草 稿
DRAFT

ECU WORLDWIDE (HONG KONG) LIMITED

REPORTING DOCUMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

ECU WORLDWIDE (HONG KONG) LIMITED

CONTENTS

ECU WORLDWIDE (HONG KONG) LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and the audited financial statements of the Company for the year ended 31st December, 2018.

PRINCIPAL ACTIVITY

The Company's principal activity is set out in note 1.1 to the financial statements.

DIRECTORS

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

Udaya Kumar

Manish GOGIA

LAM Pun Lai Bonny

WONG Sau Lan Becky

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors of the Company is currently in force and was in force throughout this year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year.

BUSINESS REVIEW

The Company is a wholly owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the financial year or subsisted at the end of the financial year.

DIRECTORS' INTERESTS

At no time during the financial year or at the end of the financial year was the Company, its parent companies, its subsidiary or its fellow subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

In the opinion of the directors, no directors or shadow directors, if any, had material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company, its parent companies, its subsidiary or its fellow subsidiaries in the financial year or subsisted at any time in the financial year.

DIRECTORS' REPORT

RECOMMENDED DIVIDENDS

The directors recommend the payment of interim dividends of HK$2.444 per share on 30th March, 2018, HK$3.432 per share on 18th December, 2018 and RMB1.14 per share on 31st December, 2018, totaling HK$28,248,083 (2017: Nil) which was paid during the year. The directors do not recommend the payment of a final dividend.

AUDITORS

The financial statements have been audited by Messrs. Union Link CPA Limited who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Union Link CPA Limited as the Company's auditors is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

Udaya Kumar
Chairman
Hong Kong, 26th April, 2019

ECU WORLDWIDE (HONG KONG) LIMITED

INDEPENDENT AUDITOR'S REPORT

To the shareholders of ECU Worldwide (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of the Company set out on pages 6 to 35, which comprise the statement of financial position as at 31st December, 2018, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity 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 31st December, 2018, and of its financial performance and 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report set out on pages 1 to 2, 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.

ECU WORLDWIDE (HONG KONG) LIMITED

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix after this auditor's report. This description, which is located at page 5, forms part of our auditor's report.

UNION LINK CPA LIMITED
Certified Public Accountants
(LEE Mei Ling Grace - Practising Certificate Number P03151)

Hong Kong, 26th April, 2019

草 稿
DRAFT

ECU WORLDWIDE (HONG KONG) LIMITED

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Further description of auditor's responsibilities for the audit of financial statements

As part of an audit in accordance with HKSAs, 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.

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ECU WORLDWIDE (HONG KONG) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2018

(Expressed in Hong Kong Dollars)

	NOTE	2018 $	2017 $
Revenue	4	148,832,748	152,036,757
Cost of sales		(113,621,261)	(119,512,679)
Gross profit		35,211,487	32,524,078
Other revenue and income	5	19,488,787	4,516
Administrative expenses		(25,106,158)	(24,735,729)
Other operating expenses		(3,589,336)	(3,518,533)
Operating profit		26,004,780	4,274,332
Finance cost	6	(1,799)	(1,524)
Profit before tax	7	26,002,981	4,272,808
Income tax expense	10	(827,126)	(721,725)
Profit for the year		25,175,855	3,551,083
Other comprehensive income		-	-
Total comprehensive income for the year		25,175,855	3,551,083

The accompanying notes form an integral part of, and should be read in conjunction with, these financial statements.

ECU WORLDWIDE (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION

草 稿
D R A F T

AS AT 31ST DECEMBER, 2018

(Expressed in Hong Kong Dollars)

	NOTE	2018	(restated) 2017
		$	$
Non-current assets			
Property, plant and equipment	11	1,083,417	206,545
Investment in a subsidiary	12	11,390,000	11,390,000
		12,473,417	11,596,545
Current assets			
Trade and other receivables	14	58,274,995	58,870,527
Cash and cash equivalents	15	58,563	494,962
		58,333,558	59,365,489
Current liabilities			
Bank overdraft	15	436,917	2,795,708
Trade and other payables	16	67,082,403	61,716,129
Income tax payable	17	240,401	330,715
Provision for long service payment	18	430,000	430,000
		68,189,721	65,272,552
Net current liabilities		(9,856,163)	(5,907,063)
NET ASSETS		2,617,254	5,689,482
Equity			
Share capital	19	1,500,000	1,500,000
Retained earnings		1,117,254	4,189,482
		2,617,254	5,689,482

Approved on behalf of the Board of Directors

Udaya Kumar
Director

WONG Sau Lan Becky
Director

The accompanying notes form an integral part of, and should be read in conjunction with, these financial statements.

草 稿
D R A F T

ECU WORLDWIDE (HONG KONG) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER, 2018

(Expressed in Hong Kong Dollars)

	Share capital	Retained earnings	Total
	$	$	$
Balance at 1.1.2017	1,500,000	638,399	2,138,399
Total comprehensive income for the year	-	3,551,083	3,551,083
Balance at 31.12.2017 and 1.1.2018	1,500,000	4,189,482	5,689,482
Total comprehensive income for the year	-	25,175,855	25,175,855
Dividends paid			
(1st interim dividend of $2.44 per share)	-	(3,666,000)	(3,666,000)
(2nd interim dividend of $3.432 per share)	-	(5,148,000)	(5,148,000)
(3rd interim dividend of RMB1.14 per share)	-	(19,434,083)	(19,434,083)
	-	(28,248,083)	(28,248,083)
Balance at 31.12.2018	1,500,000	1,117,254	2,617,254

The accompanying notes form an integral part of, and should be read in conjunction with, these financial statements.

ECU WORLDWIDE (HONG KONG) LIMITED

STATEMENT OF CASH FLOWS

草 稿
D R A F T

FOR THE YEAR ENDED 31ST DECEMBER, 2018

(Expressed in Hong Kong Dollars)

	NOTE	2018 $	2017 $
Cash flows from operating activities			
Profit before tax		26,002,981	4,272,808
Adjustments for:			
Depreciation		638,392	207,822
Dividend income		(19,434,083)	-
Interest income		(2,549)	(1,166)
Furniture and fixtures written off		4,639	-
Operating profit before working capital changes		7,209,380	4,479,464
Changes in trade and other receivables		595,532	(25,232,363)
Changes in trade and other payables		5,366,274	19,238,334
Cash generated from / (used in) from operations		13,171,186	(1,514,565)
Interest received		2,549	1,166
Income tax (paid) / refund		(917,440)	216,617
Net cash generated from / (used in) operating activities		12,256,295	(1,296,782)
Cash flows from investing activities			
Dividend received		19,434,083	-
Purchase of property, plant and equipment		(1,519,903)	(40,723)
Net cash generated from / (used in) investing activities		17,914,180	(40,723)
Cash flows from financing activities			
Dividends paid		(28,248,083)	-
Net cash used in financing activities		(28,248,083)	-
Net changes in cash and cash equivalents		1,922,392	(1,337,505)
Cash and cash equivalents at beginning of the year		(2,300,746)	(963,241)
Cash and cash equivalents at end of the year	15	(378,354)	(2,300,746)

The accompanying notes form an integral part of, and should be read in conjunction with, these financial statements.

1. GENERAL INFORMATION

1.1 Corporate information

ECU Worldwide (Hong Kong) Limited is a company incorporated in Hong Kong with limited liability. At the date of issue of these financial statements, the Company's registered office is located at 10/F., Pacific Plaza, 410 Des Voeux Road West, Hong Kong. The Company's principal activity is acting as a shipping forwarder.

1.2 Parent company

In the opinion of the directors, the immediate holding company is ECU HOLD N.V. which is a company incorporated in Belgium and the ultimate parent company (which is also the Company's ultimate controlling party and ultimate parent undertaking) is Allcargo Logistics Limited, which is a company incorporated in India.

1.3 Presentation currency and level of rounding

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars rounded to the nearest one dollar.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Statement of compliance

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that 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, 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. Furthermore, as these financial statements are prepared in respect of the Company only, disclosures required by HKFRS 12: *Disclosure of Interests in Other Entities*, have not been made.

2.2 Basis of preparation of the financial statements

These financial statements have been prepared under the historical cost convention, except for financial assets, which are stated at fair value, and non-current assets and disposal groups held for sale, which are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Changes in accounting policies and disclosures

2.3.1 New and amended standards adopted by the Company

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company:

Amendments to HKAS 9: *Financial instruments*

Amendments to HKFRS 15: *Revenue from contracts with customers*

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.

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

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

(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 trade and other receivables. The adoption of the new ECL model has no significant impact to the financial statement of the Company.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.1 New and amended standards adopted by the Company (continued)

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 1st January, 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Company has applied the new requirements only to contracts that were not completed before 1st January, 2018.

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

(a) Timing of revenue recognition

Previously, revenue arising from 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 goods or services 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 goods or services is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;

- 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.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or services 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.1 New and amended standards adopted by the Company (continued)

HKFRS 15, *Revenue from contracts with customers (continued)*

(b) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Company has an unconditional right to consideration. If the Company recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to the consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Company recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, revenue arising from 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.

To reflect these changes in presentation, the Company has made the following adjustments at 1st January, 2018, as a result of the adoption of HKFRS 15:

(i) "Accrual invoice to make" amounting to $197,284, which were previously included in trade and other receivables are now included under contract assets.

(ii) "Deferred income" to $266,904, which were previously included in trade and other payables are now included under contract liabilities.

(Expressed in Hong Kong Dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.1 New and amended standards adopted by the Company (continued)

HKFRS 15, *Revenue from contracts with customers (continued)*

(c) Disclosure of the estimated impact on the amounts reported in respect of the year ended 31st December, 2018 as a result of the adoption of HKFRS 15 on 1st January, 2018.

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Company's financial statements for the year ended 31st December, 2018, by comparing the amounts reported under HKFRS 15 in these financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had been continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A) $	**Hypothetical amounts under HKASs 18 and 11** (B) $	**Difference: Estimated impact of adoption of HKFRS15 on 2018** (A)-(B) $
Line items in the statement of financial position as at 31st December, 2018 impacted by the adoption of HKFRS 15:			
TRADE AND OTHER RECEIVABLES			
Trade debtors	20,157,160	20,157,160	-
Deposits and other receivables	995,656	995,656	-
Contract assets	1,868,374	-	1,868,374
Allowance for doubtful debts	(951,599)	(951,599)	-
	22,069,591	20,201,217	1,868,374
Prepayments	981,839	981,839	-
Amount due from a subsidiary	282,549	282,549	-
Amount due from an immediate holding company	27,683,952	27,683,952	-
Amounts due from fellow subsidiaries	7,257,064	7,257,064	-
	58,274,995	56,406,621	1,868,374
TRADE AND OTHER PAYABLES			
Amount due to a subsidiary	50,950,975	50,950,975	-
Trade creditors	6,992,222	6,358,075	634,147
Accruals and other payables	7,904,979	7,904,979	-
Contract liabilities	1,234,227	-	1,234,227
	67,082,403	65,214,029	1,868,374

(Expressed in Hong Kong Dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.1 New and amended standards adopted by the Company (continued)

HKFRS 15, *Revenue from contracts with customers (continued)*

(c) Disclosure of the estimated impact on the amounts reported in respect of the year ended 31st December, 2018 as a result of the adoption of HKFRS 15 on 1st January, 2018. (continued)

	Amounts reported in accordance with HKFRS 15 (A) $	**Hypothetical amounts under HKASs 18 and 11** (B) $	**Difference: Estimated impact of adoption of HKFRS15 on 2018** (A)-(B) $
Line items in the reconciliation of profit before tax to cash generated from operations for the year ended 31st December, 2018 impacted by the adoption of HKFRS 15:			
Profit before tax	26,002,981	26,002,981	-
Changes in trade and other receivable	595,532	2,266,622	(1,671,090)
Changes in trade and other payables	5,366,274	3,695,184	1,671,090

There is no significant differences arise as a result of the change in accounting policies described above.

2.4 Impact of issued but not yet effective HKFRS

HKICPA has issued the following HKFRS and HKAS, newly issued or revised as indicated and their amendments, ("the Standards and Amendments") that would become effective from the accounting period beginning on or after the mandatory effective date set out below, viz:-

Title	**Mandatory effective date**
HKFRS 16, *Leases*	1st January, 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1st January, 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1st January, 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	1st January, 2019

The Company does not early adopt the Standards and Amendments in these financial statements. The Company is going to initially apply the Standards and Amendments in the first accounting period beginning on or after their respective mandatory effective dates. The Company has already commenced an assessment of the impact of the Standards and Amendments but not yet in a position to state whether the Standards and Amendments would have a significant impact on its financial statements in the period of initial application.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Company and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes on the following bases.

Freightage income is recognised upon completion of the services provided.

2.6 Foreign currency

The functional currency of the Company is Hong Kong Dollar. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the approximate rates of exchange ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at that date when the fair value was measured. Exchange differences arising on the settlement or translation of foreign currency monetary items are recognised in profit or loss. However, exchange differences relating to a gain or loss on a non-monetary item that is recognised in other comprehensive income is recognised in other comprehensive income too.

2.7 Income tax

Income tax comprises current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from profit or loss as reported in the statement of profit or loss because of permanent difference and temporary difference.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither accounting profit nor taxable profit or tax loss. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of an asset and liability in a transaction that affects neither the accounting profit nor the taxable profit or tax loss.

The net carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Current and deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with a non-depreciable asset measured using valuation model or an investment property measured at fair value shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset or investment property through sale. Deferred tax is generally recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

Property, plant and equipment are measured at initial recognition at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price, conversion cost and estimated cost of dismantling and restoration. Expenditure such as repairs and maintenance, overhaul costs and borrowing costs are normally charged to profit or loss when they are incurred. Where expenditure has resulted in increases in the future economic benefits from the use of the property, plant and equipment, the expenditure is capitalised.

The residual values and useful lives of the property, plant and equipment are reviewed annually. If necessary, the residual value, depreciation method or useful life of that asset is amended prospectively to reflect the new expectation. Depreciation is calculated using the straight-line method to write off the depreciable amount of each property, plant and equipment to profit or loss unless it is included in the carrying amount of another asset over its estimated useful life. The principal annual rates used for depreciation are as follows:

Furniture and fixtures	-	20% to 33.33%
Office equipment	-	25%

2.9 Subsidiary

Subsidiary is entity 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 Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is accounted for at cost less impairment losses, unless the investment is classified as available-for-sale. The result of subsidiary is accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiary is required upon received a dividend from these investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared of if the carry amount of the investment in the separated financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.10 Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

(a) Policy applicable from 1st January, 2018

The Company recognises a loss allowance for expected credit losses ("ECLs") on the following terms:

- Financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates)

- contract assets as defined in HKFRS 15

Financial assets measured at fair value, including derivative financial assets are not subject to the ECL assessment.

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 expect to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation.

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

In measuring ECLs, the Company take 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 and other receivables, contract assets and lease receivables are 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.10 Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(a) Policy applicable from 1st January, 2018 (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 debtor 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 assets 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 re-measured 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 recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Company assess 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.

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 debtor will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.10 Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(a) Policy applicable from 1st January, 2018 (continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract assets 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 recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b) Policy applicable prior to 1st January, 2018

Prior to 1st 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). 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 difficulties 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 reorganisation; 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 recognised as follows:

- For trade and other receivables and other financial assets carried at amortised 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 those assets), where the effect of discounting is material.

  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 recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the assets carting amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Company was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.10 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 or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts)

- investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets, the recoverable amount is estimated annually whether or not there is any indication of impairment.

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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).

An impairment loss is recognised 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 recognised 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 of disposal (if measurable), or value in use (if determinable).

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. An impairment loss in respect of goodwill is not reversed.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.11 Contract assets and contract liabilities

A contract asset is recognised when the Company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECLs") in accordance with the policy set out in note 2.10(i)(a) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Company recognises the related revenue. A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract assets or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Policy prior to 1st January, 2018

In the comparative period, contract balances were recorded for contracts at the net amount of costs incurred plus recognised profit less recognised losses and progress billings. These net balances were presented as the "Accrual invoice to make" (as an asset) or the "Deferred income" (as a liability), as applicable, under "trade and other receivables" or "trade and other payables" respectively on a contract-by-contract basis. Progress billings not yet paid by the customer were included under "trade debtors and bills receivable". Amounts received before the related work was performed were presented as "advances received" under "trade and other payables". These balances have been reclassified on 1st January, 2018 as shown in note 13.

2.12 Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the trade and other receivables shall be reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the trade and other receivables is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined had no impairment loss been recognised for the trade and other receivables in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Trade and other payables

Trade and other payables are initial recognition at the fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the statement of cash flows.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits

Salaries, annual bonuses, paid annual leave 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 measured at their present values.

The Company operates a defined contribution plan under mandatory provident fund plan. The Company pays contributions to independent administrator on a mandatory basis. The Company has no further payment obligations once the contributions are paid. The contributions are recognised as employee benefit expense when they are incurred and the cost can be measured reliably.

2.16 Operating leases

Leases that retain substantially all the risks and rewards incidental to ownership of the leased assets by the lessor are accounted for as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. All incentives for agreement of a new or renewed operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased assets. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term.

2.17 Provision and contingent liabilities

Provisions are recognised for 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 are liable 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.

2.18 Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity").

a) A person, or a close member of that person's family, is related to the reporting entity if that person:

   i) has control or joint control over the Company;
   ii) has significant influence over the Company; or
   iii) is a member of the key management personnel of the Company or it's parent.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.18 Related party (continued)

b) A person, or a close member of that person's family, is related to the reporting entity if that person:

i) has control or joint control over the Company;
ii) has significant influence over the Company; or
iii) is a member of the key management personnel of the Company or it's parent.

c) An entity is related to the reporting entity if any of the following conditions applies:

i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii) 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).
iii) Both entities are joint ventures of the same third party.
iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
vi) The entity is controlled or jointly controlled by a person identified in (a).
vii) A person identified in (a)(i) 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).

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. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, currency and interest rate 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 risk are described below.

(a) Credit risk

The Company's major source of credit risk comes from its trade and other receivables. The trade receivables have normal credit periods for 90 days. Except for trade receivable, the Company's other current assets are mainly attributable to receivable from its subsidiary, immediate holding company and fellow subsidiaries. The Director expects the credit risk from the inter-group receivable balances are very low.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all parties requiring credit over a certain amount. The Company does not require collateral in respect of financial assets. At the end of the reporting period, there were no material credit risks. The maximum exposure to credit risk represents the carrying amount of each financial assets on that date. The Company does not change the exposure and policy from preceding year.

The directors determine concentration of credit risk based on the size of jobs, credit limit and credit terms. In the opinion of the directors, the concentration of credit risk is relatively low. No single customer or a group of customers contribute more than 10% (2017: no more than 10%) of the turnover. Nevertheless, the directors still review the aged receivable on regular basis in order to avoid apparent concentration of credit risk.

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

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 trade and other receivables and contract assets. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions, for which the Company considers to have low credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, without taking into account the value of any collateral or other security obtained.

Further quantitative disclosures in respect of the Company's exposure to credit risk arising from trade and other receivables are set out in note 14.

(b) Liquidity risk

The Company's major sources of liquidity risk come from its bank overdrafts and trade and other payables.

It is the Company's policy to maximise the credit period provided by trade creditors but not overdue the payment of trade debts. The Company has maintained good relationship with its employees, suppliers and bankers. The directors expect that the major bankers and suppliers would not withdraw or cut credit limit and credit period in the foreseeable future.

If necessary, the directors may raise additional funds from its immediate holding company for long term investments. The directors regard that the liquidity risk is controlled at optimal level. The Company does not change the exposure to liquidity risk and policy from preceding year.

(c) Currency risk

The major source of currency risk comes from current financial assets and liabilities denominated in foreign currencies. It is the objective of the Company to control the currency risk at acceptable level. The directors are responsible to monitor the foreign currency exchange rates on an ongoing basis and advise suitable procedures to minimize foreseeable currency risk.

The Company's transactions were majorly denominated in United States Dollar, in the opinion of directors, the exposure to foreign currency risk is considered to be low since there was a linked exchange rate system between Hong Kong Dollar and United States Dollar.

(d) Interest rate risk

The major source of interest rate risk come from interest bearing bank overdraft at floating interest rates. As the company is fully supported by its immediate holding company, exposure to bank overdraft is regarded as minimal. In the opinion of directors, the Company does not have significant cash flow interest rate risk.

(Expressed in Hong Kong Dollars)

4. REVENUE

Revenue represents freightage income.

5. OTHER REVENUE AND INCOME

	2018	2017
	$	$
Bank interest income	2,549	1,166
Dividend income	19,434,083	-
Sundry income	52,155	3,350
	19,488,787	4,516

6. FINANCE COST

	2018	2017
	$	$
Bank overdraft interest	1,799	1,524

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging (crediting) the following items:

	NOTE	2018	2017
		$	$
Bad debts written off		11,045	62,655
Depreciation		638,392	207,822
Dividend income		(19,434,083)	-
Exchange loss		56,005	159,825
Finance cost	6	1,799	1,524
Furniture and fixtures written off		4,639	-
Provision for impairment loss for trade receivables		50,000	323,599
Operating lease rentals:			
- land and buildings		2,578,650	3,300,000
- others		117,749	106,508
		2,696,399	3,406,508
Other receivables written off		-	195,000
Staff costs:			
- fees, salaries and allowances		19,440,845	18,627,763
- provident fund contribution		686,969	730,761
		20,127,814	19,358,524

(Expressed in Hong Kong Dollars)

草 稿
D R A F T

8. DIRECTORS' REMUNERATION

Remuneration of the directors (including former directors and shadow directors) of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2018	2017
	$	$
Fees	-	-
Other emoluments:		
- salaries and allowances	4,922,010	5,221,348
- provident fund contribution	115,417	112,847
	5,037,427	5,334,195

9. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follows:

	2018	2017
	$	$
Auditor's remuneration	80,000	78,000
Auditor's expenses	8,320	7,320
	88,320	85,320

10. INCOME TAX EXPENSE

10.1 Hong Kong profits tax has been provided under two-tiered tax rates of 8.25% and16.5% (2017: 16.5%) on the estimated assessable profits for the year less one-off tax reduction of 75% of profits tax for year of assessment 2018/19 capped at $20,000.

	2018	2017
	$	$
Tax charge for the year	827,126	721,725

(Expressed in Hong Kong Dollars)

10. INCOME TAX EXPENSE (CONTINUED)

10.2 Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2018	2017
	$	$
Profit before tax	26,002,981	4,272,808
Tax at applicable tax rates	4,125,491	705,013
Tax effect of non-taxable income	(3,207,044)	(192)
Tax effect of non-deductible expenses	2,496	33,528
Tax effect of temporary differences not recognised	(73,817)	13,376
Tax reduction	(20,000)	(30,000)
Income tax expense	827,126	721,725

10.3 No provision for deferred taxation has been made as there is no significant temporary difference arising during the year.

11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Office equipment	Total
	$	$	$
Cost			
At 1.1.2017	2,251,093	1,403,216	3,654,309
Additions	-	40,723	40,723
At 31.12.2017 and 1.1.2018	2,251,093	1,443,939	3,695,032
Additions	1,455,520	64,383	1,519,903
Written off	(1,855,566)	(63,846)	(1,919,412)
At 31.12.2018	1,851,047	1,444,476	3,295,523
Accumulated depreciation and impairment:			
At 1.1.2017	2,118,061	1,162,604	3,280,665
Charge for the year	84,672	123,150	207,822
At 31.12.2017 and 1.1.2018	2,202,733	1,285,754	3,488,487
Charge for the year	514,951	123,441	638,392
Written back	(1,850,927)	(63,846)	(1,914,773)
At 31.12.2018	866,757	1,345,349	2,212,106
Net carrying amount:			
At 31.12.2018	984,290	99,127	1,083,417
At 31.12.2017	48,360	158,185	206,545

(Expressed in Hong Kong Dollars)

12. INVESTMENT IN A SUBSIDIARY

	2018	2017
	$	$
Capital contribution, at cost	11,390,000	11,390,000

Particulars of the subsidiary at 31st December, 2018 were as follows:

Name of subsidiary	Place of incorporation and principal place of operation	Proportion of ownership interest and voting power	Nature of business
广州市傲航国际货运口代理有限公司	PRC	100%	Shipping forwarder

The consolidated financial statements have not been prepared as required as required by HKFRS 10 as the directors consider that this would involve expense and delay out proportion to the value to shareholders of the Company.

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31.12.2018	Reclassification of last year's figures 1.1.2018	Presentation under old standard 31.12.2017
	$	$	$
Contract assets			
Arising from performance under contracts	1,868,374	197,284	-

Movement in contract assets

	2018
	$
Balance at 1st January	197,284
Decrease in contract assets as a result of recognising receivable during the year	(197,284)
Increase in contract assets as a result of performance under contracts	1,868,374
Balance at 31st December	1,868,374

No amount of contract assets that is expected to be recovered after more than one year (2017:Nil).

(Expressed in Hong Kong Dollars)

13. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

	31.12.2018	Reclassification of last year's figures 1.1.2018	Presentation under old standard 31.12.2017
	$	$	$
Contract liabilities			
Billing in advance of performance under contracts	1,234,227	266,904	-

Movement in contract liabilities

	2018
	$
Balance at 1st January	266,904
Decrease in contract liabilities as a result of recognising revenue during the year	(266,904)
Increase in contract liabilities as a result of billing in advance of performance under contracts	1,234,227
Balance at 31st December	1,234,227

No amount of billings in advance of performance and forward sales deposit and instalments received expected to be recognised as income after more than one year (2017:Nil).

14. TRADE AND OTHER RECEIVABLES

	31.12.2018	Reclassification of last year's figures 1.1.2018	Presentation under old standard 31.12.2017
	$	$	$
Trade debtors	20,157,160	18,683,006	18,683,006
Deposits and other receivables	995,656	2,082,478	2,082,478
Contract assets	1,868,374	197,284	-
Less: Allowance for doubtful debts	(951,599)	(901,599)	(901,599)
	22,069,591	20,061,169	19,863,885
Prepayments	981,839	1,474,371	1,474,371
Amount due from a subsidiary	282,549	281,976	281,976
Amount due from an immediate holding company	27,683,952	24,654,442	24,654,442
Amounts due from fellow subsidiaries	7,257,064	12,398,569	12,398,569
	58,274,995	58,870,527	58,673,243

(Expressed in Hong Kong Dollars)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade debtors are due within 90 days from the date of billing.

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in the allowance for doubtful debts during this year is as follow:

	2018	2017
	$	$
At 1st January	901,599	578,000
Impairment loss recognised	50,000	323,599
At 31st December	951,599	901,599

At the end of the reporting period, the Company's trade debtors of $951,599 (2017: $901,599) were individually determined to be impaired. The individually impaired receivable related to customers that were in financial difficulties and management assessed that recovery of the receivable is considered doubtful. Consequently, specific allowance for doubtful debts of $951,599 (2017: $901,599) were recognised.

(c) Trade debtors that are not impaired

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

	2018	2017
	$	$
Neither overdue nor impaired	17,581,964	17,090,557
1-30 days overdue	520,907	690,850
31-90 days overdue	674,667	901,599
More than 90 days overdue	1,379,622	-
	2,575,196	1,592,449
	20,157,160	18,683,006

Receivables that were neither overdue nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were overdue but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(d) The above inter-group balances are unsecured, interest free and have no fixed repayment terms.

(Expressed in Hong Kong Dollars)

15. CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash and bank balances	58,563	494,962
Cash and cash equivalents reported in the statement of financial position	58,563	494,962
Bank overdraft	(436,917)	(2,795,708)
Cash and cash equivalents reported in the statement of cash flows	(378,354)	(2,300,746)

16. TRADE AND OTHER PAYABLES

	31.12.2018	Reclassification of last year's figures 1.1.2018	Presentation under old standard 31.12.2017
	$	$	$
Amount due to a subsidiary	50,950,975	50,439,825	50,439,825
Trade creditors	6,992,222	6,173,685	6,173,685
Accruals and other payables	7,904,979	4,835,715	4,905,335
Contract liabilities	1,234,227	266,904	-
	67,082,403	61,716,129	61,518,845

The above inter-group balances were unsecured, interest free and have no fixed repayment terms.

17. INCOME TAX PAYABLE

Income tax payable represents:

	2018	2017
	$	$
Provision for profits tax for the year	827,126	721,725
Provisional profits tax paid	(586,725)	(391,010)
	240,401	330,715

18. PROVISION FOR LONG SERVICE PAYMENT

Long service payment is provided based on the best estimate of the long service payment that are required to be made to the employees of the Company in respect of their services to the end of the reporting period less any amounts that would be expected to be met out of the mandatory provident fund.

At the end of the reporting period, $430,000 (2017: $430,000) provision has been made for 16 (2017:16) employees who have completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment.

(Expressed in Hong Kong Dollars)

19. SHARE CAPITAL

	2018	2017
	$	$
Issued and fully paid:		
1,500,000 ordinary shares without par value	1,500,000	1,500,000

The holders of ordinary shares are entitled to receive dividends and 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.

20. CAPITAL MANAGEMENT

Capital comprises share capital and reserves stated on the statement of financial position, the Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to the immediate holding company through the optimization of the debt and owner equity balance.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to the immediate holding company, return capital to the immediate holding company, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the year of 2017 and 2018.

The Company does not have any minimum capital requirements imposed by laws.

21. COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases in aggregate are analysed as follows:

	2018		2017	
	Land and buildings	Others	Land and buildings	Others
	$	$	$	$
Not later than one year	1,590,984	107,780	2,361,667	107,780
Later than one year and not later than five years	1,595,261	26,945	3,186,245	134,726
	3,186,245	134,725	5,547,912	242,506

At the end of the reporting period, the Company subsisted of the following non-cancellable significant operating lease agreement:-

Description of lease	Lease term	Optional renewal term	Monthly rental
			$
Office at Pacific Plaza	2.1.2018 - 1.1.2021	No	132,582

(Expressed in Hong Kong Dollars)

22. FINANCIAL INSTRUMENTS BY CATEGORY

	2018	2017
	$	$
Financial assets		
Investment in a subsidiary	11,390,000	11,390,000
Loans and receivables		
Trade and other receivables	57,293,156	57,396,156
Cash and bank balances	58,563	494,962
	57,351,719	57,891,118
	68,741,719	69,281,118
Financial liabilities		
Bank overdraft	436,917	2,795,708
Trade and other payables	67,082,403	61,716,129
Provision for long service payment	430,000	430,000
	67,949,320	64,941,837

23. RELATED PARTY DISCLOSURES

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company entered into the following transactions with the related parties during the year under the normal course of business:

23.1 Key management personnel remuneration:

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 8, is as follows:

	2018	2017
	$	$
Short-term employee benefits	5,037,427	5,334,195

Total remuneration is included in "staff costs".

23.2 Related parties transactions:

	2018	2017
	$	$
Immediate holding company		
Freightage income	176,717	54,863
Freightage and transportation charge paid	1,959,596	2,376,536
Subsidiary		
Freightage income	10,388,735	7,951,669
Freightage and transportation charges paid	7,054,098	5,988,577
Fellow subsidiaries		
Freightage income	44,316,528	51,924,601
Freightage and transportation charges paid	14,771,550	21,988,832

(Expressed in Hong Kong Dollars)

23. RELATED PARTY DISCLOSURES (CONTINUED)

23.3 Year-end balances:

	2018	2017
	$	$
Immediate holding company		
Trade and other receivables	27,696,322	24,709,416
Trade payables	153,771	405,186
Subsidiary		
Trade and other receivables	1,599,537	1,562,038
Trade and other payables	51,501,961	50,868,082
Fellow subsidiaries		
Trade and other receivables	14,989,502	20,093,398
Trade and other payables	1,320,833	1,778,861

The balances due from / (to) related parties are unsecured, interest-free and have no fixed repayment terms.

24. APPROVAL AND ISSUE OF FINANCIAL STATEMENTS

The financial statements was approved and authorised for issue by the Company's Board of Directors on 26th April, 2019

- END -

(For management purposes only)

草 稿
DRAFT

ECU WORLDWIDE (HONG KONG) LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

(Expressed in Hong Kong Dollars)

	2018	2017
	$	$
Revenue	148,832,748	152,036,757
Cost of sales	(113,621,261)	(119,512,679)
Gross profit	35,211,487	32,524,078
Other revenue and income		
Bank interest income	2,549	1,166
Dividend income	19,434,083	-
Sundry income	52,155	3,350
	19,488,787	4,516
	54,700,274	32,528,594
Administrative expenses		
Building management fee	635,539	279,685
Data center charges	1,226,236	1,163,881
Directors' salaries and allowances	4,922,010	5,221,348
Electricity and water	61,181	76,442
Provident fund contribution and expenses	686,969	730,761
Rent and rates	2,720,711	3,481,926
Staff salaries and allowances	14,518,835	13,406,415
Staff welfare and messing	120,608	159,582
Telephone and internet charges	214,069	215,689
	(25,106,158)	(24,735,729)
Other operating expenses		
Advertising and promotional expenses	46,155	57,424
Auditor's remuneration	80,000	78,000
Bad debts written off	11,045	62,655
Bank charges	22,536	20,913
Claims paid	-	70,735
Cleaning expenses	84,320	70,673
Depreciation	638,392	207,822
Entertainment	185,903	190,382
Equipment leasing charges	117,749	106,508
Exchange loss	56,005	159,825
Furniture and fixtures written off	4,639	-
Insurance	632,858	673,869
Legal and professional fees	21,250	2,000
Other receivables written off	-	195,000
Postage and courier charges	204,345	157,730
Printing and stationery	84,116	101,245
Provision for impairment loss for trade receivables	50,000	323,599
Repairs and maintenance	18,180	32,810
Sundry expenses	597,798	148,236
Travelling expenses	734,045	859,107
	(3,589,336)	(3,518,533)
Finance cost		
Bank overdraft interest	(1,799)	(1,524)
Profit before tax	26,002,981	4,272,808