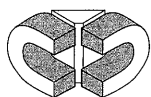


ECU INTERNATIONAL FAR EAST LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

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CHENG & CHENG LIMITED

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

ECU INTERNATIONAL FAR EAST LIMITED

REPORT OF THE DIRECTORS

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 2017.

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 2017 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 (2016: 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)

AUDITOR

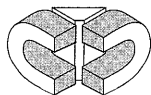
The financial statements for the year were audited by Messrs. CHENG & CHENG LIMITED who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



WONG Sau Lan, Becky
Chairman

Hong Kong, 27 March 2018



CHENG & CHENG LIMITED

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

Andrew H. K. Cheng – FCCA, FTIHK, CTA (HK), FCPA (Practising) 鄭康祺 – 香港執業資深會計師 Ivan K. F. Yu – MBA, SQ (Insolvency), FTIHK, CTA (HK), CPA (Practising) 余廣發 – 香港執業會計師
Francis H. C. Cheng – BBA, FCCA, FTIHK, CTA (HK), CPA (Practising) 鄭康祥 – 香港執業會計師 Gabriel S. C. Chan – BA, MA, FCCA, ATIIHK, CTA (HK), CPA (Practising) 陳碩智 – 香港執業會計師
Alice Y. Y. Li – B. Bus., ATIIHK, CTA (HK), CPA (Aust.), CPA (Practising) 李遠瑜 – 香港執業會計師 David C. Y. Yeung – BBA, ATIIHK, CTA (HK), CPA (Practising) 楊振宇 – 香港執業會計師
Tong Yat Hung – FCCA, CPA (Practising) 湯日烘 – 香港執業會計師 Sammy H. N. Lam – BA, CPA, CA, CMA, CPA (Practising) 林鶴年 – 香港執業會計師

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 30, which comprise the statement of financial position as at 31 December 2017, 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 2017, and of its financial performance and its cash flows for the year then ended 31 December 2017 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

Audited financial statements and ownership documents of the investments in subsidiaries were not available for examination and there were no other alternative procedures to evaluate the financial position of the investee companies. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in subsidiaries stated on the statement of financial position for the amount of HK\$1,834,048 as at 31 December 2017.

We have not been able to obtain direct audit confirmations or other sufficient evidence in respect of amounts due from fellow subsidiaries for the amounts of HK\$8,531,452. As a result, we were unable to satisfy ourselves that amounts due from fellow subsidiaries as disclosed in note 8 to the financial statements were fairly stated.

We have not been able to obtain direct audit confirmations or other sufficient evidence in respect of amounts due to fellow subsidiaries, ultimate holding company and other creditors for the amounts of HK\$2,056,039. As a result, we were unable to satisfy ourselves that amounts due to fellow subsidiaries, ultimate holding company and sundry creditors and payables as disclosed in note 10 to the financial statements were fairly stated.

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.



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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

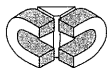
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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.



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)

- 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 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, 27 March 2018

Cheng Hong Cheung
Practising Certificate number P01802

ECU INTERNATIONAL FAR EAST LIMITED

STATEMENT OF FINANCIAL POSITION

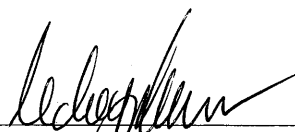
As at 31 December 2017

	Note	2017 HK\$	2016 HK\$
Non-current assets			
Plant and equipment	4	35,338	121,264
Intangible assets	5	-	8,610,355
Interests in subsidiaries	6	1,834,048	1,834,048
Interests in associates	7	3,704,994	3,704,994
		<u>5,574,380</u>	<u>14,270,661</u>
Current assets			
Other receivables	8	15,979,189	31,181,941
Tax recoverable		36,493	33,285
Cash at bank and on hand		<u>202,685</u>	<u>110,469</u>
		16,218,367	31,325,695
Current liabilities			
Other payables	10	<u>9,247,578</u>	<u>37,334,199</u>
Net current assets/(liabilities)		<u>6,970,789</u>	<u>(6,008,504)</u>
Total assets less current liabilities		<u>12,545,169</u>	<u>8,262,157</u>
Capital and reserves			
Share capital	11	10,000	10,000
Reserves	11	<u>12,535,169</u>	<u>8,252,157</u>
		<u>12,545,169</u>	<u>8,262,157</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 2017

	Note	2017 HK\$	2016 HK\$
Revenue	12	3,963,775	3,983,203
Other income	13	4,694,714	1,469,889
Administrative expenses		(3,527,844)	(3,495,579)
Other net (loss)/income	13	(698,032)	297,601
Other operating expenses		(27,000)	-
Finance costs	14	-	(15)
Profit before taxation	15	4,405,613	2,255,099
Income tax	16	(122,601)	(184,126)
Profit for the year		<u>4,283,012</u>	<u>2,070,973</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 2017

	Share capital HK\$	Retained profits HK\$	Total HK\$
Balance at 1 January 2016	10,000	6,181,184	6,191,184
Profit for the year	-	2,070,973	2,070,973
Balance at 31 December 2016 and 1 January 2017	10,000	8,252,157	8,262,157
Profit for the year	-	4,283,012	4,283,012
Balance at 31 December 2017	10,000	12,535,169	12,545,169

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 2017

	Note	2017 HK\$	2016 HK\$
Operating activities			
Profit before taxation		4,405,613	2,255,099
Adjustments for:			
Dividend income		(4,322,962)	-
Depreciation of owned assets		99,893	151,811
Net loss on disposal of plant and equipment		-	(983)
Interest income		(371,752)	(962,018)
Interest on bank overdrafts		-	15
Operating (loss)/profit before working capital changes		(189,208)	1,443,924
Decrease/(Increase) in other receivables		15,202,752	(13,646,859)
(Decrease)/Increase in other payables		(28,086,621)	11,061,256
Cash used in operations		(13,073,077)	(1,141,679)
Interest paid		-	(15)
Interest received		130	135
Tax (paid)/refunded		(125,809)	98,633
Net cash used in operating activities		(13,198,756)	(1,042,926)
Net cash from investing activities	18	13,290,972	956,500
Increase/(decrease) in cash and cash equivalents		92,216	(86,426)
Cash and cash equivalents at the beginning of the year		110,469	196,895
Cash and cash equivalents at the end of the year	19	202,685	110,469

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 2017

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., Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong. Its principal places of business are 10/F., Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong and Unit 1102, 11/F., Pag-IBIG Fund-WT Corporate Tower, Mindanao Avenue, Cebu Business Park, Cebu City, Phillipines.

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.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

(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(i)), 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 are stated at cost less impairment losses (see note 2(i)), 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.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(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. The following financial instruments are classified according to the management's intention on acquisition:-

Receivables

Receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses.

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(i)).

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

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) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortization and impairment losses (see note 2(i)). Other development expenditure is recognized as an expense in the period in which it is incurred.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Intangible assets other than expenditure on research activities, that are acquired by the Company are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(i)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

The intangible assets were still under development and thus no amortisation was provided for the previous years.

(h) 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.

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.

(i) IMPAIRMENT OF ASSETS

(i) Impairment of other receivables

Current receivables that are stated at cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:-

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) IMPAIRMENT OF ASSETS (Continued)

(i) Impairment of other receivables (Continued)

- 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 and other financial assets 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.

(ii) Impairment of other 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, an impairment loss previously recognised no longer exists or may have decreased:

- plant and equipment (other than properties carried at revalued amounts);
- intangible assets; and
- investments in subsidiaries and associate.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) IMPAIRMENT OF ASSETS (Continued)

(ii) Impairment of other assets (Continued)

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 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 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 recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) 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 purpose of the statement of cash flows.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) 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.

(l) 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.

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.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) 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.

(n) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:-

(i) Rendering of services

Management fee income from service agreements is recognized upon completion of the services provided.

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(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.

(iv) Other income

Sundry income is recognized whenever it is received or receivable.

(o) 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.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) 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.

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

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The HKICPA has issued a number of 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:-

- * Amendments to HKAS 7, Statement of cash flows - Disclosure initiative
- * Annual improvements to HKFRSs 2014-2016 cycle

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

There is no material impact on the financial statements of the Company as the new standards, amendments and interpretations were consistent with policies already adopted by the Company.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

4. PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Office equipment HK\$	Total HK\$
Cost			
At 1 January 2016	302,505	4,227,958	4,530,463
Additions	-	6,366	6,366
Disposals	(1,092)	-	(1,092)
At 31 December 2016 and 1 January 2017	301,413	4,234,324	4,535,737
Additions	3,105	10,862	13,967
At 31 December 2017	304,518	4,245,186	4,549,704
Deduct: Accumulated depreciation			
At 1 January 2016	277,312	3,986,442	4,263,754
Charged for the year	8,256	143,555	151,811
Eliminated on disposals	(1,092)	-	(1,092)
At 31 December 2016 and 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	290,500	4,223,866	4,514,366
Net book values			
At 31 December 2017	14,018	21,320	35,338
At 31 December 2016	16,937	104,327	121,264

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

5. INTANGIBLE ASSETS

	2017 HK\$	2016 HK\$
Cost		
At the beginning of the year	8,610,355	8,610,355
Disposals	(8,610,355)	-
At the end of the year	-	8,610,355
Deduct: Accumulated amortization		
At the beginning and end of the year	-	-
Net book value		
At the end of the year	-	8,610,355

The intangible assets represents the development costs of "Topaz project" which is a computer software system. The system has been completed and disposal to immediate holding company at cost on May 2017 and there was no amortization made for the current and previous years.

6. INTERESTS IN SUBSIDIARIES

	2017 HK\$	2016 HK\$
Unlisted shares, at cost	1,834,048	1,834,048

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 INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

6. INTERESTS IN SUBSIDIARIES (Continued)

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	
ECU WORLDWIDE LANKA (PRIVATE) LIMITED	Sri Lanka	LKR1,000	100%	100%	Freight forwarder agent

7. INTERESTS IN ASSOCIATE

	2017 HK\$	2016 HK\$
Unlisted shares, at cost	3,704,994	3,704,994

The following list contains only the particulars of 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

8. OTHER RECEIVABLES

	2017 HK\$	2016 HK\$
Sundry debtors and receivables	397,435	390,200
Amount due from the immediate holding company	187,274	-
Amounts due from subsidiaries	939,178	939,247
Amounts due from fellow subsidiaries	14,455,302	29,852,494
	<u>15,979,189</u>	<u>31,181,941</u>

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

9. BENEFITS AND INTERESTS OF DIRECTORS

During the year, no benefits and interests were involved in respect of any directors (2016: Nil).

10. OTHER PAYABLES

	2017 HK\$	2016 HK\$
Sundry creditors and payables	1,240,825	4,037,432
Amount due to the immediate holding company	6,751,839	16,792,980
Amount due to the ultimate holding company	950,689	-
Amount due to a subsidiary	-	68
Amounts due to fellow subsidiaries	304,225	16,503,719
	<u>9,247,578</u>	<u>37,334,199</u>

11. CAPITAL AND RESERVES

Share Capital

	2017		2016	
	No. of shares	HK\$	No. of shares	HK\$
Ordinary shares, issued and fully paid:				
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 2017

12. REVENUE

The Company is principally engaged in freight forwarder agent. An analysis of revenue of the Company is as follows:-

	2017 HK\$	2016 HK\$
Management fee income	3,963,775	3,983,203

13. OTHER INCOME AND NET (LOSS)/INCOME

	2017 HK\$	2016 HK\$
Other income		
Interest income	371,752	962,018
Dividend income - unlisted	4,322,962	-
Sundry income	-	507,871
	<u>4,694,714</u>	<u>1,469,889</u>
Other net (loss)/income		
Exchange (losses)/gains	(698,032)	296,618
Net gain on disposal of plant and equipment	-	983
	<u>(698,032)</u>	<u>297,601</u>

14. FINANCE COSTS

	2017 HK\$	2016 HK\$
Interest on bank overdrafts	-	15

15. PROFIT BEFORE TAXATION

	2017 HK\$	2016 HK\$
Profit before taxation is stated after charging:		
Depreciation of owned assets	99,893	151,811
Operating leases charges from:		
Minimum lease payments - Hire of land and buildings	195,234	187,785
Salaries, wages and other benefits	<u>1,589,922</u>	<u>1,407,415</u>

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

16. INCOME TAX

	2017	2016
	HK\$	HK\$
Current tax - Hong Kong Profits Tax		
Charged for the year	122,601	184,126

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year (2016: 16.5% and deduction of tax concession).

No provision for deferred taxation has been made in view of immaterial effect (2016: Nil).

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

	2017	2016
	HK\$	HK\$
Profit before taxation	4,405,613	2,255,099
Notional tax at the domestic income tax rate of 16.5%	726,926	372,091
Tax effect of non-deductible expenses	143,686	1,596
Tax effect of non-taxable revenue	(761,757)	(192,683)
Tax effect of unrecognized temporary differences	13,746	23,122
Tax relief for the year	-	(20,000)
Income tax expense for the year	122,601	184,126

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

17. 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	
		2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$
Amount due from the immediate holding company	(i), (ii)	187,274	-	-	-
Amounts due from subsidiaries	(i), (ii)	939,178	939,247	-	-
Amounts due from fellow subsidiaries	(ii), (iii)	14,455,302	29,852,494	371,622	961,883
Amount due to the ultimate holding company	(i)	(950,689)	-	-	-
Amount due to the immediate holding company	(i)	(6,751,839)	(16,792,980)	-	-
Amount due to a subsidiary	(i)	-	(68)	-	-
Amounts due to fellow subsidiaries	(i)	(304,225)	(16,503,719)	-	-

- (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

	Year ended 31 December	
	2017 HK\$	2016 HK\$
Management fee income from a fellow subsidiary	3,963,775	3,983,203

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.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

18. INVESTING ACTIVITIES

	2017 HK\$	2016 HK\$
Purchase of plant and equipment	(13,967)	(6,366)
Proceeds from disposal of intangible assets	8,610,355	-
Proceeds from disposal of plant and equipment	-	983
Interest received	371,622	961,883
Dividends received	4,322,962	-
Net cash from investing activities	13,290,972	956,500

19. 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:-

	2017 HK\$	2016 HK\$
Cash at bank and on hand	202,685	110,469

20. 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.

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:-

	2017 HK\$	2016 HK\$
Current liabilities		
Amount due to the ultimate holding company	950,689	-
Amount due to the immediate holding company	6,751,839	16,792,980
Amount due to a subsidiary	-	68
Amounts due to fellow subsidiaries	304,225	16,503,719
Sundry creditors and payables	1,240,825	4,037,432

The Company is not subject to externally imposed capital requirements.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

21. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK\$	2016 HK\$
<u>Financial assets</u>		
Loan and receivables (including cash and cash equivalents)	16,181,874	31,192,511
<u>Financial liabilities</u>		
Amortised cost	9,247,578	37,334,199

(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.

Interest rate risk

The Company has interest-bearing assets and liabilities in the form of cash and cash equivalent and bank loans. 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

Fair value of financial assets and liabilities carried at other than fair value.

The carrying amounts of the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2017.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

22. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 9 (2014), Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 16, Leases	1 January 2019
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
Annual improvements to HKFRSs 2014-2016 cycle	1 January 2017 or 1 January 2018
HK(IFRIC) - Int 22, Foreign currency transactions and advance consideration	1 January 2018

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be 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 except for HKFRS 9, Financial Instruments, HKFRS 15, Revenue from Contracts with Customers, and HKFRS 16, Leases.

As HKFRS 9, HKFRS 15 and HKFRS16, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, revenue and leases respectively, these standards are expected to be relevant to the Group. The Group is currently assessing the potential impact of adopting these new standards on its financial statements and does not plan to adopt these standards early.

ECU INTERNATIONAL FAR EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017

23. 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:-

	2017 HK\$	2016 HK\$
Land and buildings		
- within 1 year	239,361	250,380
- in the 2nd to 5th years inclusive	-	250,380
	<u>239,361</u>	<u>500,760</u>

24. 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.

25. COMPARATIVE FIGURES

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

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 27 March 2018.