

**SILENCE LIMITED**  
**龍耳有限公司**

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2021**

CERTIFIED TRUE COPY



SIU YAT PING  
DIRECTOR  
04/02/2022

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## **SILENCE LIMITED**

龍耳有限公司

### **REPORT OF THE DIRECTORS**

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The directors have pleasure in submitting their report together with the audited financial statements of SILENCE LIMITED (the "Company") for the year ended 31 March 2021.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are bringing together the power of hearing-impaired self-improvement, building disabilities inclusive society through meetings, sign language training and other activities to promote healthy hearing and mutual understanding between the hearing-impaired, help hearing impaired easier to integrate into mainstream society, so that they can enhance their potential, self-realisation and equality of opportunities for development. There are no significant changes compared with the activities conducted in previous year.

#### **FINANCIAL STATEMENTS**

The result of the Company for the year ended 31 March 2021 and the Company's affairs 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.

#### **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements that have, will or may result in the Company issuing shares or that require the Company to enter into any agreements that have, will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at 31 March 2021.

#### **DIRECTORS**

The following directors held office during the year and up to the date of this report:-

SIU Yat Ping	(Appointed on 11 December 2020)
TANG Siu Chung	
KAN King Ming	(Appointed on 26 May 2020)
SIU Yat Chan	(Resigned on 26 May 2020)

In accordance with article 52 and 53 of the Company's Articles of Association, all existing directors shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

#### **MANAGEMENT CONTRACTS**

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

#### **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.

**SILENCE LIMITED**

龍耳有限公司

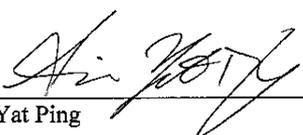
**REPORT OF THE DIRECTORS (Continued)**

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**AUDITOR**

During the year, the Company changed the auditors from CCS & Company to CHENG & CHENG LIMITED. 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

  
\_\_\_\_\_  
SIU Yat Ping  
Chairman

HONG KONG, 10 January 2022



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SILENCE LIMITED

龍耳有限公司

*(Incorporated in Hong Kong and limited by guarantee)*

#### *Opinion*

We have audited the financial statements of SILENCE LIMITED (the "Company") set out on pages 6 to 15, which comprise the statement of financial position as at 31 March 2021, the income statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements 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 ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other matter*

The financial statements of the Company for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 31 December 2020.

#### *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.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **TO THE MEMBERS OF SILENCE LIMITED**

龍耳有限公司

*(Incorporated in Hong Kong and limited by guarantee)*

#### ***Responsibilities of directors for the financial statements***

The directors are responsible for the preparation of 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.

#### ***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. This report is made solely to you, as a body, in accordance with Section 405 of 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.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

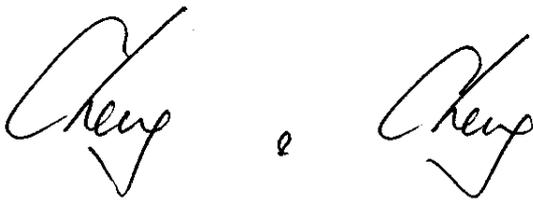
**TO THE MEMBERS OF  
SILENCE LIMITED**

龍耳有限公司

*(Incorporated in Hong Kong and limited by guarantee)*

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

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, 10 January 2022

Cheng Hong Cheung  
Practising Certificate number P01802

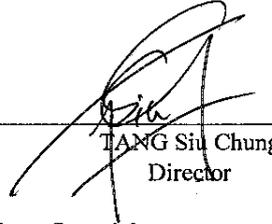
**SILENCE LIMITED**

龍耳有限公司

**STATEMENT OF FINANCIAL POSITION***As at 31 March 2021*

	NOTE	31/03/2021 HK\$	31/03/2020 HK\$ (Restated)	01/04/2019 HK\$ (Restated)
<b>NON-CURRENT ASSETS</b>				
Plant and equipment	4	1,103,645	1,347,250	56,645
Interests in a subsidiary	5	1	310,264	310,264
		<u>1,103,646</u>	<u>1,657,514</u>	<u>366,909</u>
<b>CURRENT ASSETS</b>				
Sundry receivables	6	22,245	24,480	7,082
Cash and bank balances		<u>2,553,785</u>	<u>884,740</u>	<u>1,448,651</u>
		2,576,030	909,220	1,455,733
<b>Deduct: CURRENT LIABILITIES</b>				
Sundry payables	8	<u>164,862</u>	<u>14,500</u>	<u>207,788</u>
<b>NET CURRENT ASSETS</b>		<u>2,411,168</u>	<u>894,720</u>	<u>1,247,945</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,514,814</u>	<u>2,552,234</u>	<u>1,614,854</u>
<b>CAPITAL AND RESERVES</b>				
Accumulated surplus		<u>3,514,814</u>	<u>2,552,234</u>	<u>1,614,854</u>

On behalf of the Board of Directors

  
\_\_\_\_\_  
SIU Yat Ping  
Director  
\_\_\_\_\_  
TANG Siu Chung  
Director

The attached notes form an integral part of these financial statements.

**SILENCE LIMITED**

龍耳有限公司

**INCOME STATEMENT***For the year ended 31 March 2021*

	NOTE	2021 HK\$	2020 HK\$
<b>Revenue</b>	9	3,626,568	3,546,850
Other income		523,525	532,237
Administrative and other operating expenses		(3,187,513)	(3,141,686)
Finance costs	10	-	(21)
<b>Surplus for the year</b>	11	<u>962,580</u>	<u>937,380</u>

The attached notes form an integral part of these financial statements.

**SILENCE LIMITED**

龍耳有限公司

**STATEMENT OF CHANGES IN EQUITY***For the year ended 31 March 2021*

	NOTE	Accumulated surplus HK\$
<b>At 1 April 2019 (as previously reported)</b>		1,324,590
<b>Prior year adjustment in respect of:</b>		
Understatement of income and expenses	3	<u>290,264</u>
<b>At 1 April 2019 (as restated)</b>		1,614,854
Surplus for the year		<u>937,380</u>
<b>31 March 2020 (as restated)</b>		<u>2,552,234</u>
<b>At 1 April 2020 (as previously reported)</b>		2,261,970
<b>Prior year adjustment in respect of:</b>		
Understatement of income and expenses	3	<u>290,264</u>
<b>At 1 April 2020 (as restated)</b>		2,552,234
Surplus for the year		<u>962,580</u>
<b>At 31 March 2021</b>		<u>3,514,814</u>

The attached notes form an integral part of these financial statements.

## **SILENCE LIMITED**

龍耳有限公司

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March 2021*

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#### **1. CORPORATE INFORMATION**

SILENCE LIMITED is a limited by guarantee company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is Flat G01, Tsui Tin House, Pak Tin Estate, Sham Shui Po, Kowloon, Hong Kong.

The principal activities of the Company are bringing together the power of hearing-impaired self-improvement, building disabilities inclusive society through meetings, sign language training and other activities to promote healthy hearing and mutual understanding between the hearing-impaired, help hearing impaired easier to integrate into mainstream society, so that they can enhance their potential, self-realisation and equality of opportunities for development.

#### **2. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out as follows:-

##### **(a) BASIS OF PREPARATION**

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.

The Company is the holding company of another company at the end of the reporting period. However, no consolidated financial statements are prepared because the directors consider the preparation of the consolidated financial statements would involve expense and delay out of proportion to the value to members of the Company.

These financial statements comply with the SME-FRS issued by the Hong Kong Institute of Certified Public Accountants 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.

##### **(b) SUBSIDIARIES**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are included in the Company's statement of financial position at cost less impairment losses.

##### **(c) PLANT AND EQUIPMENT**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of 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:-

Office equipment	20%
Leasehold improvements	20%

## SILENCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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#### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### (d) 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. 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 recognized in the income statement. A previously recognized 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 amortization or depreciation), had no impairment losses been recognized for the asset in prior years.

##### (e) 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.

##### (f) LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Company, 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.

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.

##### (g) TAXATION

No provision for Hong Kong profit tax is made in the financial statements as the Company is exempted from all taxes under section 88 of the Inland Revenue Ordinance. Accordingly, no current and deferred taxation is accounted for in the financial statements.

##### (h) REVENUE

Revenue is recognized 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:-

- (i) Income from project subsidies is recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to it and that the subsidies will be received.
- (ii) Project income included sales of goods and service income. Income from sales of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customers. Service income is recognised when the services was rendered.
- (iii) Donation and membership income is recognised when it is received from the donators and members.
- (iv) Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

## **SILENCE LIMITED**

龍耳有限公司

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*For the year ended 31 March 2021*

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#### **2. PRINCIPAL ACCOUNTING POLICIES (Continued)**

##### **(h) REVENUE (Continued)**

- (v) Service income is recognised when the services was rendered.
- (vi) Government grants is recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to it and that the subsidies will be received.

Any other income not mentioned above is recognized whenever it is received or receivable.

##### **(i) 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 of a parent of the Company.
- (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. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (6) The entity is controlled or jointly controlled by a person identified in 2(i)(i).
  - (7) A person identified in 2(i)(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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**SILENCE LIMITED**

龍耳有限公司

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 March 2021

**3. PRIOR YEAR ADJUSTMENT**

The Company understated the income and expenses which were received or paid by the subsidiary on behalf of the Company in previous years. There were understatement of amount due from a subsidiary and accumulated surplus of HK\$290,264 for the year ended 31 March 2019 and 2020. Thus, these were rectified as prior year adjustments.

The financial statements have been restated to reflect these amendments. The effect of the restatement is summarised below:

	31/03/2020 HK\$	01/04/2019 HK\$
<b>Increase in</b>		
<b>Non-current assets</b>		
Interests in a subsidiary	290,264	290,264
<b>Increase in</b>		
<b>Capital and reserves</b>		
Accumulated surplus	290,264	290,264

**4. PLANT AND EQUIPMENT**

	Office equipment HK\$	Leasehold improvements HK\$	Total HK\$
<b>Cost</b>			
At 1 April 2020	736,231	1,340,228	2,076,459
Additions	82,708	46,512	129,220
At 31 March 2021	818,939	1,386,740	2,205,679
<b>Accumulated depreciation</b>			
At 1 April 2020	339,385	389,824	729,209
Depreciation for the year	125,525	247,300	372,825
At 31 March 2021	464,910	637,124	1,102,034
<b>Net carrying amount</b>			
At 31 March 2021	354,029	749,616	1,103,645
At 31 March 2020	396,846	950,404	1,347,250

**SILENCE LIMITED**

龍耳有限公司

**NOTES TO THE FINANCIAL STATEMENTS (Continued)***For the year ended 31 March 2021***5. INTERESTS IN A SUBSIDIARY**

	31/03/2021 HK\$	31/03/2020 HK\$ (Restated)	01/04/2019 HK\$ (Restated)
Unlisted shares, at cost	1	1	1
Amounts due from a subsidiary	310,423	310,263	310,263
Provision for impairment losses	(310,423)	-	-
	<u>1</u>	<u>310,264</u>	<u>310,264</u>

**Particulars of subsidiary are as follows:-**

Name	Place of incorporation and operation	Percentage of ownership and voting power	Principal activities
Silence Social Enterprise Limited	Hong Kong	100%	Offering sign language courses and provision of graphic design services

**6. SUNDRY RECEIVABLES**

	2021 HK\$	2020 HK\$
Sundry debtors and receivables	<u>22,245</u>	<u>24,480</u>

**7. BENEFITS AND INTERESTS OF DIRECTORS**

During the year, no benefits and interests were involved in respect of any directors (2020: Nil).

**8. SUNDRY PAYABLES**

	2021 HK\$	2020 HK\$
Sundry creditors and payables	14,300	14,500
Project subsidies received in advance	<u>150,562</u>	<u>-</u>
	<u>164,862</u>	<u>14,500</u>

**SILENCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)***For the year ended 31 March 2021***9. REVENUE**

	2021	2020
	HK\$	HK\$
An analysis of the Company's revenue is as follows:-		
Income from project subsidies	2,591,784	2,334,980
Donation income	51,758	156,738
Project income	433,466	92,042
Membership fee income	16,460	11,030
Service income	533,100	952,060
	<u>3,626,568</u>	<u>3,546,850</u>

**10. FINANCE COSTS**

	2021	2020
	HK\$	HK\$
Interest on bank overdrafts	-	21

**11. SURPLUS FOR THE YEAR**

	2021	2020
	HK\$	HK\$
Surplus for the year is arrived at after charging the following items:		
Depreciation of owned assets	372,825	348,296
Operating leases		
Hire of land and buildings	129,901	119,791
Salaries and allowances	1,789,198	1,952,765
Staff welfare and messing	11,465	24,004
Provident fund expenses	82,394	91,594
And after crediting the following items:		
Government grants *	425,820	303,186
Interest income	6	603
Waiver laon	-	194,788
Sundry income	97,699	33,660

\* For the year ended 31 March 2021, Covid-19 related government grants amounted to HK\$425,820 have been recognized and included in government grants.

**12. INCOME TAX**

The Company is exempt from taxation under the provision of section 88 of the Inland Revenue Ordinance.

**SILENCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)***For the year ended 31 March 2021***13. RELATED PARTY DISCLOSURES**

In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions and balances with related parties:-

	Note	31/03/2021 HK\$	31/03/2020 HK\$ (Restated)	01/04/2019 HK\$ (Restated)
Amounts due from a subsidiary	(i), (ii)	310,423	310,263	310,263

- (i) The amounts due from a subsidiary was unsecured, interest-free and had no fixed terms of repayment.
- (ii) Full provisions for bad or doubtful debts had been made in respect of these loans in current year. No provisions for bad or doubtful debts had been made in respect of these loans in year 2019 and 2020.

**14. COMMITMENTS UNDER OPERATING LEASES****AS LESSEES**

At the end of the reporting period, the Company had the following total future minimum lease payments payable under non-cancellable operating leases:-

	2021 HK\$	2020 HK\$
Land and buildings		
- within 1 year	33,792	135,168
- in the 2nd to 5th years inclusive	-	135,168
	<u>33,792</u>	<u>270,336</u>

**15. COMPARATIVE FIGURES**

As adoption of prior year adjustment, certain comparative figures have been restated. Details of prior year adjustment are disclosed in note 3.

**16. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 10 January 2022.