

HOPE WORLDWIDE

寰宇希望

Reports and Consolidated Financial Statements
for the year ended 31 December 2019

HOPE WORLDWIDE

寰宇希望

**REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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REPORT OF THE EXECUTIVE COMMITTEE

The members of the executive committee present their annual report and the audited consolidated financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Association is organised as a non-profit making organisation. Its objectives are to initiate and organise charitable and community programmes in the People's Republic of China. The principal activity of its subsidiary is set out in note 15(a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Association and its subsidiary (collectively “the Group”) for the year ended 31 December 2019 are set out in the consolidated income statement on page 6.

In accordance with Article 5(2) of the Association's Memorandum of Association, no dividend shall be distributed to the members of the Association.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 8 to the consolidated financial statements.

MEMBERS OF THE EXECUTIVE COMMITTEE

The members of the executive committee of the Association during the year and up to the date of this report are:

Dr. Jeffrey Kin Hung Wong
Mr. Aaron Tak Kin Chow
Mr. Francis Wing Fan Ma
Mr. Chi Wang Hui

The directors of the subsidiary incorporated in the Hong Kong during the year and up to the date of this report are:

Dr. Mui Cheung Wah
Mr. Liu Lap Hang
Dr. Chee Ban Wa Elizabeth

In accordance with Articles 42, 43 and 44 of the Association's Articles of Association, Dr. Jeffrey Kin Hung Wong and Mr. Chi Wang Hui shall retire and, being eligible, offer themselves for re-election.

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REPORT OF THE EXECUTIVE COMMITTEE - continued

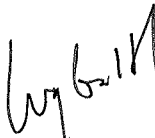
EVENT AFTER THE END OF THE REPORTING YEAR

Details of a significant event occurring after the end of the reporting year are set out in note 14 to the consolidated financial statements.

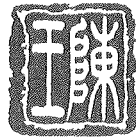
AUDITOR

A resolution will be submitted to the annual general meeting of the Association to re-appoint Messrs. Heng & Tan as auditor of the Association.

On behalf of the executive committee



Dr. Jeffrey Kin Hung Wong
Chairman
Hong Kong, 30 September 2020



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOPE WORLDWIDE

寰宇希望

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Hope Worldwide 寰宇希望 (the "Association") and its subsidiary (collectively "the Group") set out on pages 6 to 16, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated income statement for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group 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 ("HKCO").

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 Group 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 members of the executive committee are responsible for the other information. The other information comprises the information included in the report of the executive committee and the schedule of expenses by programme of the Association but does not include the consolidated financial statements and auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 HOPE WORLDWIDE

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(incorporated in Hong Kong and limited by guarantee)

Responsibilities of the members of the executive committee and those charged with governance for the consolidated financial statements

The members of the executive committee are responsible for the preparation of the consolidated financial statements in accordance with the SME-FRS issued by the HKICPA and the HKCO, and for such internal control as the members of the executive committee determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the members of the executive committee are responsible for assessing the Group'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 members of the executive committee either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 - continued

TO THE MEMBERS OF HOPE WORLDWIDE

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(incorporated in Hong Kong and limited by guarantee)

Auditor's responsibilities for the audit of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the executive committee.
- Conclude on the appropriateness of the members of the executive committee 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Certified Public Accountants
Hong Kong, 30 September 2020

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**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Notes</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
Revenue	5	<u>15,081,589</u>	<u>15,729,037</u>
Donations and grants received		9,638,861	10,835,498
Dental service income		5,442,728	4,893,539
Bank interest income		682	174
Bank charges		(135,447)	(141,558)
Expenditure of HOPE for Kids Centre subsidised by general income	6	(1,640,557)	(2,129,600)
Expenditure	7	<u>(13,551,884)</u>	<u>(13,396,340)</u>
(Deficit)/surplus for the year	10	<u>(245,617)</u>	<u>61,713</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

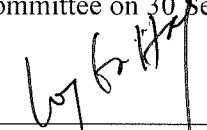
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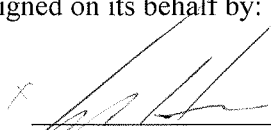
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	<u>Notes</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
ASSETS			
Non-current asset			
Property, plant and equipment	8	1,321,694	1,712,082
Current assets			
Accounts receivable		376,815	282,912
Other receivables		128,724	295,879
Utility deposits and prepayments		447,895	419,938
Grant receivable from Education Bureau	9	2,784	5,887
Cash and bank balances		2,355,133	1,942,008
		<u>3,311,351</u>	<u>2,946,623</u>
TOTAL ASSETS		<u>4,633,045</u>	<u>4,658,705</u>
RESERVE AND LIABILITIES			
Reserve			
Retained surpluses	10	2,326,005	2,571,622
Non-current liability			
Provision for long service payments		60,000	60,000
Current liabilities			
Grants received in advance		1,599,982	428,278
Other payables and accruals		511,058	780,972
Provision for untaken annual leave		136,000	136,000
Amounts due to director of subsidiary		-	681,833
		<u>2,247,040</u>	<u>2,027,083</u>
TOTAL RESERVE AND LIABILITIES		<u>4,633,045</u>	<u>4,658,705</u>

The consolidated financial statements on pages 6 to 16 were approved and authorised for issue by the executive committee on 30 September 2020 and are signed on its behalf by:


Dr. Jeffrey Kin Hung Wong
Member of the
Executive Committee


Mr. Chi Wang Hui
Member of the
Executive Committee

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

The Association is a non-profit making organisation incorporated in Hong Kong and limited by guarantee. The liability of the members is limited to HK\$10 each.

The address of the registered office of the Association is 1-6A, G/F, Tung Fai House, Tai Hang Tung Estate, Shek Kip Mei, Kowloon.

The principal activities of the Association are to initiate and organise charitable and community programmes in the People's Republic of China. The principal activity of its subsidiary is to provide dental services and to develop and promote dental health for the elderly, the sick and the poor on a charitable basis.

The Group is exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiary qualify for the reporting exemption as small private companies under section 359(1)(a) of the Hong Kong Companies Ordinance, and the Group as a whole qualifies for the reporting exemption as a small private group and limited by guarantee under section 359(3). The Group is therefore entitled to prepare and present its consolidated 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").

3. APPLICATION OF SMALL AND MEDIUM-SIZED ENTITY FINANCIAL REPORTING STANDARD

In prior years, the Group prepared its consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. The Group's financial statements for the year ended 31 December 2019 are its first annual consolidated financial statements prepared under accounting policies that comply with the SME-FRS.

The application of the SME-FRS in the current year has no material effect on the Group's financial statements for the current and prior years.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern. The measurement base adopted is the historical cost convention.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

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

Subsidiary

A subsidiary is an entity controlled by the Group. Control exists when the Group 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 the subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Revenue recognition

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

- (i) service and program income is recognised when services are provided;
- (ii) donations are recognised when no significant uncertainty as to their collectability exists;
- (iii) grants received are recognised when there is reasonable assurance that the Group implements and complies with the conditions attached to the funding and when funds are received or receivable; and
- (iv) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Property, plant and equipment

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

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	10% to 20%
All other property, plant and equipment	20%

Accounts receivable

Accounts receivable 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.

Impairment of assets

An assessment is made at the end of each reporting year 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 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, had no impairment losses been recognised for the asset in prior years.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the condition attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions - continued

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

5. REVENUE

Revenue represents donations, grants received, programme income and dental service income and by the Group during the year as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Donations received	6,964,302	8,419,394
Donations in kind	82,228	161,818
Grants received	1,436,375	1,440,071
Programme income	1,155,956	814,215
Dental service income	5,442,728	4,893,539
	<u>15,081,589</u>	<u>15,729,037</u>

6. EXPENDITURE OF HOPE FOR KIDS CENTRE SUBSIDISED BY GENERAL INCOME

	<u>2019</u> HK\$	<u>2018</u> HK\$
Contributions to mandatory provident fund	42,948	54,541
Depreciation	856	856
Insurance	41,134	34,288
Legal and professional fees	11,550	11,550
Local meals	3,682	25,909
Printing and stationery	32,314	13,873
Program grants	-	67,408
Project expenses	199,722	319,786
Promotional expenses	-	414
Rental expenses	109,423	103,451
Repairs and maintenance	14,082	15,900
Staff salaries and benefits	1,085,319	1,424,657
Sundry expenses	53,691	21,205
Telephone and postage	11,949	1,218
Travelling		
Local	3,181	5,180
Overseas	-	153
Utilities	30,706	29,211
	<u>1,640,557</u>	<u>2,129,600</u>

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7. EXPENDITURE

	<u>2019</u> HK\$	<u>2018</u> HK\$
Auditor's remuneration		
Current year	86,000	76,000
Overprovision in prior year	(1,500)	(7,000)
Consulting fee	1,644,098	539,283
Contributions to mandatory provident fund	234,516	205,484
Dental supplies	481,437	414,652
Depreciation	396,531	395,131
Donation	156,896	-
Fundraising service fees	-	370,646
Insurance	231,985	238,147
Legal and professional fees	14,605	16,505
Local meals	85,950	95,460
Printing and stationery	83,753	116,292
Program grants	349,752	627,800
Project expenses	3,032,841	3,405,479
Promotional expenses	120,469	284,120
Rates and management fees	112,015	108,568
Remuneration of members of the executive committee		
Fees	-	-
Other emoluments	-	-
Rental expenses	835,201	865,455
Repairs and maintenance	80,472	66,611
Staff salaries and benefits	5,287,769	5,258,577
Sundry expenses	190,425	181,135
Telephone and postage	61,150	97,222
Travelling		
Local	31,091	20,693
Overseas	15,730	4,943
Utilities	20,698	15,137
	<u>13,551,884</u>	<u>13,396,340</u>

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8. PROPERTY, PLANT AND EQUIPMENT

	Dental equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Office equipment HK\$	Total HK\$
COST					
At 1 January 2019	882,825	688,112	1,846,547	437,178	3,854,662
Addition	-	-	-	6,999	6,999
At 31 December 2019	882,825	688,112	1,846,547	444,177	3,861,661
DEPRECIATION					
At 1 January 2019	264,847	307,562	1,268,875	301,296	2,142,580
Charge for the year	176,565	108,728	67,961	44,133	397,387
At 31 December 2019	441,412	416,290	1,336,836	345,429	2,539,967
CARRYING AMOUNT					
At 31 December 2019	441,413	271,822	509,711	98,748	1,321,694
At 31 December 2018	617,978	380,550	577,672	135,882	1,712,082

9. GRANTS RECEIVABLE FROM EDUCATION BUREAU

Details of School-based After-school Learning and Support Programmes for Sham Shui Po Centre for the years are as follows:

	2019				2018			
	2016/17 HK\$	2018/19 HK\$	2019/20 HK\$	Total HK\$	2016/17 HK\$	2017/18 HK\$	2018/19 HK\$	Total HK\$
Balance at 1 January	(174)	6,061	-	5,887	(174)	4,756	-	4,582
Grant received	-	(19,840)	(6,898)	(26,738)	-	(21,901)	(8,541)	(30,442)
Grant refunded	174	-	-	174	-	-	-	-
Less: Expenditure								
Extra-curricular activities	-	13,779	9,682	23,461	-	17,145	14,602	31,747
Balance at 31 December	-	-	2,784	2,784	(174)	-	6,061	5,887

10. RETAINED SURPLUSES

	HK\$
At 1 January 2019	2,571,622
Deficit for the year	(245,617)
At 31 December 2019	2,326,005

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11. COMMITMENTS UNDER OPERATING LEASES

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

	<u>2019</u> HK\$	<u>2018</u> HK\$
Within one year	521,196	833,475
Later than one year	147,795	402,960
	<u>668,991</u>	<u>1,236,435</u>

Operating lease payments represent rental payable by the Group for its office and dental clinic premises. Leases are negotiated for an average term of three years.

12. CAPITAL COMMITMENTS

There were no capital commitments outstanding at 31 December 2019 (2018: Nil).

13. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2019 (2018: Nil).

14. EVENT AFTER THE END OF THE REPORTING YEAR

The outbreak of coronavirus disease COVID-19 in various countries has affected many businesses to different extent. As the Group's ability to serve its participants may be largely depending on various government measures and continuous supply from its service providers and the availability of workforce, which may be affected by the temporary suspension of service provided and/or travel restrictions and home quarantine requirements. Due to the inherent unpredictable nature and rapid development relating to the novel COVID-19 and its pervasive impact, the Group has taken action to negotiate with its major service providers, suppliers and employees to confirm continuous and adequate service provided and manpower.

Given the dynamic nature of these circumstances and unpredictability of future development, the members of the executive committee consider that the financial effects on the consolidated financial statements cannot be reasonably estimated as at the date these consolidated financial statements are authorised for issue, but will be reflected in the Group's future consolidated financial statements.

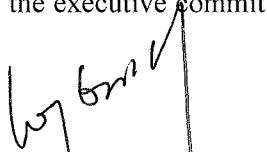
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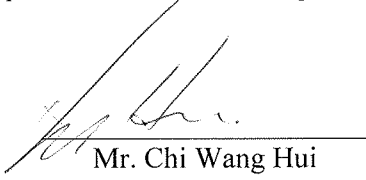
15. THE STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION

	<u>Notes</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
ASSETS			
Non-current assets			
Property, plant and equipment		9,060	10,318
Investment in subsidiary	15(a)	-	-
		<u>9,059</u>	<u>10,318</u>
Current assets			
Account receivables		128,724	295,879
Deposits and prepayment		153,254	132,823
Grant receivable from Education Bureau		2,784	5,887
Amounts due from subsidiary		27,584	535,055
Cash and bank balances		1,722,296	1,749,303
		<u>2,034,642</u>	<u>2,718,947</u>
TOTAL ASSETS		<u>2,043,701</u>	<u>2,729,265</u>
RESERVE AND LIABILITIES			
Reserve			
Retained surpluses	15(b)	1,056,498	1,357,460
Non-current liability			
Provision for long service payments		60,000	60,000
Current liabilities			
Grants received in advance		416,327	428,277
Other payables and accruals		374,876	747,528
Provision for untaken annual leave		136,000	136,000
		<u>912,203</u>	<u>1,311,805</u>
TOTAL EQUITY AND LIABILITIES		<u>2,043,701</u>	<u>2,729,265</u>

The Association's statement of financial position was approved and authorised for issue by the members of the executive committee on 30 September 2020 and are signed on its behalf by:



Dr. Jeffrey Kin Hung Wong
Member of the
Executive Committee



Mr. Chi Wang Hui
Member of the
Executive Committee

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15. THE STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION - continued

- (a) Details of the Association's subsidiary incorporated in Hong Kong and limited by guarantee as at 31 December 2019 are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and principal place of operation</u>	<u>% of ownership and voting power</u>	<u>Nature of business</u>
Hope Worldwide Dental Centre Limited 寰宇希望牙科中心有限公司	Hong Kong	100%	Dental services

- (b) Equity attributable to members of the Association:

	<u>Retained surpluses</u> HK\$
At 1 January 2019	1,357,460
Deficit for the year	(300,962)
At 31 December 2019	<u>1,056,498</u>
