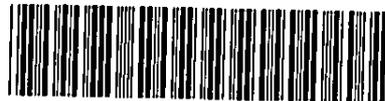


ACTION CARE INTERNATIONAL LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020



HONOR MAN CPA LIMITED
Certified Public Accountants (Practising)



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AC
25/10/2021

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ACTION CARE INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

The directors submit the annual report together with the audited financial statements for the year ended 31st December, 2020.

Principal activity

Action Care International Limited is a private company incorporated in Hong Kong and limited by guarantee. The Company's registered office and principal place of business is located at Flat C-D, Mezz/F., Lok Kwan House, 280-288A Shau Kei Wan Road, Shau Kei Wan, Hong Kong. The Company is a non-profit making organisation, it is set up for the purpose of bringing help and care to the hidden and hurting in places in need.

The Company's registered office and principal place of business subsequently changed to Flat 5, 12/F., Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong since 9th April, 2021.

Results

The state of the Company's affairs as at 31st December, 2020 are set out in the financial statements on pages 5 to 19.

Directors

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

CHAN Wai Keung
CHUNG Chi Hung (resigned on 10th September, 2020)
LAM Kin Fai
LAM Kin Man
LAU Ching Man Ava
TANG Kai Yiu (appointed on 19th February, 2021)
WU Oi Hing Irene
YIM Chun Ho (appointed on 1st January, 2021)

In accordance with Article 37 of the Company's articles of Association, one-quarter of the directors shall retire from office at every succeeding Annual General Meeting, No director shall serve more than 3 consecutive terms. One-quarter of the directors retire from office at the Annual General Meeting and that the retiring directors eligible for re-election.

Permitted indemnity provisions

At no time during the year and up to the date of this directors' report, there were or are, any permitted indemnity provision being in force for the benefit of the directors of the Company.

to be continued.....

ACTION CARE INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

Continuation - 2 -

Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements to purchase shares or debentures

At no time during the year was the Company a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Management contract

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

Business review

The Company falls within reporting exemption for the year. Accordingly, the Company is exempted from preparing a business review.

Funds

Details of the movements in funds are set out in statement of change in funds.

Equity-linked arrangement

During the year, the Company entered into no equity-linked agreement.

At the end of the year, the Company subsisted of no equity-linked agreement.

Other matter

The COVID-19 outbreak since early 2020 has brought about uncertainties in the Company's operating environment and may impact the Company's operations and financial position. The development of outbreak is not considered to be an adjusting event nor has it had an impact on the financial results and condition of the Company as at 31st December, 2020.

The Company has been closely monitoring the impact of the developments on the Company's businesses and will be ready to take further appropriate measures as necessary while the situation continues to evolve.

to be continued.....

ACTION CARE INTERNATIONAL LIMITED

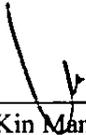
REPORT OF THE DIRECTORS

Continuation - 3 -

Auditors

The financial statements have been audited by Messrs. Honor Man CPA Limited, Certified Public Accountants (Practising) who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment Messrs. Honor Man CPA Limited, Certified Public Accountants (Practising) as the Company's auditors is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



LAM Kin Man
Chairman
Hong Kong,



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACTION CARE INTERNATIONAL LIMITED**
(incorporated in Hong Kong and limited by guarantee)

Report on the financial statements

Opinion

We have audited the financial statements of Action Care International Limited (the "Company") set out on pages 5 to 19, which comprise the statement of financial position as at 31st December, 2020, and the statement of surplus or deficit and other comprehensive income, the statement of changes in funds and the 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, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with Hong Kong Companies

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

to be continued.....



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACTION CARE INTERNATIONAL LIMITED
(incorporated in Hong Kong and limited by guarantee)**

Continuation - 2 -

Other information

The directors are responsible for the other information. The other information comprises the report of directors, 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 HKFRS for Private Entities 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.

The directors are responsible for overseeing the Company's financial reporting process.

to be continued.....



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACTION CARE INTERNATIONAL LIMITED**
(incorporated in Hong Kong and limited by guarantee)

Continuation - 3 -

Auditor's responsibility 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. Our report is made solely to you, as a body, in accordance with sections 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

to be continued.....



Honor Man CPA Limited
Certified Public Accountants (Practising)
Suite A, 2/F., Parklane Building,
235 Queen's Road Central,
Sheung Wan,
Hong Kong

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACTION CARE INTERNATIONAL LIMITED**
(incorporated in Hong Kong and limited by guarantee)

Continuation - 4 -

- 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.

Honor Man CPA Limited

Honor Man CPA Limited
Certified Public Accountants (Practising)

Suite A, 2/F., Parklane Building,
235 Queen's Road Central,
Sheung Wan, Hong Kong

CHAN Chu Man
Practising Certificate number: P05814

ACTION CARE INTERNATIONAL LIMITED

**STATEMENTS OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME -
GENERAL FUND**

FOR THE YEAR ENDED 31ST DECEMBER, 2020

| | Notes | 2020 HK\$ | 2019 HK\$ |
|---------------------------------------|-------|------------------|------------------|
| REVENUE | | | |
| Activities income | | 33,490 | 77,054 |
| Donations income | | 1,656,721 | 1,783,942 |
| Flag day income | | 248,743 | - |
| Operation income | | 400,000 | 400,000 |
| | | <u>2,338,954</u> | <u>2,260,996</u> |
| OTHER REVENUE | | | |
| Bank interest income | 4 | 3 | 170 |
| Employment Support Scheme | 4 | 191,052 | - |
| | | <u>191,055</u> | <u>170</u> |
| TOTAL REVENUE | | <u>2,530,009</u> | <u>2,261,166</u> |
| Deduct: | | | |
| EXPENDITURE: | | | |
| Auditors' remuneration | | 5,300 | 5,300 |
| Bank charges | | 1,663 | 1,652 |
| Building management fee | | 18,696 | 18,696 |
| Cleaning | | 1,208 | 1,587 |
| Computer equipment | | 196 | 48,903 |
| Depreciation | | 1,238 | 1,238 |
| Electricity and water | | 7,775 | 20,999 |
| Entertainment | | 291 | 500 |
| Flag day expenditure | | 1,605 | - |
| Insurance | | 24,976 | 19,101 |
| Local travelling | | 36 | - |
| Medical | | 3,335 | 6,160 |
| Ministry expenses | 5 | 184,736 | 394,932 |
| MPF contribution | | 47,803 | 56,296 |
| Operating lease - rental for premises | | 364,500 | 411,000 |
| Postage and courier | | 614 | 654 |
| Printing and photocopy | | 9,237 | 12,458 |

to be continued.....

ACTION CARE INTERNATIONAL LIMITED

**STATEMENTS OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME -
GENERAL FUND**

FOR THE YEAR ENDED 31ST DECEMBER, 2020

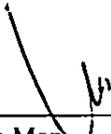
| | Notes | 2020 HK\$ | 2019 HK\$ |
|--|-------|-----------------------|------------------------|
| Continuation - 2 - | | | |
| EXPENDITURE: - CONTINUED | | | |
| Repair and maintenance | | 4,100 | 2,597 |
| Salaries | | 987,742 | 1,156,540 |
| Staff welfare | | 17,338 | 19,980 |
| Stationery | | 2,194 | 988 |
| Subsidies for volunteers | | 76,194 | 93,000 |
| Sundry expenses | | 875 | 2,163 |
| Telephone, fax and internet | | 12,173 | 12,908 |
| Transportation | | - | 238 |
| Training | | 3,274 | 21,068 |
| | | <u>1,777,099</u> | <u>2,308,958</u> |
| TOTAL EXPENSES | | <u>1,777,099</u> | <u>2,308,958</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 752,910 | (47,792) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u><u>752,910</u></u> | <u><u>(47,792)</u></u> |

The notes on pages 10 to 19 form part of these financial statements.

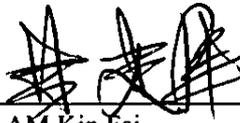
ACTION CARE INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2020

| | Notes | 2020 HK\$ | 2019 HK\$ |
|-------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 411 | 1,649 |
| Current assets | | | |
| Prepayments | | 11,480 | 7,646 |
| Deposits | 8 | 50,520 | 53,520 |
| Cash and cash equivalents | 9 | 3,214,482 | 2,422,027 |
| | | <u>3,276,482</u> | <u>2,483,193</u> |
| Current liabilities | | | |
| Other payables and accruals | 10 | 6,149 | 18,428 |
| Receipt in advance | 10 | 178,238 | 126,818 |
| | | <u>184,387</u> | <u>145,246</u> |
| Net current assets | | <u>3,092,095</u> | <u>2,337,947</u> |
| Net assets | | <u>3,092,506</u> | <u>2,339,596</u> |
| FUNDS | | | |
| General funds | | 1,601,706 | 1,047,393 |
| Compassion fund | 11 | 100,000 | 100,000 |
| Faithpool fund | 12 | 427,668 | 376,209 |
| Development fund | 13 | 963,132 | 815,994 |
| Total funds | | <u>3,092,506</u> | <u>2,339,596</u> |

The financial statements on pages 5 to 19 were approved and authorised for issue by the Board of Directors on _____ and are signed on its behalf by:



 LAM Kin Man
 Director



 LAM Kin Fai
 Director

The notes on pages 10 to 19 form part of these financial statements.

ACTION CARE INTERNATIONAL LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31ST DECEMBER, 2020**

| | General fund retained surpluses HK\$ | Compassion fund retained surpluses HK\$ | Faithpool fund retained surpluses HK\$ | Development fund retained surpluses HK\$ | Total HK\$ |
|---|---|--|---|---|-------------------------|
| Balance at 1st January, 2019 | 1,095,185 | 100,000 | 376,209 | 815,994 | 2,387,388 |
| Statements of surplus or deficit for the year | <u>(47,792)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(47,792)</u> |
| Balance as at 31st December, 2019 | 1,047,393 | 100,000 | 376,209 | 815,994 | 2,339,596 |
| Statements of surplus or deficit for the year (excluded the flag day income) | 605,772 | - | - | (100,000) | 505,772 |
| Flag day income for the year | - | - | - | 247,138 | 247,138 |
| Transfer by the decision of board of directors | <u>(51,459)</u> | <u>-</u> | <u>51,459</u> | <u>-</u> | <u>-</u> |
| Balance as at 31st December, 2020 | <u><u>1,601,706</u></u> | <u><u>100,000</u></u> | <u><u>427,668</u></u> | <u><u>963,132</u></u> | <u><u>2,845,368</u></u> |

The notes on pages 10 to 19 are an integral part of these financial statements.

ACTION CARE INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

| | Notes | 2020 HK\$ | 2019 HK\$ |
|---|-------|--------------|--------------|
| Operating activities | | | |
| (Deficit)/surplus for the year | | 752,910 | (47,792) |
| - Bank interest income | 4 | (3) | (170) |
| - Depreciation of property, plant and equipment | 5 | 1,238 | 1,238 |
| | | <hr/> | <hr/> |
| Operating cash flows before changes in working capital | | 754,145 | (46,724) |
| (Increase)/decrease in prepayments | | (3,834) | (4,227) |
| Decrease in deposits | | 3,000 | 2,000 |
| Increase/(decrease) in other payables and accruals | | (12,279) | 10,485 |
| Increase/(decrease) in receipt in advance | | 51,420 | 23,210 |
| | | <hr/> | <hr/> |
| Net cash generated from/(used in) operations | | 792,452 | (15,256) |
| | | <hr/> | <hr/> |
| Investing activities | | | |
| Payment for the purchase of property, plant and equipment | | - | (1,234) |
| Interest received | | 3 | 170 |
| | | <hr/> | <hr/> |
| Net cash generated from/(used in) investing activities | | 3 | (1,064) |
| | | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | | 792,455 | (16,320) |
| Cash and cash equivalents at 1st January | 9 | 2,422,027 | 2,438,347 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at 31st December | 9 | 3,214,482 | 2,422,027 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 10 to 19 form part of these financial statements.

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

1 General information

Action Care International Limited is a private company incorporated in Hong Kong and limited by guarantee. The Company's registered office and principal place of business is located at Flat C-D, Mezz/F., Lok Kwan House, 280-288A Shau Kei Wan Road, Shau Kei Wan, Hong Kong. The Company is a non-profit making organisation, it is set up for the purpose of bringing help and care to the hidden and hurting in places in need.

The Company's registered office and principal place of business subsequently changed to Flat 5, 12/F., Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong since 9th April, 2021.

2 Statement of compliance with Hong Kong Financial Reporting Standard For Private Entities

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. A summary of significant accounting policies adopted by the Company is set out in note 3.

3 Summary of significant accounting policies

(a) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives. The principal annual rates used for depreciation are as follows:

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

3 Summary of significant accounting policies - continued

(a) Property, plant and equipment - continued

- Leasehold improvement 3 years
- Computer equipment 1 year
- Furniture and office equipment 3 years

The residual value (if any) and the useful life of an asset are reviewed at least at each financial year-end.

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with bank and other financial institutions, and short-term, highly liquid investments that are readily convertible to 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.

(c) Income tax

No provision for Hong Kong profits tax has been made in the financial statements as the Company is exempted from taxation under Section 88 of the Inland Revenue Ordinance. Accordingly, it is not appropriate to account for deferred taxation in the financial statements.

(d) Retirement benefit costs

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

3 Summary of significant accounting policies - continued

(e) Leases

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.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Company. All other leases are classified as operating leases.

Operating lease

Where the Company is the lessee, lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

(f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and 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.

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

3 Summary of significant accounting policies - continued

(g) Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, as follows:

- Donation income
Donation income is recognised on a cash receipt basis.
- Interest income
Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(i) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

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

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

3 Summary of significant accounting policies - continued

(i) Related parties - continued

(2) An entity is related to the Company if any of the following conditions applies:

- i. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- vi. The entity is controlled or jointly controlled by a person identified in (1).
- vii. A person identified (1)(i) has significant over influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. 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.

4 Other revenue

| | 2020 | 2019 |
|---------------------------|----------------|------------|
| | HK\$ | HK\$ |
| Bank interest income | 3 | 170 |
| Employment Support Scheme | 191,052 | - |
| | <u>191,055</u> | <u>170</u> |

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

5 Ministry expenses

Details of ministry expenses are as follows:

| | 2020 | 2019 |
|--------------------------|----------------|----------------|
| | HK\$ | HK\$ |
| Staff costs: | | |
| Food | 63,348 | 215,829 |
| Gifts | 21,657 | 23,919 |
| Insurance | 1,001 | 4,893 |
| Local travelling | 2,924 | 26,310 |
| Necessities | 21,459 | 47,108 |
| Printing and photocopy | 560 | 1,675 |
| Subsidies for volunteers | 50,028 | 54,180 |
| Sundry expenses | 3,204 | 500 |
| Transportation | 20,555 | 20,518 |
| | <u>184,736</u> | <u>394,932</u> |

6 Emoluments and other matters relating to directors

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

(a) Loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and other connected entities

The directors were of the opinion that no transactions, arrangements and contracts of significance in relation to the company's business to which the company was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year.

(b) Directors' material interests in transactions, arrangements or contracts

The directors were of the opinion that no transactions, arrangements and contracts of significance in relation to the company's business to which the company was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year.

ACTION CARE INTERNATIONAL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

6 Emoluments and other matters relating to directors - continued

(c) Guarantees to banks for loans granted to directors of the company

The company had not paid or incurred any liability for the purpose of fulfilling the guarantee or discharging the security given to banks for loans granted to the directors during the year and the previous year.

(d) There were no consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

7 Property, plant and equipment

| | Leasehold Improvement | Computer equipment | Furniture and office equipment | Total |
|--|----------------------------------|-------------------------------|---|----------------|
| | HK\$ | HK\$ | HK\$ | HK\$ |
| Cost: | | | | |
| At 31st January, 2019 | 143,600 | 92,550 | 91,175 | 327,325 |
| Addition | - | - | 1,234 | 1,234 |
| | <u>143,600</u> | <u>92,550</u> | <u>92,409</u> | <u>328,559</u> |
| At 31st December, 2019 and at 31st December, 2020 | <u>143,600</u> | <u>92,550</u> | <u>92,409</u> | <u>328,559</u> |
| Accumulated depreciation and impairment losses: | | | | |
| At 31st January, 2019 | 143,600 | 92,550 | 89,522 | 325,672 |
| Charge for the year | - | - | 1,238 | 1,238 |
| | <u>143,600</u> | <u>92,550</u> | <u>90,760</u> | <u>326,910</u> |
| At 31st December, 2019 | <u>143,600</u> | <u>92,550</u> | <u>90,760</u> | <u>326,910</u> |
| Charge for the year | - | - | 1,238 | 1,238 |
| | <u>143,600</u> | <u>92,550</u> | <u>91,998</u> | <u>328,148</u> |
| At 31st December, 2020 | <u>143,600</u> | <u>92,550</u> | <u>91,998</u> | <u>328,148</u> |
| Net carrying amount: | | | | |
| At 31st December, 2020 | <u>-</u> | <u>-</u> | <u>411</u> | <u>411</u> |
| At 31st December, 2019 | <u>-</u> | <u>-</u> | <u>1,649</u> | <u>1,649</u> |

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8 Deposits

| | 2020 | 2019 |
|------------------|---------------|---------------|
| | HK\$ | HK\$ |
| Rental deposits | 44,000 | 47,000 |
| Utility deposits | 6,500 | 6,500 |
| Other deposit | 20 | 20 |
| | <u>50,520</u> | <u>53,520</u> |

9 Cash and cash equivalents

| | 2020 | 2019 |
|--|------------------|------------------|
| | HK\$ | HK\$ |
| Cash at bank | 3,210,533 | 2,413,802 |
| Cash on hand | 3,949 | 8,225 |
| | <u>3,214,482</u> | <u>2,422,027</u> |
| Cash and cash equivalents in the statement of financial position and the cash flow statement | <u>3,214,482</u> | <u>2,422,027</u> |

10 Other payables, accruals and receipt in advance

| | 2020 | 2019 |
|-----------------------------|----------------|----------------|
| | HK\$ | HK\$ |
| Other payables and accruals | 6,149 | 18,428 |
| Received in advance | 178,238 | 126,818 |
| | <u>184,387</u> | <u>145,246</u> |

11 Compassion fund

Compassion fund was set up to support the company's staff who have financial problems.

12 Faithpool fund

Faithpool fund was set up to support the company's cash flow on the salaries.

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13 Development fund

Development fund was created during the year of 2017 from the flag day net income. This fund was created for the services of food support, family care, outreach care and child care, it composes of flag day net income of HK\$815,994 from 2017 and HK\$247,138 from 2020. In 2020, HK\$100,000 has been used. The Board of directors decided to use the remaining balance of the fund in the coming years.

14 Operating lease commitment

At 31st December, 2020, the Company's total future minimum lease payments under non-cancellable operating leases for each of the following periods are payable as follows:

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| | HK\$ | HK\$ |
| Within one year | 178,500 | 408,000 |
| After one year but within five years | - | 123,000 |
| | <u>178,500</u> | <u>531,000</u> |

The Company leases premises under operating leases. The leases typically run for an initial period of two years. None of the leases includes contingent rentals.

15 Related party transactions

Unless otherwise stated in notes to the financial statements, there are no other material related parties transactions and balances during the year or at the end of the reporting period (2019: Nil).

Key Management Compensation

The directors are considered to be the key management of the Company. Refer to note 6 for detail of key management compensation.

16 Retirement benefits scheme

The Company contributes to the MPF Scheme for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the scheme by the Company and the employees are calculated as a percentage of employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. The retirement benefit scheme costs charged to the income statement represent contributions payable by the Company to the fund. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund.

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

17 Other matter

The COVID-19 outbreak since early 2020 has brought about uncertainties in the Company's operating environment and may impact the Company's operations and financial position. The development of outbreak is not considered to be an adjusting event nor has it had an impact on the financial results and condition of the Company as at 31st December, 2020.

The Company has been closely monitoring the impact of the developments on the Company's businesses and will be ready to take further appropriate measures as necessary while the situation continues to evolve.