

豐盈會計師事務所有限公司
Shalom CPA Limited
Certified Public Accountants (Practising)

HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司

(Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



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HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Limited by Guarantee)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activities of Hagar International (Hong Kong) Limited (the “Charity”) are to serve women and children in Afghanistan, Cambodia, Vietnam and other countries who suffer extreme human rights abuse and help them to restore life in all its fulness.

The state of the Charity’s affairs

The state of the Charity’s affairs as at 31 December 2020 are set out in the financial statements on pages 5 to 10.

Directors

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

Mr. Catford, Andrew Robert (Appointed on 1 April 2020)
Mr. Ang, Kok Thye Daniel (Appointed on 1 June 2020)
Miss Cheng, Nga Man Jacqueline (Appointed on 2 September 2020)
Miss Papworth, Deborah Wong Wing Man (Appointed on 1 April 2020)
Mr. Yeung, Kwong Wai Ivor
Miss Saito, Jennifer (Resigned on 1 April 2020)
Miss Tsang, Alexis Natasha (Resigned on 1 April 2020)
Miss Yu, Colleen Mo Chong (Resigned on 1 April 2020)

In accordance with article 31 of the Charity’s Articles of Association, the term of office of a director shall be three years. A director may be reappointed but must serve no longer than 12 years on the board of directors. Retirement of directors must be staggered so that all directors do not retire at the same time.

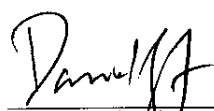
Management contracts

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

Auditor

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

On behalf of the Board,



Ang, Kok Thye Daniel
Director

Hong Kong, 28 December 2021

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
HAGAR INTERNATIONAL (HONG KONG) LIMITED**
夏甲國際(香港)有限公司
(Incorporated in Hong Kong with liabilities limited by guarantee)

Opinion

We have audited the financial statements of Hagar International (Hong Kong) Limited (the "Charity") set out on pages 5 to 10, which comprise the statement of financial position as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Charity are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard 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 Charity in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other 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 report of the directors set out on page 1 and detailed income statement set out on page 11, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBER OF
HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Incorporated in Hong Kong with liabilities limited by guarantee)

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity's financial reporting process.

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBER OF
HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Incorporated in Hong Kong with liabilities limited by guarantee)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity'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 Charity to cease to continue as a going concern.

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.



Shalom CPA Limited
Certified Public Accountants (Practising)

Room 1203, 12/F., Fook Cheong Building,
63 Hoi Yuen Road, Kwun Tong,
Kowloon, Hong Kong

Hong Kong, 28 December 2021

Auditor: Leung Yiu Ming Ricky
Practising certificate number: P06119

HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Limited by Guarantee)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Revenue	2	202,834	2,257,485
Program services	3	0	(1,790,985)
Revenue less program services		<u>202,834</u>	<u>466,500</u>
Other revenue	4	2	548
Administrative expenses		<u>(118,459)</u>	<u>(1,019,995)</u>
Surplus/(deficit) for the year	5	<u>84,377</u>	<u>(552,947)</u>

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

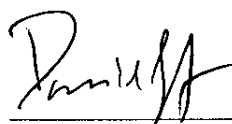
HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

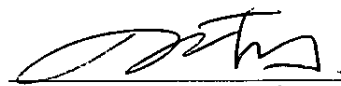
(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Current assets			
Cash and bank balances		<u>202,716</u>	<u>107,236</u>
Current liabilities			
Accruals and other payables		<u>20,103</u>	<u>9,000</u>
Net current assets		<u>182,613</u>	<u>98,236</u>
NET ASSETS		<u>182,613</u>	<u>98,236</u>
RESERVES			
General funds	7	<u>182,613</u>	<u>98,236</u>

Approved on behalf of the Board by:



Ang, Kok Thye Daniel



Yeung, Kwong Wai Ivor

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

HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Limited by Guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in Hong Kong Dollars)

Reporting entity

Hagar International (Hong Kong) Limited (the "Charity") is a company incorporated in Hong Kong and with liabilities limited by guarantee. The Charity's registered office is located at level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The principal activities of the Charity are to serve women and children in Afghanistan, Cambodia Vietnam and other countries who suffer extreme human rights abuse and help them to restore life in all its fulness.

1. Basis of preparation and accounting policies

The Charity qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Charity is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Charity and when the revenue can be measured reliably, on the following bases:

- (i) donation income is recognised when it is received; and
- (ii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable

(b) Foreign exchange

The reporting currency of the Charity is Hong Kong Dollars, which is the currency of the primary economic environment in which the Charity operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
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**ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in Hong Kong Dollars)

1. Basis of preparation and accounting policies (Continued)

(c) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

(d) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Charity are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(e) Other payables

Other payables are initially recognized at nominal value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Related parties

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

- (a) A person or a close member of that person's family is related to the Charity if that person:
 - (i) has control or joint control over the Charity;
 - (ii) has significant influence over the Charity; or
 - (iii) is a member of the key management personnel of the Charity or the Charity's parent.

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HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Limited by Guarantee)

ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Hong Kong Dollars)

1. Basis of preparation and accounting policies (Continued)

(f) Related parties (Continued)

- (b) An entity is related to the Charity if any of the following conditions applies:
- (i) the entity and the Charity are members of the same Charity (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 Charity 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 party and the other entity is an associate of the third party.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Charity or an entity related to the Charity.
 - (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).

2. Revenue

An analysis of the Charity's revenue is as follows:

	<u>2020</u>	<u>2019</u>
Income	<u>202,834</u>	<u>2,257,485</u>

3. Program services

	<u>2020</u>	<u>2019</u>
Hagar International	0	153,089
Hagar Cambodia	0	1,518,768
Hagar Vietnam	0	1,035
Hagar Afghanistan	0	118,093
	<u>0</u>	<u>1,790,985</u>

4. Other revenue

	<u>2020</u>	<u>2019</u>
Bank interest income	<u>2</u>	<u>548</u> 0079

HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
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**ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in Hong Kong Dollars)

5. Surplus/(deficit) for the year

Surplus/(deficit) for the year is arrived at:

	<u>2020</u>	<u>2019</u>
After charging the following items:		
MPF contributions	3,000	33,634
Salaries	96,092	774,131
	<u>96,092</u>	<u>774,131</u>

6. Directors' remuneration

None of the director received or will receive any fees or emoluments in respect of their services to the Charity during the year (2019: Nil).

7. General funds

	<u>General funds</u>
Balance as at 31 December 2019	98,236
Surplus for the year	84,377
Balance as at 31 December 2020	<u>182,613</u>

8. Limited by guarantee

Every member of the Charity undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for the payment of the debts and liabilities of the Charity contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves such amount as may be required not exceeding HK\$100 each.

9. An exempted charitable organization

The Charity is qualified as an exempted charitable organization under Section 88 of the Inland Revenue Ordinance.

10. Approval of financial statements

These financial statements were authorised for issue by the Charity's Board of Directors on 28 December 2021.

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HAGAR INTERNATIONAL (HONG KONG) LIMITED
夏甲國際(香港)有限公司
(Limited by Guarantee)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

(For management purposes only)
(Expressed in Hong Kong Dollars)

	<u>2020</u>
Revenue	
Income	<u>202,834</u>
Other income	
Bank interest income	<u>2</u>
Less: Administrative expenses	
Audit fee	8,000
Bank charges	500
Company secretarial fee	6,405
Computer expenses	2,603
Exchange losses	13
MPF contributions	3,000
Payment service provider fee	1,346
Salaries	96,092
Sundry expenses	500
	<u>118,459</u>
Surplus for the year	<u>84,377</u>