

CARING FOR CHILDREN FOUNDATION LIMITED

福幼基金會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

黃龍德會計師事務所有限公司

香港執業會計師、英國特許會計師

PATRICK WONG C.P.A. LIMITED

Certified Public Accountants (Practising), Hong Kong Chartered Accountants



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(All amounts in Hong Kong Dollars unless otherwise stated)

CARING FOR CHILDREN FOUNDATION LIMITED
福幼基金會有限公司
 (A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

DIRECTORS' REPORT

The directors submit herewith their annual report together with the audited financial statements of the Foundation for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

Caring for Children Foundation Limited (the "Foundation") is an approved charitable organization and its principal activities during the year are the running of various welfare and relief programmes for children in China and Hong Kong, including Rebuilding and Rehabilitation programmes in Sichuan, Qinghai and Yunnan, with funding from donors of exceptional generosity.

RESULTS

The financial performance of the Foundation for the year ended 31 March 2017 and of its financial position at that date are set out in the financial statements on pages 4 to 20.

CHARITABLE DONATIONS

During the year, the Foundation made charitable donations amounting to \$15,348,316.

DIRECTORS

The directors of the Foundation during the financial year are as follow:-

Ho Lai Chuen
 Lai Kin Keung
 Luey Sisi Doris
 Poon Kwing Wing, Water
 Tsang Chi Wai, Eric
 Wong Tin Chee, Tinly

All directors retire in accordance with the Foundation's Articles of Association and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Except for the detail as disclosed in note 15 to the financial statements, no other transactions, arrangements and contracts of significance to which the Foundation, was a party and in which a director of had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Foundation is currently in force and was in force throughout the year.


BUSINESS REVIEW

The Foundation falls within reporting exemption for the financial year. Accordingly, the Foundation is exempted from preparing a business review.

AUDITOR

The auditor, Patrick Wong C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising), retires at the Annual General Meeting but, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE BOARD


 Lai Kin Keung
 Director

Hong Kong
 18 December 2017

黃龍德會計師事務所有限公司 2

香港執業會計師、英國特許會計師

PATRICK WONG C.P.A. LIMITED

Certified Public Accountants (Practising), Hong Kong Chartered Accountants

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黃龍德會計師

董事 Directors

黃龍德執業會計師

銅紫荊星章、太平紳士

劉旭明執業會計師

黃俊碩執業會計師

曾卓鋒執業會計師

PATRICK WONG, PhD, BBS, JP

FCPA(Practising), FCA, FCCA, FAIA, MSCA, FCIS, FCS, CTA(HK), FTIHK, FHKIoD

LAU YUK MING, HAROLD

FCPA(Practising), MSCA

WONG CHUN SEK, EDMUND

CPA(Practising), ACA, ACCA, MSCA, ATIHK, BComm(Hons), MSc, MCG, MBA

TSANG CHEUK FUNG, ANDY

FCPA(Practising), MSCA, BBA(Hons), BEng(Hons)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARING FOR CHILDREN FOUNDATION LIMITED 福幼基金會有限公司

(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

Opinion

We have audited the financial statements of **Caring For Children Foundation Limited** (the "Foundation") set out on pages 4 to 20, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in funds, 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 Foundation as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 ("HKSAs") 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 Foundation 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 directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 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 HKFRSs 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 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 directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

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

(to be continued, P.T.O.)

聯營公司：
Associated:

龍德商務顧問有限公司
LT Business Consultants Limited

江門市龍德諮詢服務有限公司
Jiangmen Longde Consultants Limited

澳門黃林梁郭有限公司
Macau Wong Lam Leung & Kwok Limited



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARING FOR CHILDREN FOUNDATION LIMITED
福幼基金會有限公司

(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
(CONTINUED)

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. This report is made solely to you, as a body, in accordance with the Hong Kong Companies Ordinance, and for no other purposes. 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.

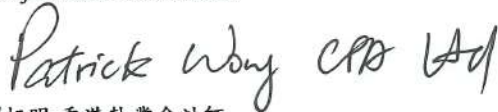
As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PATRICK WONG C.P.A. LIMITED
黃龍德會計師事務所有限公司

Certified Public Accountants



劉旭明, 香港執業會計師
LAU YUK MING HAROLD
FCPA (Practising), MSCA
Certified Public Accountant (Practising), Hong Kong
Practising Certificate Number: P05468

Hong Kong, 18 December 2017

Ref: C423/PW/HL/1077/1431/486

CARING FOR CHILDREN FOUNDATION LIMITED

福幼基金會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

	<u>Notes</u>	<u>2017</u> \$	<u>2016</u> \$
Revenue	5	3,810,311	2,981,286
Other income	6	153,964	286,923
		-----	-----
Total income		3,964,275	3,268,209
Operating expenses			
Charitable donations		(15,348,316)	(5,569,952)
Other operating expenses		(1,769,379)	(2,615,753)
		-----	-----
		(17,117,695)	(8,185,705)
		-----	-----
Deficit for the year	7	(13,153,420)	(4,917,496)
Other comprehensive income		-	-
		-----	-----
Total comprehensive loss		(13,153,420)	(4,917,496)
		=====	=====

The notes on pages 8 to 20 form an integral part of these financial statements.
Independent Auditor's Report - Pages 2 and 3

CARING FOR CHILDREN FOUNDATION LIMITED

福幼基金會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	2017 \$	2016 \$
Non-current asset			
Furniture and equipment	10	3,181	4,241
		-----	-----
Current assets			
Other receivables		300	97,547
Utility deposits		32,250	24,850
Prepayments		100,902	12,000
Cash and cash equivalents	11	9,013,088	22,207,095
		9,146,540	22,341,492
Current liability			
Payables and accruals		13,309	58,482
Net current assets		9,133,231	22,283,010
		-----	-----
Total assets less current liabilities		9,136,412	22,287,251
Non-current liability			
Provision for long service payment		(62,283)	(59,702)
		-----	-----
Net assets		9,074,129	22,227,549
		=====	=====
Represented by:-			
Funds			
Donation reserve (Sichuan, Yunnan and project funds)		3,498,212	4,059,521
Designated Qinghai fund		2,212,410	13,160,298
General fund		3,363,507	5,007,730
		-----	-----
		9,074,129	22,227,549
		=====	=====

APPROVED BY:-



Lai Kin Keung
Director



Ho Lai Chuen
Director

The notes on pages 8 to 20 form an integral part of these financial statements.
Independent Auditor's Report - Pages 2 and 3

CARING FOR CHILDREN FOUNDATION LIMITED

福幼基金會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

STATEMENT OF CHANGES IN FUNDS

YEAR ENDED 31 MARCH 2017

	Donation reserve (Sichuan, Yunnan and project funds)	Designated Qinghai fund	General fund	Total
	\$	\$	\$	\$
Balance at 31/03/2015	4,284,135	13,796,100	9,064,810	27,145,045
Total comprehensive loss for the year	(224,614)	(635,802)	(4,057,080)	(4,917,496)
Balance at 31/03/2016	4,059,521	13,160,298	5,007,730	22,227,549
Total comprehensive loss for the year	(561,309)	(10,947,888)	(1,644,223)	(13,153,420)
Balance at 31/03/2017	3,498,212	2,212,410	3,363,507	9,074,129

CARING FOR CHILDREN FOUNDATION LIMITED

福幼基金會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Operating activities			
Deficit for the year		(13,153,420)	(4,917,496)
Adjustments for:			
Depreciation		1,060	1,060
Interest income		(87,905)	(251,773)
Provision for long service payment		2,581	45,559
		-----	-----
Operating deficit before working capital changes		(13,237,684)	(5,122,650)
Decrease/(increase) in other receivables		97,247	(86,644)
Increase in utility deposits		(7,400)	-
Increase in prepayments		(88,902)	(6,200)
Decrease in payables and accruals		(45,173)	(10,034)
		-----	-----
Cash used in operations		(13,281,912)	(5,225,528)
Long service payment paid		-	(40,175)
		-----	-----
Net cash used in operating activities		(13,281,912)	(5,265,703)
		-----	-----
Investing activities			
Purchase of furniture and equipment		-	(5,301)
Interest received		87,905	251,773
		-----	-----
Net cash generated from investing activities		87,905	246,472
		-----	-----
Net decrease in cash and cash equivalents		(13,194,007)	(5,019,231)
Cash and cash equivalents at beginning of the year		22,207,095	27,226,326
		-----	-----
Cash and cash equivalents at end of the year	11	9,013,088	22,207,095
		=====	=====

The notes on pages 8 to 20 form an integral part of these financial statements.
Independent Auditor's Report - Pages 2 and 3

CARING FOR CHILDREN FOUNDATION LIMITED

福幼基金會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

1. GENERAL INFORMATION

Caring for Children Foundation Limited ("the Foundation") is a company incorporated under the Companies Ordinance and is limited by guarantee. The address of its registered office is Block C, 1/F, Prince Building, 152 Prince Edward Road, Kowloon.

The Foundation was registered as a licensed charitable organisation under Inland Revenue Ordinance (No. 91/3922) in 1994 with the predominant aim to provide much needed welfare and relief programmes for disaster affected children in China and in particular, the Rebuilding and Rehabilitation programmes in Sichuan, Qinghai and Yunan.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The Foundation's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies adopted by the Foundation is set out in note 3.

In the year ended 31 March 2017, the Foundation has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2016. The application of the new and revised HKFRSs has no material effects on the Foundation's financial performance and positions.

3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The financial statements have been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

(b) Furniture and equipment

Furniture and equipment held for administrative purposes are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Furniture and equipment (continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, as follows:-

Furniture and fixtures	- 20%
Office equipment	- 20%
Leasehold improvement	- 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of furniture and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(c) Other receivables

Other receivables are initially measured at fair value and, after initial recognition, at amortised cost using the effective interest method, less provision for impairment, if any, except for the short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debts, if any.

At the end of each reporting period, the Foundation assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on other receivables are recognised in income and expenditure account when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

(d) Cash and cash equivalents

Cash comprises cash in hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(e) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases when the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(f) Payables

Payables are initially measured at fair value and, after initial recognition, at amortised cost using the effective interest method, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(g) Income recognition

Income is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits associated with the income transaction will flow to the Foundation and the income and the costs, if any, in respect of the transaction can be measured reliably, income is recognised as follows:

(i) Donation income is recognized when cash is received or no significant uncertainty as to its collectability exists.

(ii) Interest income is recognised using the effective interest method.

(h) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of each reporting period, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income.

3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Foundation reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Employee benefits

(i) Retirement benefit costs

The Foundation has joined the Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance. The Foundation contributes 5% of the relevant income of staff members under the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Foundation, in funds under the control of trustee.

Payments to the MPF Scheme are charged as an expense as they fall due.

3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(ii) Employment Ordinance long service payments

An employee of the Foundation has completed the required number of years of service to the Foundation to be eligible for long service payment under the Employment Ordinance. A provision has been set aside to meet such payment when required as and when the necessary conditions specified in the Employment Ordinance are met in full.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Foundation to the end of the reporting period.

(k) Related parties

(a) A person or a close member of that person's family is related to the Foundation if that person:

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

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

- (i) The entity is controlled or jointly controlled by a person identified in (a).
- (ii) 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).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Foundation's management makes assumptions, estimates and judgements in the process of applying the Foundation's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 14. There were no other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. REVENUE

Revenue represents the donation received as follows:

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Donation received	3,810,311	2,981,286

6. OTHER INCOME

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Bank interest income	87,905	251,773
Exchange gains, net	41,793	-
Sundry income	24,266	35,150
	-----	-----
	153,964	286,923

7. DEFICIT FOR THE YEAR

Deficit for the year is arrived at after charging/(crediting) the following:-

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Employee benefits expense		
- Contributions to defined contribution plan		
- Administrative	9,317	13,257
- Projects	21,739	30,933
- Salaries, wages and other benefits		
- Administrative	295,779	393,205
- Projects	690,154	917,480
- Long services payment		
- Administrative	774	13,668
- Projects	1,807	31,891
	-----	-----
	1,019,570	1,400,434
	=====	=====
Depreciation	1,060	1,060
Exchange (gains)/losses, net	(41,793)	685,211
Operating lease charges	197,100	213,600
	=====	=====

8. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the the Foundation has obtained exemption status under Section 88 of the Inland Revenue Ordinance for taxation purposes.

9. EMOLUMENTS AND OTHER MATTERS RELATING TO DIRECTORS

- (a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the year is nil (2016: nil).

There were no payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in any other capacity while directors.

- (b) There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and other connected entities.
- (c) Directors' material interests in transactions, arrangement or contracts
The directors were of the opinion that no transactions, arrangement or contracts of significance in relation to the Foundation's business to which the Foundation was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year.
- (d) Guarantees to banks for loans granted to directors of the Foundation
The Foundation has 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 and the previous year.
- (e) There were no consideration provided to or receivable by third parties for making available the services of a person as directors or in any other capacity while director.

NOTES TO THE FINANCIAL STATEMENTS
 31 MARCH 2017

10. FURNITURE AND EQUIPMENT

	Furniture and fixtures	Office equipment	Leasehold improvement	Total
	\$	\$	\$	\$
Cost:				
At 1 April 2016 and at 31 March 2017	53,373	104,536	212,296	370,205
Accumulated depreciation:				
At 1 April 2016	53,373	100,295	212,296	365,964
Charge for the year	-	1,060	-	1,060
At 31 March 2017	53,373	101,355	212,296	367,024
Net book value:				
At 31 March 2017	-	3,181	-	3,181
Cost:				
At 1 April 2015	53,373	99,235	212,296	364,904
Addition	-	5,301	-	5,301
At 31 March 2016	53,373	104,536	212,296	370,205
Accumulated depreciation:				
At 1 April 2015	53,373	99,235	212,296	364,904
Charge for the year	-	1,060	-	1,060
At 31 March 2016	53,373	100,295	212,296	365,964
Net book value:				
At 31 March 2016	-	4,241	-	4,241

11. CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Cash at bank and on hand	7,013,088	7,028,439
Fixed deposits with banks	2,000,000	15,178,656
Cash and cash equivalents in the statement of financial position and statement of cash flows	9,013,088	22,207,095

12. COMMITMENTS UNDER OPERATING LEASES

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

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Within one year	161,500	40,600
In the second to fifth years inclusive	12,000	-
	-----	-----
	173,500	40,600
	=====	=====

13. CAPITAL DISCLOSURE

Capital represents the donation reserve (Sichuan, Yunnan and project funds), designated Qinghai fund and general fund which represents the unallocated surplus of donation income of respective fund. It is to supplement charitable financing in a year of deficit. The Foundation's objective when managing funds is to safeguard its ability to continue as a going concern, so that it can continue to provide funding for operation.

The Foundation manages capital by regularly monitoring its current and expected liquidity requirements, rather than using debt/equity ratio analyses.

The Foundation is a company limited by guarantee and does not have a share capital. The liability of the members is limited and every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of its being wound up to the extent of not exceeding \$100. The Foundation's income is generated from donation income.

The Foundation is not subject to either internally or externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

The Foundation has classified its financial assets in the following categories:-

	<u>Loans and receivables</u>	
	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Other receivables	300	97,547
Utility deposits	32,250	24,850
Cash and cash equivalents	9,013,088	22,207,095
	-----	-----
	9,045,638	22,329,492
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
 31 MARCH 2017

14. FINANCIAL INSTRUMENTS (CONTINUED)

The Foundation has classified its financial liabilities in the following categories:-

	Financial liabilities at amortised cost	
	<u>2017</u>	<u>2016</u>
	\$	\$
Payables and accruals	13,309	58,482

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2017 and 2016.

The Foundation is exposed to credit risk, liquidity risk and market risk arising in the normal course of its operation and financial instruments. The Foundation's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its operation by closely monitoring the individual exposure.

(a) Credit risk

The Foundation's credit risk is primarily attributable to the deposits with bank. Management considers that the credit risk on its liquid fund is low because the counterparties are authorised financial institutions regulated under the Hong Kong Banking Ordinance. Certain bank balances are deposits with state-owned banks in the PRC.

Summary quantitative data

	<u>2017</u>	<u>2016</u>
	\$	\$
Other receivables	300	97,547
Utility deposits	32,250	24,850
Deposits with banks	9,006,960	22,202,900
	9,039,510	22,325,297

At 31 March 2017, the Foundation has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

14. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Liquidity risk**

The Foundation is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. The Foundation ensures that it maintains sufficient cash which is available to meet its liquidity.

	Carrying <u>amount</u> \$	Total contractual undiscounted <u>cash flow</u> \$	Within 1 year or on <u>demand</u> \$
<u>2017</u>			
Payables and accruals	13,309	13,309	13,309
	=====	=====	=====
<u>2016</u>			
Payables and accruals	58,482	58,482	58,482
	=====	=====	=====

(c) Market risk**(i) Interest rate risk**

The Foundation has no significant exposure on fair value interest rate risk and cash flow interest rate risk which is mainly arising from its deposits with banks.

Summary quantitative data

	<u>2017</u> \$	<u>2016</u> \$
<u>Financial assets</u>		
Deposits with banks	7,739,969	21,003,539
	=====	=====

No sensitivity analysis for the Foundation's exposure to interest rate risk arising from cash at bank is prepared since based on management's assessment the exposure is considered not significant.

(ii) Currency risk

The Foundation has no significant exposure to foreign currency risk as substantially all of the Foundation's transactions are mainly denominated in Hong Kong dollars. The historical exchange rate fluctuation on Renminbi is insignificant. Thus, there is no significant exposure expected on Renminbi transactions and balances.

Details of the Foundation's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the Foundation to which they relate are as follows:-

NOTES TO THE FINANCIAL STATEMENTS
 31 MARCH 2017

14. FINANCIAL INSTRUMENTS (CONTINUED)

- (c) Market risk (continued)
 (ii) Currency risk (continued)

	<u>RMB</u>
	<u>\$</u>
<u>2017</u>	
Bank balances and cash	381,546
	=====
<u>2016</u>	
Bank balances and cash	4,981,551
	=====

Sensitivity analysis

At 31 March 2017, if the HK dollar weakened 5% against the Renminbi with all other variables held constant, the Foundation's deficit for the year would have been \$22,000 lower (2016 : deficit \$249,000 lower). Conversely, if the HK dollar had strengthened 5% against the Renminbi with all other variables held constant, the Foundation's deficit for the year would have been \$22,000 higher (2016 : deficit \$249,000 higher).

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual reporting date.

- (d) Financial instruments carried at fair value

At the end of the reporting period, there were no financial instruments stated at fair value.

15. MATERIAL RELATED PARTY TRANSACTIONS

The Foundation had the following material related party transactions during the year.

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Rental paid to a related company	-	144,000
Charitable donation to a related company	1,340,000	2,000,000
	=====	=====

Rental paid to a related company in respect of office premise was mutually agreed.

16. HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

HKFRSs and HKASs that have been issued but are not yet effective for the year include the following HKFRSs and HKASs which may be relevant to the Foundation's operations and financial statements:-

	Effective for annual periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	1 January 2018
HKFRS 9, <i>Financial Instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Foundation has not early adopted these HKFRSs and HKASs. Initial assessment has indicated that the adoption of these HKFRSs and HKASs would not have a significant impact on the Foundation's financial statements in the period of initial application. The Foundation will be continuing with the assessment of the impact of these HKFRSs, HKASs and other significant changes may be identified as a result.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Foundation's Board of Directors on 18 December 2017.