

AMITOFO CARE CENTRE (HONG KONG) LIMITED
(INCORPORATED IN HONG KONG AND THE COMPANY LIMITED BY
GUARANTEE AND NOT HAVING ANY SHARE CAPITAL)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Certified True and Correct



Lau Lai Yee
Director



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**AMITOFU CARE CENTRE (HONG KONG) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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AMITOFU CARE CENTRE (HONG KONG) LIMITED
REPORT OF THE DIRECTORS

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The directors present herewith their annual report and financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

During the year, the Company was engaged in the promotion and supporting of Buddhist religion or belief and the provision of charitable relief to orphan and the needy children.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 March 2020 and the state of the Company's affairs as at that date were set out in the financial statements on pages 5 to 14.

DIRECTORS

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

TSAI Jung Fu
TAM Kim Leung, Kenneth
LAU Lai Yee

In accordance with Article 39 of Articles of Association, all directors retire, but being eligible, offer themselves for re-appointment.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements to enable the director of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate.

AUDITORS

A resolution to re-appoint the retiring auditors, K. W. Leung & Co., Certified Public Accountants will be put at the next annual general meeting.

On behalf of the board



LAU Lai Yee
Chairman
Hong Kong

22 FEB 2021

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AMITOFU CARE CENTRE (HONG KONG) LIMITED
(Incorporated in Hong Kong and Limited by Guarantee and not having any share capital)

Report on the Audit of the Financial Statements

We have audited the financial statements of Amitofu Care Centre (Hong Kong) Limited set out on pages 5 to 14, which comprise the statement of financial position as at 31 March 2020, and statement of comprehensive income and 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 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard 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") 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 Information

The directors are responsible for the other information. The other information comprises the information included in the director's report set out on page 1. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Amitofo Care Centre (Hong Kong) Limited - Independent Auditors' Report - Continued

In connection with our audit of the financial statements, our responsibility are 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 the Directors and Those Charged with Governance 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 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 responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any person for the contents of this report. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Amitofo Care Centre (Hong Kong) Limited – Independent Auditors’ Report – Continued

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from 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.

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.



K. W. Leung & Co.
Certified Public Accountants
Hong Kong

22 FEB 2021

AMITOFO CARE CENTRE (HONG KONG) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2020
 (Expressed in Hong Kong Dollars)

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	<u>Note</u>	<u>2020</u>	<u>2019</u>
INCOME	2	10,583,773	10,875,884
ADD: OTHER INCOME	2	868	690
		<u>10,584,641</u>	<u>10,876,574</u>
LESS : EXPENDITURE		9,395,636	11,272,899
SURPLUS / (DEFICIT) FOR THE YEAR	3	<u>1,189,005</u>	<u>(396,325)</u>
OTHER COMPREHENSIVE INCOME		-	-
		<u>1,189,005</u>	<u>(396,325)</u>
GENERAL FUND BROUGHT FORWARD		1,058,110	1,454,435
GENERAL FUND CARRIED FORWARD		<u><u>2,247,115</u></u>	<u><u>1,058,110</u></u>

The accompanying notes form an integral part of, and should be read in conjunction with those financial statements.

AMITOFO CARE CENTRE (HONG KONG) LIMITED
 STATEMENT OF FINANCIAL POSITION - 31 MARCH 2020
 (Expressed in Hong Kong Dollars)

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	<u>Note</u>	<u>2020</u>	<u>2019</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	134,694	33,120
CURRENT ASSETS			
Deposit and prepayment		806,862	340,906
Cash and bank balance		1,602,424	1,323,848
		<u>2,409,286</u>	<u>1,664,754</u>
LESS : CURRENT LIABILITIES			
Others payable and accruals		54,600	36,134
Receipts in advance		242,265	603,630
		<u>296,865</u>	<u>639,764</u>
NET CURRENT ASSETS			
		2,112,421	1,024,990
		<u>2,247,115</u>	<u>1,058,110</u>
Represented by :			
GENERAL FUND		<u>2,247,115</u>	<u>1,058,110</u>

Approved by the Board of Directors on 22 FEB 2021



LAU Lai Yee
 Director



TAM Kim Leung, Kenneth
 Director

The accompanying notes form an integral part of, and should be read in conjunction with those financial statements.

AMITOFO CARE CENTRE (HONG KONG) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2020
 (Expressed in Hong Kong Dollars)

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	<u>2020</u>	<u>2019</u>
NET CASH FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	1,189,005	(396,325)
Adjustments for:		
Depreciation	55,938	3,042
SURPLUS / (DEFICIT) BEFORE WORKING CAPITAL CHANGES	<u>1,244,943</u>	<u>(393,283)</u>
(Increase) in deposit and prepayment	(465,956)	(200,355)
Increase / (Decrease) in accounts payable and accrual	18,466	(21,309)
(Decrease) / Increase in receipts and advance	<u>(361,365)</u>	<u>535,615</u>
Net cash Inflow / (Outflow) from Operating Activities	436,088	(79,332)
INVESTING ACTIVITIES		
Purchases of fixed assets	(157,512)	-
Net Cash (Outflow) from Investing Activities	<u>(157,512)</u>	<u>-</u>
Net Cash Inflow / (Outflow) Before Financing	<u>278,576</u>	<u>(79,332)</u>
FINANCING	-	-
Net Cash from Financing	<u>-</u>	<u>-</u>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>278,576</u>	<u>(79,332)</u>
CASH AND CASH EQUIVALENTS AT 01.04.2019	<u>1,323,848</u>	<u>1,403,180</u>
CASH AND CASH EQUIVALENTS AT 31.03.2020	<u>1,602,424</u>	<u>1,323,848</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,602,424	1,323,848
Bank overdraft	-	-
	<u>1,602,424</u>	<u>1,323,848</u>

The accompanying notes form an integral part of, and should be read in conjunction with those financial statements.

REPORTING ENTITY

Amitofo Care Centre (Hong Kong) Limited is a company incorporated in Hong Kong with limited by guarantee. The Company's registered office is located at Room 802, 8/F, Block B, East Sun Industrial Centre, 16 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

During the year the Company was engaged in the promotion and supporting of Buddhist religion or belief and the provision of charitable relief to the orphan and the needy children.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard (HKFRS), Hong Kong Accounting Standards (HKSA) and Interpretations (Int), issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance.

Nevertheless, the directors had adopted the going concern basis in the preparation of the financial statements based on the assumption that the some members have undertaken to provide continuing financial support to the Company to enable the Company to continue its day to day operations and a viable going concern notwithstanding any present or future financial difficulties experienced by the Company.

The directors believe the Company will have sufficient cash resources to satisfy its future working capital and other financial requirements. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Company fail to continue as a going concern.

Principal accounting policies

(a) Measurement basis

The financial statements are prepared under the historical cost basis.

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciated and any accumulated impairment losses.

When the Company acquires leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or it lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of such item of property, plant and equipment comprises the following:

- i) the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- ii) any costs directly attributable to bring the asset to the location and condition necessary for them to be capable of operating in the manner intended by management.
- iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs wither when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during the period.

Depreciation charged as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same bases as owned assets, or where shorter, the term s of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Furniture and fixtures	25%
Office equipment	25%
Office decoration	25%

It there is an indication that there has been a significant change in the depreciation rate, useful life or residue value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater that its estimated recoverable amount.

(c) Foreign exchange translation

Foreign currency transactions are translated into Hong Kong Dollars using the exchange rates prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and loss are presented in profit or loss within "other income" or "other expenses"

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

(e) Accounts receivables

Accounts receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(f) Borrowings

Borrowings are recognised initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the report date.

Interest expense is recognised on the basis of the effective interest method and is included in the finance costs.

(g) Accounts payables

Accounts payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Taxation

No provision for Hong Kong profits tax is made in the financial statements as the Company is exempted from all taxes under section 88 of the Inland Revenue Ordinance. Accordingly, it is not appropriate to account for any tax implications in the financial statements.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Right to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance lease are included in the property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payment under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

(j) Revenue recognition

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

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

- i) donations are accounted for in the financial statements on cash basis.
- ii) interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable.

(k) Related parties

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

A person or a close member of that person's family is related to the Company if that person

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

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.
- ii) either entity is an associate or joint venture of the other entity.
- iii) both entities are joint ventures of a third entity.
- iv) either entity is a joint venture of a third entity and the other party is an associate of the third party.
- 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. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- vi) the entity is controlled or jointly controlled by a related person identified above.
- vii) a person who is identified as a member of the key management personnel of the reporting entity has significant voting power in the entity.

2. INCOME AND OTHER INCOMES

An analysis of the company's turnover is as follow:	<u>2020</u>	<u>2019</u>
Donation income	<u>10,583,773</u>	<u>10,875,884</u>
Other income		
Interest income	<u>868</u>	<u>690</u>

3. SURPLUS / (DEFICIT) FOR THE YEAR

Surplus / (Deficit) for the year is stated after charging :	<u>2020</u>	<u>2019</u>
Auditors' remuneration	11,000	11,000
Depreciation	<u>55,938</u>	<u>3,042</u>

4. EMOLUMENTS AND OTHER MATTERS RELATING TO DIRECTORS

- (a) Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	<u>2020</u>	<u>2019</u>
Directors' fees	-	-
Salaries, allowances and benefits other than in cash	-	-
Discretionary bonuses	-	-
Contributions to defined contribution plan	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

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

There were no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the year (2019 - Nil).

- (c) 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.

- (d) 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.

- (e) 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 (2019 - Nil).

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Office Decoration</u>	<u>Total</u>
At 01.04.2019	2,941	43,299	20,000	66,240
Additions	14,082	-	143,430	157,512
Written off	-	-	-	-
At 31.03.2020	<u>17,023</u>	<u>43,299</u>	<u>163,430</u>	<u>223,752</u>
At 01.04.2019	1,470	21,650	10,000	33,120
Charges	4,256	10,824	40,858	55,938
Over provision	-	-	-	-
At 31.03.2020	<u>5,726</u>	<u>32,474</u>	<u>50,858</u>	<u>89,058</u>
at 31.03.2020	<u>11,297</u>	<u>10,825</u>	<u>112,572</u>	<u>134,694</u>
at 31.03.2019	<u>1,470</u>	<u>21,650</u>	<u>10,000</u>	<u>33,120</u>

6. OPERATING LEASE COMMITMENTS

As at 31 March 2020 the Company had the following operating lease commitments for the payment under non-cancellation operating leases on land and building which fall due as follows :

	<u>2020</u>	<u>2019</u>
- within one year	575,500	874,800
- in the second to fifth years, inclusive	-	575,500
	<u>575,500</u>	<u>1,450,300</u>

AMITOFU CARE CENTRE (HONG KONG) LIMITED
DETAILED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2020
(Expressed in Hong Kong Dollars)

(For Management Purpose Only)

	<u>2020</u>	<u>2019</u>
DONATION INCOME	10,583,773	10,875,884
ADD: OTHER INCOME		
Interest income	868	690
	<u>10,584,641</u>	<u>10,876,574</u>
LESS : EXPENDITURE		
Administrative Expenses		
Advertising and promotion	25,000	-
Audit fee	11,000	11,000
Bank charges	16,134	16,550
Depreciation	55,938	3,042
Electricity and water	20,949	19,039
Entertainment	2,200	-
Freight and transportation	2,277	6,358
Insurance fee	18,859	29,633
Legal and professional fee	47,760	53,645
Loss on exchange	1,051	12,947
Mandatory Provident Fund	6,608	14,883
Printing and stationery	20,129	33,239
Rent, rates and management fee	658,800	374,800
Repair and maintenance	39,741	65,711
Staff salary and allowance	410,761	548,452
Staff quarter expenses	216,000	216,000
Sundry expenses	7,271	16,759
Telephone, fax and internet	21,564	31,146
	<u>1,582,042</u>	<u>1,453,203</u>
Project on orphans and children	7,813,594	9,819,695
	<u>9,395,636</u>	<u>11,272,899</u>
SURPLUS / (DEFICIT) FOR THE YEAR	<u>1,189,005</u>	<u>(396,325)</u>