

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED BY
GUARANTEE AND NOT HAVING A SHARE CAPITAL)

REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

Our Reference: H54127

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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The Executive Committee has the pleasure of presenting its annual report together with the audited financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited (the “Foundation”) for the year ended 31 March 2023.

1. FINANCIAL STATEMENTS

The results for the year are set out in the annexed income statement.

The state of the Foundation's affairs at 31 March 2023 is set out in the annexed statement of financial position.

2. PRINCIPAL ACTIVITIES

The principal activities of the Foundation continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and Mainland China.

3. EXECUTIVE COMMITTEE

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

Chan Kar Lok
Chan Tak Hin (Resigned on 18 April 2022)
Cheng Pauline
Kwan Cheuk Yin
Kwok Suet Kei
Lee Ka Wing, Gavin
Lee Ka Yan, David
Leung Yee Mei, Christine
Ma Kai Yiu
Mok Mo Yin, Temy (Resigned on 2 March 2023)
Ng Kam Hung (Resigned on 14 April 2022)
Shiu Ka Yue
Tang Siu Fan, Lorraine
To Chi Hung
Tsang Wai Ping, Cecilia
Yan Sherman Chuek-Ning (Resigned on 27 July 2023)

In accordance with the Articles 40, 49 & 50 of Foundation’s Articles of Foundation, the term of office for executive committee member shall be two years, and one third of the executive committee members shall retire, and being eligible, offer themselves for re-election at the annual general meeting in every two years. The number of the executive committee members should be no less than 6 and no more than 15.

4. EXECUTIVE COMMITTEE'S INTERESTS IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Foundation's activities, to which the Foundation was a party and in which any of the Foundation's executive committee members had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

5. AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint World Link CPA Limited, Certified Public Accountants, as the auditor of the Company.

For and on behalf of the
Executive Committee

Lee Ka Wing, Gavin
Chairman
Hong Kong, 27 February 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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Opinion

We have audited the financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited (“the Foundation”) set out on pages 6 to 12, which comprise the statement of financial position as at 31 March 2023, and the income statement, and the statement of changes in accumulated fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Foundation 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 PN 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 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 executive committee are responsible for the other information which comprises the report of executive committee and detailed income statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Members of Executive Committee for the Financial Statements

The members of executive committee are responsible for the preparation of the financial statements that give a true and fair view in accordance with SME-FRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the members of executive committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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Responsibilities of Members of Executive Committee for the Financial Statements (continued)

In preparing the financial statements, the members of executive committee are responsible for assessing the Foundation'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 executive committee either intend to liquidate the Foundation 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 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 HKSA's 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 HKSA's, we exercise professional judgement 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of executive committee.
- Conclude on the appropriateness of the members of executive committee's 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 Foundation'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 Foundation to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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Auditor's responsibility for the Audit of the Financial Statements (continued)

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.

World Link CPA Limited
Certified Public Accountants

Ted Ho
Practising Certificate Number P02296
Hong Kong, 27 February 2024

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
INCOME STATEMENT
YEAR ENDED 31 MARCH 2023

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		2023	2022
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue	3	2,626,153	4,757,627
Other income	4	198,656	28,431
Administrative expenses		(2,922,639)	(2,681,702)
Activities expenses		(383,571)	(596,595)
		<hr/>	<hr/>
(Deficit) / Surplus before tax	5	(481,401)	1,507,761
Income tax	6	-	-
		<hr/>	<hr/>
(Deficit) / Surplus for the year		(481,401)	1,507,761

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023

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	<i>Note</i>	2023 HK\$	2022 HK\$
Non-current assets			
Property, plant and equipment	7	<u>80,552</u>	<u>105,622</u>
Current assets			
Deposits, prepayment and other receivable		834,223	807,439
Cash and bank balances		<u>3,843,913</u>	<u>4,431,092</u>
		<u>4,678,136</u>	<u>5,238,531</u>
Current liabilities			
Accruals		47,251	151,315
Deposit received		<u>1,321,000</u>	<u>1,321,000</u>
		<u>(1,368,251)</u>	<u>(1,472,315)</u>
Net current assets		<u>3,309,885</u>	<u>3,766,216</u>
NET ASSETS		<u>3,390,437</u>	<u>3,871,838</u>
ACCUMULATED FUND			
Reserve		37,159	37,159
Accumulated surplus		<u>3,353,278</u>	<u>3,834,679</u>
		<u>3,390,437</u>	<u>3,871,838</u>

Approved by the Executive Committee and signed on its behalf on 27 February 2024.

Lee Ka Wing, Gavin
Chairman

Leung Yee Mei, Christine
Honorary Secretary

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

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
STATEMENT OF CHANGES IN ACCUMULATED FUND
YEAR ENDED 31 MARCH 2023

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	Reserve <i>HK\$</i>	Accumulated surplus <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2021	37,159	2,326,918	2,364,077
Surplus for the year	-	1,507,761	1,507,761
At 31 March 2022	37,159	3,834,679	3,871,838
Deficit for the year	-	(481,401)	(481,401)
At 31 March 2023	37,159	3,353,278	3,390,437

1. CORPORATE INFORMATION

(a) Foundation information

Hong Kong Arthritis & Rheumatism Foundation Limited is a company limited by guarantee that incorporated under the Hong Kong Companies Ordinance. The Foundation's registered office and principal place of business is located at Flat 103-106, G/F, Nam Wai House, Nam Shan Estate, Sham Shui Po, Kowloon.

The principal activities of the Foundation continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and mainland China.

- (b) Every member of the Foundation undertakes to contribute to the assets of the Foundation, in the event of the same being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities of the Foundation contracted before the time at which he ceases to be a member, and of the costs, charges, and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding fifty Hong Kong dollars.

2. PRINCIPAL ACCOUNTING POLICIES

The Foundation 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. These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting.

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. The members have undertaken to make available adequate funds to the Foundation as and when required to maintain the Company as a going concern.

The measurement base adopted by the Foundation is the historical cost accounting convention. Specific accounting policies adopted by the Foundation that are necessary for a proper understanding of the financial statements are set out below.

(a) Revenue recognition

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

Sponsorship income and donation income are recognised on actual cash receipt basis.

Book sales is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title has passed.

Class registration fee is recognised in the period when services are rendered.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) Property, plant and equipment

Property, plant and equipment are recognized as assets when it is probable that future economic benefits associated with the assets will flow to the Foundation and the cost of the assets to the Foundation can be measured reliably. The gross carrying amount of the property, plant and equipment are determined by their costs which comprise their purchase prices and any directly attributable costs of bringing the assets to working condition for their intended uses. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

The depreciable amount of an item of property, plant and equipment is depreciated over its estimated useful life in the following basis: -

	<u>Rate</u>	<u>Method</u>
Leasehold improvement	20%	straight line
Furniture and fixtures	20%	straight line
Computer and software	20%	straight line

The depreciation charge for the year is recognized as an expense unless it is included in the carrying amount of another asset.

The profit or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

c) 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, including items of property, plant and equipment. 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 depreciation), had no impairment losses been recognised for the asset in prior years.

d) Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plants

The obligation for contributions to defined contribution retirement scheme are recognized as an expenses in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

3. REVENUE

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Revenue comprises the following: -		
Book sales	2,227	2,048
Funding from HKJC	1,347,056	1,544,136
General donations	278,290	367,493
Income from activities	114,130	1,559,430
Sponsorship income	884,450	1,284,520
	2,626,153	4,757,627

4. OTHER INCOME

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Anti-epidemic fund	120,000	-
Bank interest income	561	16
Sundry income	78,095	28,415
	198,656	28,431

5. (DEFICIT) / SURPLUS BEFORE TAX

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
(Deficit) / Surplus before tax is stated: -		
After charging:-		
Auditor's remuneration	10,300	10,000
Public education expenses	539,421	847,171
Rent and rates	68,300	68,300
Staff cost	1,605,100	1,408,391

6. INCOME TAX

The Foundation is a recognised charitable association and exempted from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and <u>fixtures</u> <i>HK\$</i>	Leasehold <u>improvement</u> <i>HK\$</i>	Computer and <u>software</u> <i>HK\$</i>	<u>Total</u> <i>HK\$</i>
Cost				
At 1 April 2022	1,191,859	290,943	146,177	1,628,979
Additions	9,017	-	9,350	18,367
At 31 March 2023	<u>1,200,876</u>	<u>290,943</u>	<u>155,527</u>	<u>1,647,346</u>
Aggregate depreciation				
At 1 April 2022	1,156,884	290,943	75,530	1,523,357
Depreciation for the year	12,332	-	31,105	43,437
At 31 March 2023	<u>1,169,216</u>	<u>290,943</u>	<u>106,635</u>	<u>1,566,794</u>
Net carrying amounts				
At 31 March 2023	<u>31,660</u>	<u>-</u>	<u>48,892</u>	<u>80,552</u>
At 31 March 2022	<u>34,975</u>	<u>-</u>	<u>70,647</u>	<u>105,622</u>

8. RELATED PARTY TRANSACTION

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Company had the following transactions with related parties.

<i>Related party</i>	<i>Nature of transaction</i>	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Lee Ka Wing, Gavin	Donation income	51,300	-
Chan Kar Lok	Donation income	<u>52,600</u>	<u>60,800</u>

The executive board members, Mr. Chan Kar Lok and Lee Ka Wing, Gavin, are the directors of the company.

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2023

(For management purpose only)

	2023 <i>HK\$</i>	2023 <i>HK\$</i>	2022 <i>HK\$</i>	2022 <i>HK\$</i>
Income				
Book sales	2,227		2,048	
Funding from HKJC	1,347,056		1,544,136	
General donations	278,290		367,493	
Income from activities	114,130		1,559,430	
Sponsorship income	884,450		1,284,520	
	<u> </u>	2,626,153	<u> </u>	4,757,627
Other income				
Anti-epidemic fund	120,000		-	
Bank interest income	561		16	
Sundry income	78,095		28,415	
	<u> </u>	198,656	<u> </u>	28,431
Activities expenditures		(383,571)		(596,595)
Administrative expenses				
Auditor's remuneration	10,300		10,000	
Bank charges	1,344		3,46	
Computer expenses	19,356		10,608	
Courier	31,239		4,332	
Company secretary fee	47,750		9,005	
Cleaning	22,714		13,702	
Depreciation	43,437		39,764	
Electricity, water and gas	23,129		18,332	
Epidemic prevention expenses	130,464		-	
Grant to patients	127,672		102,319	
Insurance	59,717		12,632	
Mandatory provident fund	73,565		72,130	
Office Equipment	6,720		-	
Printing, postage and stationery	48,651		43,263	
Public education expenses	539,421		847,171	
Recruitment	5,824		9,526	
Rent and rates	68,300		68,300	
Repairs and maintenance	28,973		19,991	
Refreshment and souvenirs	20,992		-	
Salaries and allowance	1,531,535		1,336,261	
Storage fee	11,671		26,908	
Sundry expenses	33,998		9,595	
Transportation	5,458		-	
Telephone and internet	30,409		24,407	
	<u> </u>	(2,922,639)	<u> </u>	(2,681,702)
(Deficit) / Surplus before tax		<u><u>(481,401)</u></u>		<u><u>1,507,761</u></u>

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2023

(For management purpose only)

	<u>Classes</u>	<u>Events</u>	<u>2023</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Activities income			
Class registration fee	<u>114,130</u>	<u>-</u>	<u>114,130</u>
Activities expenditures			
Class fee	235,660	-	235,660
Event materials	6,540	4,535	11,075
Guest and coaching expenses	26,245	-	26,245
Rent expenses	53,400	661	54,061
Sundry Expenses	18,377	-	18,377
Vohunteer allowance	<u>-</u>	<u>38,153</u>	<u>38,153</u>
	<u>(340,222)</u>	<u>(43,349)</u>	<u>(383,571)</u>
Deficit on activities	<u>(226,092)</u>	<u>(43,349)</u>	<u>(269,441)</u>