

ENACTUS CHINA LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Certified true copy:

For and on behalf of
TMF SECRETARIAL SERVICES LIMITED


.....
Authorized Signature(s)

~~Director~~ / Secretary

Date: 25 OCT 2021



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ENACTUS CHINA LIMITED

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITY

The principal activity of the Association is organising training sessions for university students.

RESULTS

The results of the Association for the year ended 31 December 2020 and the state of the Association's affairs at that date are set out in the financial statements on pages 6 to 15.

REPORTING EXEMPTION AND BUSINESS REVIEW

The Association falls within the reporting exemption for the financial year. Accordingly, the Association is exempt from complying with certain reporting requirements including preparing a business review.

DIRECTORS

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

REN Min
QUEK Esmond Keng Liang

DIRECTORS' INDEMNITIES AND INSURANCES

As permitted by the Articles of Association of the Association, a director of the Association may be indemnified out of the Association's assets against any liability incurred by the director that attaches to such director in his or her Company as a director of the Association, to the extent permitted by law.

The Association has not taken out directors' liability insurance throughout the year.

MANAGEMENT CONTRACTS

The Association did not enter into any contract, other than the contracts of service with any director of the Association or any person engaged in the full time employment of the Association, by which a person or entity undertakes the management and administration of the whole or any substantial part of any business of the Association.

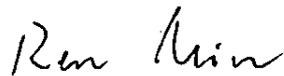
ENACTUS CHINA LIMITED

REPORT OF THE DIRECTORS

AUDITOR

The financial statements have been audited by Messrs Roger Kam & Co., Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the board



REN Min
Director
Date, 31 August 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ENACTUS CHINA LIMITED**

(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of ENACTUS CHINA LIMITED ("the Association") set out on pages 6 to 15, which comprise the statement of financial position as at 31 December 2020, and the income statement and the statement of changes in general fund 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 Association are prepared, in all material respects, in accordance with the 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 Association 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.

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 reports 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 TO THE MEMBERS OF ENACTUS CHINA LIMITED

(incorporated in Hong Kong with limited liability 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 Association'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 Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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. We report our opinion solely to you, as a body, in accordance with section 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 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 misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

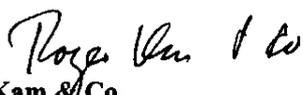
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ENACTUS CHINA LIMITED**

(incorporated in Hong Kong with limited liability by guarantee)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 Association 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.


Roger Kam & Co.
Certified Public Accountants (Practising)

Hong Kong, 31 August 2021

ENACTUS CHINA LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
Revenue	4	6,582,217	5,226,794
Other income	4	108,028	2,950
Other operating expenses		<u>(6,472,650)</u>	<u>(5,386,566)</u>
Surplus / (deficit) for the year	5	<u>217,595</u>	<u>(156,822)</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

ENACTUS CHINA LIMITED

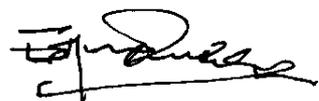
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Intangible asset	8	296,003	-
Investment in a subsidiary	9	-	512,547
		<u>296,003</u>	<u>512,547</u>
Current assets			
Prepayment and deposit		15,600	23,342
Cash and bank balances		3,248,127	1,972,924
		<u>3,263,727</u>	<u>1,996,266</u>
Current liabilities			
Accrued expenses		16,500	16,500
Other payable		1,092,238	1,092,238
Receipt in advance		833,322	-
		<u>1,942,060</u>	<u>1,108,738</u>
Net current assets		<u>1,321,667</u>	<u>887,528</u>
NET ASSETS		<u>1,617,670</u>	<u>1,400,075</u>
GENERAL FUND			
Accumulated surplus		<u>1,617,670</u>	<u>1,400,075</u>

Approved and authorised for issue by the Board of Directors on 31 August 2021



REN Min
Director



QUEK Esmond Keng Liang
Director

The notes on pages 9 to 15 form an integral part of these financial statements.

ENACTUS CHINA LIMITED

STATEMENT OF CHANGES IN GENERAL FUND FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated surplus HK\$
Balance at 1 January 2019	1,556,897
Deficit for the year	<u>(156,822)</u>
Balance at 31 December 2019	1,400,075
Surplus for the year	<u>217,595</u>
Balance at 31 December 2020	<u>1,617,670</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL

The Association was incorporated in Hong Kong as an Association with limited liability by guarantee. The principal activity of the Association is organising training sessions for university students. The Association's registered office is located at Unit 603, 6/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Association and its subsidiary qualify for the reporting exemption as a small group of company under section 359(3)(c) of the Hong Kong Companies Ordinance 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 ("HKICPA").

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

The measurement base adopted is the historical cost convention.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the HKICPA.

(a) Subsidiary

A subsidiary is an entity controlled by the Association. Control exists when the Association 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.

The investment in a subsidiary is stated at cost less provision for impairment loss. The results of the subsidiary are accounted for by the Association on the basis of dividends received and receivable.

Consolidated financial statements have not been prepared for the Association and its subsidiary. In the opinion of the directors the preparation of consolidated financial statements would involve expense or delay out of proportion to the value to the members.

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised over their estimated useful lives using the straight line method.

(c) Impairment of assets

An assessment on assets is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including item of investment in a subsidiary and intangible asset. 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), had no impairment losses been recognised for the asset in prior years.

(d) Revenue recognition

Sponsor income is recognised when cash is received and include all sums received up to the reporting date.

Government subsidies that compensate the company for expenses incurred are recognised as income in the income statement on a systematic basis in the same periods in which the expenses are incurred.

Bank interest income is recognised on a time-proportion basis on the principal outstanding at the applicable interest rate.

(e) Translation of foreign currencies

The reporting currency of the Association is Hong Kong dollars, which is the currency of the primary economic environment in which the Association 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.

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) the entity and the reporting entity 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 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 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (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).

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4 REVENUE AND OTHER INCOME

	2020 HK\$	2019 HK\$
Revenue		
Sponsor income	6,582,217	5,226,794
Other income		
Bank interest income	28	2,787
Government subsidies (note)	108,000	-
Sundry income	-	163
	<u>108,028</u>	<u>2,950</u>
Total revenue	<u>6,690,245</u>	<u>5,229,744</u>

Note: During the year ended 31 December 2020, the company successfully applied for funding support under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant for Employment Support Scheme, the company is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5 SURPLUS / (DEFICIT) FOR THE YEAR

Surplus / (deficit) for the year is stated after charging the following:-

	2020 HK\$	2019 HK\$
Auditor's remuneration	16,000	16,000
Exchange loss	9,037	13,273
Loss on disposal of a subsidiary	3,612,707	-
Provision for impairment loss on investment in a subsidiary	-	898,036
Staff costs:-		
- salaries	887,243	744,059

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6 DIRECTORS' REMUNERATION

In accordance with Article 31 of Mandatory Articles of the Association's Articles of Association, every director of the Association shall not be appointed to any salaried office of the Association, or any office of the Association paid by fees and no remuneration or other benefit in money or money's worth.

7 TAXATION

No provision for Hong Kong profits tax has been provided as the Association is exempted from Hong Kong tax under section 88 of the Hong Kong Inland Revenue Ordinance (2019: HK\$Nil).

8 INTANGIBLE ASSET

	Software HK\$
At cost	
At 1 January 2020	-
Additions	<u>296,003</u>
At 31 December 2020	<u>296,003</u>
Accumulated amortisation	
At 1 January 2020	-
Charge for the year	<u>-</u>
At 31 December 2020	<u>-</u>
Net book value	
At 31 December 2020	<u>296,003</u>
At 31 December 2019	<u>-</u>

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9 INVESTMENT IN A SUBSIDIARY

	2020 HK\$	2019 HK\$
Unlisted investment, at cost	-	1,410,583
Less: Provision for impairment loss	-	(898,036)
	<u>-</u>	<u>512,547</u>

Details of the subsidiary at 31 December 2020 are as follows:-

<u>Company</u>	<u>Place of incorporation</u>	<u>Particulars of paid up capital</u>	<u>Percentage of interest in ownership / voting power</u>	<u>Nature of business</u>
上海賽扶企業管理 諮詢有限公司	The People's Republic of China	N/A (2019: USD340,000)	N/A (2019: 100% directly)	Provision of management advisory, marketing planning and association services

The financial statements of the above subsidiary were not audited by Roger Kam & Co., Certified Public Accountants (Practising).

Consolidated financial statements have not been prepared for the Association and its subsidiary as in the opinion of the directors the preparation of consolidated financial statements would involve expense or delay out of proportion to the value to the members.

On 8 July 2020, the Association had disposed all equity holding in the subsidiary.

10 CAPITAL COMMITMENT

The company had the following capital commitments at the end of the reporting period:-

	2020 US\$	2019 US\$
Investment in a subsidiary Contracted but not provided for	<u>-</u>	<u>600,000</u>

ENACTUS CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11 RELATED PARTY TRANSACTION

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the company had the following transaction with a related party:

	2020 HK\$	2019 HK\$
Events fee		
Subsidiary	-	390,865
Related company	-	1,018,464
Professional fee		
Subsidiary	<u>-</u>	<u>32,700</u>

12 LEASE COMMITMENTS

At 31 December 2020, the company had future aggregate minimum commitments under a non-cancellable operating lease in respect of land and buildings as follows:-

	2020 HK\$	2019 HK\$
Within one year	<u>72,000</u>	<u>93,600</u>

13 COMPANY LIMITED BY GUARANTEE

The Association was registered as a company limited by guarantee and not having a share capital. In accordance with Article 7 of the Association's Memorandum of Association, the Association was incorporated by members' guarantee with every member's liability not exceeding HK\$10.

(FOR MANAGEMENT PURPOSES ONLY)

ENACTUS CHINA LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	HK\$	HK\$	HK\$
Revenue			
Sponsor income		6,582,217	<u>5,226,794</u>
Other income			
Bank interest income	28		2,787
Government subsidies	108,000		-
Sundry income	<u>-</u>		<u>163</u>
		108,028	<u>2,950</u>
		<u>6,690,245</u>	<u>5,229,744</u>
General expenses			
Other operating expenses			
Auditor's remuneration	16,000		16,000
Courier fee	1,837		863
Donation	-		222,495
Events fee	1,658,740		2,782,652
Exchange loss	9,037		13,273
Hotel expenses	-		150,858
Loss on disposal of subsidiary	3,612,707		-
Meals	23,989		26,594
Office rental	85,742		92,091
Office supplies	24,795		30,675
Professional fee	12,200		81,350
Provision for impairment loss on investment in a subsidiary	-		898,036
Salaries	887,243		744,059
Sundry expenses	45,245		33,280
Transaction fee	4,099		4,380
Transportation fee	383		13,871
Travelling expenses	<u>90,633</u>		<u>276,090</u>
		<u>6,472,650</u>	<u>5,386,566</u>
Surplus / (deficit) for the year		<u>217,595</u>	<u>(156,822)</u>