

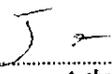
*Report of the Directors
Audited Financial Statements*

Sons & Daughters (Hong Kong) Limited

31 December 2020

Certified true and correct

For and on behalf of
Sleek Hong Kong Limited


.....
Authorized Signature(s)

Sleek Hong Kong Limited
Company Secretary of Sons & Daughters
(Hong Kong) Limited

Date: 18 October 2021

DKNT CPA LIMITED
Chartered Accountants
Certified Public Accountants

SONS & DAUGHTERS (HONG KONG) LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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SONS & DAUGHTERS (HONG KONG) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activities

Sons & Daughter (Hong Kong) Limited is a company incorporated in Hong Kong with liability limited by guarantee. The company's registered office is located at Unit A and B, 13/F., Kai Kwong Commercial Building, 332-334 Lockhart Road, Wanchai, Hong Kong. The company is a non-profit making organization and its principal activity continued to be reaching out to men and women in red-light district of Hong Kong with a mission to interrupt darkness by sharing God's love with those trapped in or vulnerable to sexual exploitation.

The company is a charitable institution within the meaning of Section 88, Chapter 112 of the Inland Revenue Ordinance since 7 November 2019.

Results

The financial statements are prepared in accordance with the provisions of section 359(1)(a) of the Companies Ordinance. The results for the year ended 31 December 2020 and the state of affairs of the company as at that date are set out on pages 6 to 12.

Share capital

The company was incorporated under the laws of Hong Kong as company limited by guarantee and not having a share capital.

Directors

The directors who held office during the year were:

Craft, Kelley Jean	(resigned on 19 April 2020)
Tam, Jeremy Izaak Shen-Lee	
Viana, Haroldo Higino	
Chen, David Kwan Yin	(appointed on 14 December 2020)

In accordance with article 20 of the company's article of association, the directors are not subjected to rotation or retirement at the annual general meeting and shall continue in office for the ensuing year.

Permitted indemnity provision

Article 39(1) of the company's Articles provides that a director or former director of the Company may be indemnified out of the company's assets against any liability incurred by the director to a person other than the company or an associated company of the company in connection with any negligence, default, breach of duty or breach of trust in relation to the company or associated company (as the case may be). This Article only applies if the indemnity does not cover the liability set out in Article 39(2) of the company's Articles. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

Management contracts

The company has not entered into any contract whereby the management and administration of the whole or any substantial part of the company's business have been undertaken by a party other than the company's directors or employees.

SONS & DAUGHTERS (HONG KONG) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Auditors

DKNT CPA Limited were appointed auditors to the company during the year, a resolution proposing their reappointment will be put to the Annual General Meeting.

Approval of directors' report

This report was approved by the directors on 12 MAY 2021

On behalf of the Board



Tam, Jeremy Izaak Shen-Lee
Chairman
Hong Kong

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF SONS & DAUGHTERS (HONG KONG) LIMITED**

(incorporated in Hong Kong with limited liability)

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Sons & Daughters (Hong Kong) Limited ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at 31 December 2020, and the income statement for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company 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 ("HKSA") and with reference to Practice Note 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 Company 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 Directors' Report 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 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 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.

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

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF SONS & DAUGHTERS (HONG KONG) LIMITED**
(incorporated in Hong Kong with limited liability)**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. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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.

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF SONS & DAUGHTERS (HONG KONG) LIMITED**

(incorporated in Hong Kong with limited liability)

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.

DKNT CPA Limited
Certified Public Accountants

Lo, Wing Suen Aurelia
Practising Certificate Number: P06917
Hong Kong, 12 MAY 2021

SONS & DAUGHTERS (HONG KONG) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
Revenue	4	2,716,610	1,265,884
Cost of sales		(42,289)	(42,068)
Gross profit		2,674,321	1,223,816
Other income	5	58	55,876
Administrative expenses		(1,374,473)	(995,235)
Other operating expenses		(12,777)	(12,777)
Surplus before tax	6	1,287,129	271,680
Taxation	8	-	(13,010)
Surplus for the year		1,287,129	258,670

There are no recognised gains or losses other than the surplus or deficit for the above two financial years.

The notes on pages 8 to 12 form an integral part of these financial statements.

SONS & DAUGHTERS (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION

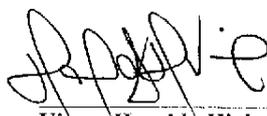
AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		HK\$	HK\$	HK\$	HK\$
Non-current assets					
Property, plant and equipment	9	38,331		51,108	
			38,331		51,108
Current assets					
Deposits and prepayments		151,799		149,945	
Other receivables		66,384		229,827	
Bank balances and cash		1,465,721		3,865	
			1,683,904		383,637
Less: Current liabilities					
Accruals		18,361		18,000	
Tax liabilities		25,798		25,798	
			44,159		43,798
Net current assets			1,639,745		339,839
Total assets less current liabilities			1,678,076		390,947
Net assets			1,678,076		390,947
Equity					
General Fund	10		1,678,076		390,947

Approved on behalf of the Board by:



Tam, Jeremy Izaak Shen-Lee
Director



Viana, Haroldo Iligino
Director

The notes on pages 8 to 12 form an integral part of these financial statements.

SONS & DAUGHTERS (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. Reporting entity

Sons & Daughters (Hong Kong) Limited is a company incorporated in Hong Kong with limited liability by guarantee. The company's registered office is located at Unit A and B, 13/F., Kai Kwong Commercial Building, 332-334 Lockhart Road, Wanchai, Hong Kong. The company is a non-profit making organization and its principal activity continued to be reaching out to men and women in red-light district of Hong Kong with a mission to interrupt darkness by sharing God's love with those trapped in or vulnerable to sexual exploitation.

1.1. Incorporation details and members' liability

The company was incorporated under the laws of Hong Kong on 9 October 2017 as a company limited by guarantee and not having a share capital. The company is not authorized to issue share capital. The liability of its member is limited to HKD100 per member in the event of the company being wound up while he/she is a member, or within one year after he/she ceases to be a member.

2. Basis of preparation of financial statements

The company qualifies for the reporting exemption as a small private 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 company is a going concern.

The measurement base adopted is the historical cost convention.

3. Significant accounting policies

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

3.1. Revenue recognition

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

Donation income is recognised on receipt basis.

Sale of goods is recognised when goods are delivered and the risks and rewards of ownership have passed to the customer.

Interest income from bank deposits is recognised on a time proportion basis taking into account the principal outstanding and at the interest applicable.

3.2. Foreign exchange

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

3.3. Employee benefits

Obligations for contributions to the statutory required Mandatory Provident Fund, a defined contribution retirement plan, are recognised as an expense in the income statement as incurred.

SONS & DAUGHTERS (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

..... continued

3.4. Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided.

3.5. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Leasehold improvement - 20% straight line

3.6. Impairment

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.

3.7. Leases

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.

3.8. Other receivables

Other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

4. Revenue

	2020	2019
	HK\$	HK\$
An analysis of the company's revenue is as follows:		
Sale of goods	66,824	36,773
Donaton income	2,649,786	1,229,111
	<u>2,716,610</u>	<u>1,265,884</u>

SONS & DAUGHTERS (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

..... continued

5. Other income

	2020	2019
	HK\$	HK\$
Bank interest received	58	876
Sundry income	-	55,000
	<u>58</u>	<u>55,876</u>

6. Surplus before tax

	Note	2020	2019
		HK\$	HK\$
Surplus before tax is arrived at after charging:			
Depreciation of property, plant and equipment	9	12,777	12,777
Wages and salaries		191,936	-
Employer's contribution to MPF		9,597	-
Operating lease rentals			
- Land and buildings		552,000	486,500
		<u>552,000</u>	<u>486,500</u>

7. Directors' remuneration

The directors did not receive any remuneration in respect of their services rendered during the year.

8. Taxation

	2020	2019
	HK\$	HK\$
Tax charge for the year	-	13,010
	<u>-</u>	<u>13,010</u>

The company is a charitable organization within the meaning of Section 88, Chapter 112 of the Inland Revenue Ordinance since 7 November 2019 and, accordingly, is exempted from all Hong Kong taxes.

Hong Kong profits tax has been provided at the rate of 8.25% in 2019 on the estimated assessable profits arising in Hong Kong for the year.

SONS & DAUGHTERS (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

..... continued

9. Property, plant and equipment

	Leasehold improvement	Total
	HK\$	HK\$
Cost		
At 1 January 2020 and At 31 December 2020	63,885	63,885
Accumulated depreciation		
At 1 January 2020	12,777	12,777
Depreciation for the year	12,777	12,777
At 31 December 2020	25,554	25,554
Net carrying amount		
At 31 December 2020	38,331	38,331
At 31 December 2019	51,108	51,108

10. Changes in equity

	General fund	Total
	HK\$	HK\$
At 1 January 2020	390,947	390,947
Surplus for the year	1,287,129	1,287,129
At 31 December 2020	1,678,076	1,678,076

SONS & DAUGHTERS (HONG KONG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

..... continued

11. Leasing commitments

The company had the following total future minimum lease payments payable under non-cancellable operating leases:

	Land and buildings	
	2020	2019
	HK\$	HK\$
Expiry date:		
Within one year	518,000	552,000
Later than one year	116,000	634,000
	634,000	1,186,000

12. Approval of financial statements

These financial statements were authorised for issue by the company's Board of Directors on 12 MAY 2021