018 (Continued)

###### Write-off policy (Continued)

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

###### (B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial re-organization; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognized as follows:-

- For other current receivables carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortized cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

## ECU INTERNATIONAL FAR EAST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

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

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

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired:

- plant and equipment (other than properties carried at revalued amounts), and
- investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

#### (i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i).

#### (j) 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.

#### (k) 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.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

#### (k) INCOME TAX (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:-

- in the case of current tax assets and liabilities, the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

#### (l) 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.

#### (m) 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 recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties.

The timing of revenue recognition and accounting policies under HKFRS 15 for the Company is not materially different from the prior reporting periods and no retrospective adjustments were required.

## **ECU INTERNATIONAL FAR EAST LIMITED**

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

For the year ended 31 December 2018

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

##### **(m) REVENUE AND OTHER INCOME (Continued)**

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

###### **(i) Rendering of services**

The Company is a freight forwarder agent specializes in providing business process outsourcing ("BPO") services. The Company has assisted its customers to set-up BPO, collects money from Japan and pays to BPO in Cebu for its day to day activities. The BPO caters to the operational and accounting activities of its customer. Management fee income from service agreement sets at an agreed amount, fees earned from services are provided over a period of time and fixed amount is billed by the Company for each month of service provided.

###### **(ii) Dividend income**

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

###### **(iii) Interest income**

Interest income is recognized as it accrues using the effective interest method. For financial assets measured at amortised 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 amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(h)(i)).

##### **(n) 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 different from the functional currency, United States Dollars ("US\$") on the grounds that the directors considered that it is more appropriate to use Hong Kong Dollars as presentation currency.

##### **(o) 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.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

#### (p) 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(p)(i).
  - (7) A person identified in note 2(p)(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.

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. ADOPTION OF NEW ACCOUNTING STANDARDS

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Amongst them, the following developments are relevant to the financial statements of the Company:-

- \* HKFRS 9, Financial instruments
- \* HKFRS 15, Revenue from contracts with customers
- \* HK(IFRIC) 22, Foreign currency transactions and advance consideration

The Company has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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### 3. ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

There is no material impact on the financial statements of the Company on the new HKFRSs and amendments to HKFRSs were consistent with policies already adopted by the Company except for adoption of the following developments:

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Company has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Company has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39. There is no impact of transition to HKFRS 9 on retained profits and reserves at 1 January 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Company did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

The measurement categories for all financial assets and financial liabilities remain the same under HKFRS 9. The carrying amounts for all financial assets and financial liabilities as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Company applies the new ECL model to the financial assets measured at amortized cost (including cash and cash equivalents and other receivables).

For further details on the Company's accounting policy for accounting for credit losses, see note 2(h)(i).

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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### 3. ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

#### (i) HKFRS 9, Financial instruments (Continued)

##### b. Credit losses (Continued)

The Company has concluded that there would be no material impact for the initial application of the new impairment requirements.

#### (ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18.

There is no impact of transition to HKFRS 15 on retained profits at 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

#### Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.



# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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### 3. ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

#### (ii) HKFRS 15, Revenue from contracts with customers (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have significant impact on when the Company recognises revenue from acting as freight forwarder agent (see note 2(m)(i)). Accordingly, the application of HKFRS 15 does not have material impact on the retained profits of the Company as at 1 January 2018.

#### (iii) HK(IFRIC) 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way.

The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Company.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 4. PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Office equipment HK\$	Total HK\$
<b>Cost</b>			
At 1 January 2017	301,413	4,234,324	4,535,737
Additions	3,105	10,862	13,967
At 31 December 2017 and 1 January 2018	304,518	4,245,186	4,549,704
Additions	4,771	14,478	19,249
At 31 December 2018	309,289	4,259,664	4,568,953
<b>Deduct: Accumulated depreciation</b>			
At 1 January 2017	284,476	4,129,997	4,414,473
Charged for the year	6,024	93,869	99,893
At 31 December 2017 and 1 January 2018	290,500	4,223,866	4,514,366
Charged for the year	5,038	26,508	31,546
At 31 December 2018	295,538	4,250,374	4,545,912
<b>Net book value</b>			
At 31 December 2018	13,751	9,290	23,041
At 31 December 2017	14,018	21,320	35,338

### 5. INTERESTS IN SUBSIDIARIES

	2018 HK\$	2017 HK\$
Unlisted shares, at cost	1,834,048	1,834,048

## ECU INTERNATIONAL FAR EAST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

#### 5. INTERESTS IN SUBSIDIARIES (Continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Company. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activity
			Company's effective interest	Held by the Company	
AMI Ventures Limited	Republic of Mauritius	US\$1,000	100%	100%	Software license rental
PT Ecu Worldwide Indonesia	Indonesia	IDR 300,000,000	100%	100%	Freight forwarder agent
ECU WORLDWIDE LANKA (PRIVATE) LIMITED	Sri Lanka	LKR1,000	100%	100%	Freight forwarder agent

#### 6. INTERESTS IN ASSOCIATE

	2018 HK\$	2017 HK\$
Unlisted shares, at cost	3,704,994	3,704,994

The following list contains only the particulars of material associate, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activity
			Company's effective interest	Held by the Company	
ECU-Line Egypt Limited	Egypt	EGP100,000	45%	45%	Provision of maritime consolidation

#### 7. OTHER RECEIVABLES

	2018 HK\$	2017 HK\$
Deposits, prepayments and sundry receivables	261,738	397,435
Amount due from immediate holding company	3,301,222	187,274
Amounts due from subsidiaries	939,179	939,178
Amounts due from fellow subsidiaries	14,131,560	14,455,302
	<u>18,633,699</u>	<u>15,979,189</u>

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

## ECU INTERNATIONAL FAR EAST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

#### 8. 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" (2017: Nil).

#### 9. OTHER PAYABLES

	2018 HK\$	2017 HK\$
Accruals and sundry payables	758,198	1,240,825
Amount due to the ultimate holding company	938,542	950,689
Amount due to immediate holding company	-	6,751,839
Amounts due to fellow subsidiaries	5,439,818	304,225
	<u>7,136,558</u>	<u>9,247,578</u>

All of the other payables are expected to be settled or recognized as income within one year or are repayable on demand.

#### 10. CAPITAL AND RESERVES

##### Share Capital

	2018		2017	
	No. of shares	HK\$	No. of shares	HK\$
<b>Ordinary shares, issued and fully paid</b>				
At the beginning and end of the year	10,000	10,000	10,000	10,000

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:-

##### Retained profits

Retained profits are the cumulative net earnings of the Company that have not been paid out as dividends, but retained to be reinvested in the business.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 11. REVENUE

The Company is principally engaged in acting as forwarder freight agent. 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:

	2018 HK\$	2017 HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
-Management fee income	4,001,814	3,963,775
Disaggregated by geographical location of customers		
-Japan	4,001,814	3,963,775
Disaggregated by timing of revenue recognition		
-Over time	4,001,814	3,963,775

### 12. OTHER INCOME AND NET INCOME/(LOSS)

	2018 HK\$	2017 HK\$
<u>Other income</u>		
Interest income	360,775	371,752
Dividend income - unlisted	5,170,477	4,322,962
	5,531,252	4,694,714
<u>Other net income/(loss)</u>		
Exchange gains/(losses)	364,411	(698,032)
Impairment losses provided on other receivables	(35,713)	(27,000)
	328,698	(725,032)

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 13. PROFIT BEFORE TAXATION

	2018 HK\$	2017 HK\$
Profit before taxation is stated after charging:		
Depreciation of owned assets	31,546	99,893
Operating leases charges from:		
Minimum lease payments - Hire of land and buildings	287,576	195,234
Employee benefits:		
Salaries, wages and other benefits	2,177,619	1,589,922

### 14. INCOME TAX

	2018 HK\$	2017 HK\$
Current tax - Hong Kong Profits Tax		
Charged for the year	-	122,601
Tax relief adjustment for previous year	(30,000)	-
Tax surcharge in previous year	6,000	-
Total tax (income)/expense	(24,000)	122,601

No provision for Hong Kong Profits Tax has been made as the Company has no assessable profits (2017: 16.5% on the estimated assessable profits and deduction of tax concession).

No provision for deferred taxation has been made as the deferred tax assets were not expected to be recognized in the foreseeable future (2017: Nil).

At the end of the reporting period, the Company has unused tax losses of HK\$991,482 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 (income)/expense for the year can be reconciled to the results per the statement of profit or loss and other comprehensive income as follows:-

	2018 HK\$	2017 HK\$
Profit before taxation	4,801,912	4,405,613
Notional tax at the domestic income tax rate of 16.5%	792,315	726,926
Tax effect of non-deductible expenses	7,432	143,686
Tax effect of non-taxable revenue	(965,035)	(761,757)
Tax effect of unrecognized temporary differences	1,693	13,746
Tax effect of unused tax losses not recognized	163,595	-
Tax surcharge in previous year	6,000	-
Tax relief adjustment for previous year	(30,000)	-
Income tax (income)/expense for the year	(24,000)	122,601

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 15. 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 income	
		As at 31 December		Year ended 31 December	
		2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$
Amount due from immediate holding company	(i), (ii)	3,301,222	187,274	-	-
Amounts due from subsidiaries	(i), (ii)	939,179	939,178	-	-
Amounts due from fellow subsidiaries	(ii), (iii)	14,131,560	14,455,302	360,560	371,622
Amount due to the ultimate holding company	(i)	(938,542)	(950,689)	-	-
Amount due to an immediate holding company	(i)	-	(6,751,839)	-	-
Amounts due to fellow subsidiaries	(i)	(5,439,818)	(304,225)	-	-

- (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 balances with these related parties were unsecured, interest free and had no fixed repayment terms except for the amount of HK\$14,700,000 and HK\$1,560,000 were charged at 2% and 5% respectively.

#### (b) Other related party transactions

	Note	Year ended 31 December	
		2018 HK\$	2017 HK\$
Management fee income from a fellow subsidiary	(i)	4,001,814	3,963,775
Consultancy fee paid to a fellow subsidiary	(ii)	717,248	-

- (i) Management fee 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 and previous year.
- (ii) Consultancy fee paid 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 current year.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 16. INVESTING ACTIVITIES

	2018 HK\$	2017 HK\$
Purchase of plant and equipment	(19,249)	(13,967)
Proceeds from disposal of intangible assets	-	8,610,355
Net movements of amount due from immediate holding company	(3,113,948)	(187,274)
Net movements of amounts due from subsidiaries	(1)	69
Net movements of amounts due from fellow subsidiaries	323,742	15,397,192
Interest received	360,573	371,622
Dividends received	5,170,477	4,322,962
<b>Net cash from investing activities</b>	<b>2,721,594</b>	<b>28,500,959</b>

### 17. FINANCING ACTIVITIES

	2018 HK\$	2017 HK\$
Net movements of amount due to immediate holding company	(6,751,839)	(10,041,141)
Net movements of amount due to the ultimate holding company	(12,147)	950,689
Net movements of amounts due to fellow subsidiaries	5,135,593	(16,199,494)
<b>Net cash used in financing activities</b>	<b>(1,628,393)</b>	<b>(25,289,946)</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 immediate holding company HK\$	Amount due to the ultimate holding company HK\$	Amounts due to fellow subsidiaries HK\$	Total HK\$
<b>At 1 January 2018</b>	<b>6,751,839</b>	<b>950,689</b>	<b>304,225</b>	<b>8,006,753</b>
<b>Changes from financing cash flows:</b>				
Net movements of amount due to immediate holding company	(6,751,839)	-	-	(6,751,839)
Net movements of amount due to the ultimate holding company	-	(12,147)	-	(12,147)
Net movements of amounts due to fellow subsidiaries	-	-	5,135,593	5,135,593
<b>Total changes from financing cash flows</b>	<b>(6,751,839)</b>	<b>(12,147)</b>	<b>5,135,593</b>	<b>(1,628,393)</b>
<b>At 31 December 2018</b>	<b>-</b>	<b>938,542</b>	<b>5,439,818</b>	<b>6,378,360</b>



# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 17. FINANCING ACTIVITIES (Continued)

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

	Amount due to immediate holding company HK\$	Amount due to the ultimate holding company HK\$	Amounts due to fellow subsidiaries HK\$	Total HK\$
At 1 January 2017	16,792,980	-	16,503,719	33,296,699
<b>Changes from financing cash flows:</b>				
Net movements of amount due to immediate holding company	(10,041,141)	-	-	(10,041,141)
Net movements of amount due to the ultimate holding company	-	950,689	-	950,689
Net movements of amounts due to fellow subsidiaries	-	-	(16,199,494)	(16,199,494)
Total changes from financing cash flows	(10,041,141)	950,689	(16,199,494)	(25,289,946)
At 31 December 2017	6,751,839	950,689	304,225	8,006,753

### 18. 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:-

	2018 HK\$	2017 HK\$
Cash at bank and on hand	200,332	202,685

### 19. 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 the sole member.

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

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 19. CAPITAL MANAGEMENT (Continued)

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:-

	2018 HK\$	2017 HK\$
<b>Current liabilities</b>		
Amount due to the ultimate holding company	938,542	950,689
Amount due to an immediate holding company	-	6,751,839
Accruals and sundry payables	758,198	1,240,825
Amounts due to fellow subsidiaries	5,439,818	304,225

The Company is not subject to externally imposed capital requirements.

### 20. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2018 HK\$	2017 HK\$
<b>Financial assets</b>		
Loan and receivables (including cash and cash equivalents)	-	16,181,874
Amortized cost	18,796,410	-
<b>Financial liabilities</b>		
Amortized cost	7,136,558	9,247,578

#### (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

The Company's principal financial assets are bank deposits and amounts receivables. The credit risk on the liquid funds is limited because of the close involvement of management in overseeing the recovery of the assets.

The credit risk on bank deposits are limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except for the impairment loss of doubtful debts with an amount of HK\$35,713 (2017: HK\$27,000) represents an individually impaired as the directors of the Company considered the outstanding balance was uncollectible, there was no allowance for impairment made for other receivables since the directors of the Company considered the probability of default was minimal after assessing the counter-parties' financial background and creditability.

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 20. 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, 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 in the form of cash and cash equivalent and amounts due from fellow subsidiaries. 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 has no significant exposure to foreign currency risk as substantially all of the Company's transactions are denominated in its functional currency, United States 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 2017 and 2018.

### 21. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are relevant to the Company but are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HK(IFRIC) - Int 23, Uncertainty over income tax treatments	1 January 2019
HKFRS 16, Leases	1 January 2019
Amendments to HKAS 28 (2011), Investments in associates and joint ventures - Long-term interests in associates and joint ventures	1 January 2019
Annual improvements to HKFRSs 2015-2017 cycle	1 January 2019
Amendments to HKAS 19 (2011), Employee benefits	1 January 2019

# ECU INTERNATIONAL FAR EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 21. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10, Consolidated financial statements and HKAS 28, Investments in associates and joint ventures - Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.

### 22. COMMITMENTS UNDER OPERATING LEASES

#### AS LESSEES

At the end of the reporting period, the Company as a lessee had total future minimum lease payments payable under non-cancellable operating leases as set out below:-

	2018 HK\$	2017 HK\$
Land and buildings - within 1 year	-	239,361

### 23. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Company is controlled by its immediate holding company, ECUHOLD N.V., which is incorporated in Belgium. The ultimate holding company of the Company is Allcargo Logistics Limited, which is incorporated in India and produces consolidated financial statements available for public use.

### 24. COMPARATIVE FIGURES

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

### 25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 10 April 2019.