

ENDEAVOUR EDUCATION CENTRE LIMITED
REPORT OF THE MANAGEMENT COMMITTEE MEMBERS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



REPORT OF THE MANAGEMENT COMMITTEE MEMBERS

The management committee members of Endeavour Education Centre Limited (hereinafter referred to as the “Company”) present their report together with the audited financial statements of the Company for the year ended 31 December 2019.

Principal activity

The Company is a company limited by guarantee. The principal activity of the Company is promotion of education in Hong Kong.

Results

The results of the Company for the year are set out in the statement of profit or loss and other comprehensive income on page 6.

The state of affairs of the Company as at 31 December 2019 and 2018 is set out in the statement of financial position on page 7.

Funds

Details of the movements in funds as described in the statement of changes in funds on page 8.

Management committee members

The management committee members of the Company during the year and up to the date of this report were:

Ms. Hsu Lai Tai Rita

Mr. Lee Ming Kwai

Mr. Leung Kee Cheong

Mr. Tsang Tak Sing

Ms. Au King Chi

Mr. Chen Shuang

Ms. Leung Oi Sie Elsie

Mr. Fan Chun Wah Andrew (appointed on 20 June 2019)

In accordance with Article 21 of part B of the Company’s Articles of Association, the term of management committee members shall be two years. At the forthcoming annual general meeting of the Company, four of the members of the above management committee shall retire, namely Ms. Hsu Lai Tai Rita, Mr. Tsang Tak Sing, Ms. Au King Chi and Mr. Chen Shuang, and are eligible for reappointment in accordance with Article 22 of part B of the Company’s Articles of Association.

REPORT OF THE MANAGEMENT COMMITTEE MEMBERS (CONTINUED)

Management committee members' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance business to which the Company, was a party and in which a management committee member 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.

Management committee members' interests, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company a party to any arrangement to enable the management committee members of the Company to hold any interests in the shares or debentures of, the Company or its specified undertakings.

Business review

The Company has satisfied the exemption criteria set out in Section 388(3)(a) of the Hong Kong Companies Ordinance. Therefore, the management committee members of the Company are not required to prepare the report for the business review in accordance with the Hong Kong Companies Ordinance (Cap. 622).

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Auditor

The financial statements for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting.

On behalf of the management committee members



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Hsu Lai Tai Rita
Chairman

Hong Kong, 30 June 2020
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**INDEPENDENT AUDITORS' REPORT
TO THE MANAGEMENT COMMITTEE MEMBERS OF
ENDEAVOUR EDUCATION CENTRE LIMITED**

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(Incorporated in Hong Kong with limited liability by guarantee)

OPINION

We have audited the financial statements of Endeavour Education Centre Limited (the "Company") set out on pages 6 to 39, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the 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 December 2019, 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 *Auditors' 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The management committee members are responsible for the other information. The other information comprises the information included in the report of the management committee members, but does not include the financial statements and our auditors' report thereon (the "Other Information").

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.

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**INDEPENDENT AUDITORS' REPORT
TO THE MANAGEMENT COMMITTEE MEMBERS OF
ENDEAVOUR EDUCATION CENTRE LIMITED (CONTINUED)**

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(Incorporated in Hong Kong with limited liability by guarantee)

**RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE MEMBERS FOR THE
FINANCIAL STATEMENTS**

The management committee members 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 management committee members 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 management committee members 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 management committee members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The management committee members are responsible for overseeing the Company's financial reporting process.

AUDITORS' 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 auditors' 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 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.

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 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MANAGEMENT COMMITTEE MEMBERS OF
ENDEAVOUR EDUCATION CENTRE LIMITED (CONTINUED) _____ 5
(Incorporated in Hong Kong with limited liability by guarantee)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
(CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee members.
- Conclude on the appropriateness of the management committee members' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 the management committee members 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

Shek Lui

Practicing Certificate Number: P05895

Hong Kong, 30 June 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended

31 December 2019 (in HK Dollars)	Notes	2019	2018
Revenue	6	9,336,682	13,137,148
Other revenue	7	38,529	35,700
Program expenses		(8,918,526)	(10,166,114)
Administrative expenses		(2,938,757)	(2,630,810)
Finance costs	8	(9,867)	-
(Deficit)/surplus before taxation	9	(2,491,939)	375,924
Taxation	10	-	-
(Deficit)/surplus for the year		(2,491,939)	375,924
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(2,491,939)	375,924

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019 (in HK Dollars)	Notes	2019	2018
Non-current assets			
Plant and equipment	11	190,891	292,406
Right-of-use assets	12	1,107,404	-
		1,298,295	292,406
Current assets			
Inventories		20,559	31,037
Deposits and prepayments	13	232,819	305,042
Cash and cash equivalents		2,998,276	4,257,365
		3,251,654	4,593,444
Current liabilities			
Accruals and other payables		1,232,179	188,085
Lease liabilities	12	593,890	-
		1,826,069	188,085
Net current assets		1,425,585	4,405,359
Total assets less current liabilities		2,723,880	4,697,765
Non-current liability			
Lease liabilities	12	518,054	-
Net assets		2,205,826	4,697,765
Funds	14	2,205,826	4,697,765

Approved by the management committee members on 30 June 2020 and signed on its behalf by:



Hsu Lai Tai Rita
Management Committee Member



Leung Oi Sie, Elsie
Management Committee Member

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 December 2019 (in HK Dollars)

	General Fund			Designated Funds (Note 14(b)(iii))							
		BOCHK Charitable Foundation 中銀香港慈善基金	Lam Woo Foundation Limited 林護基金有限公司	China Everbright Charitable Foundation Company Limited 中國光大控股慈善基金有限公司	Golden Jubilee Charitable Foundation 同齡同心慈善基金	New Home Association Limited 新家園協會有限公司	Clifford Charitable Fund Association Limited 祈福慈善基金會有限公司	Victoria Charitable Trust Fund 維多利亞慈善信託基金	Subtotal	Total	
As at 1 January 2018	2,199,911	1,297,456	63,793	329,282	431,399	-	-	-	2,121,930	4,321,841	
(Deficit)/surplus and total comprehensive (loss)/income for the year	(623,515)	541,415	314,324	295,595	(209,106)	(18,764)	75,975	-	999,439	375,924	
As at 31 December 2018 and 1 January 2019	1,576,396	1,838,871	378,117	624,877	222,293	(18,764)	75,975	-	3,121,369	4,697,765	
Surplus/(deficit) and total comprehensive income/(loss) for the year	(3,641,219)	815,944	(169,034)	89,929	188,568	-	(16,103)	239,976	1,149,280	(2,491,939)	
As at 31 December 2019	(2,064,823)	2,654,815	209,083	714,806	410,861	(18,764)	59,872	239,976	4,270,649	2,205,826	

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended

31 December 2019 (in HK Dollars)

	Notes	2019	2018
Cash flows from operating activities			
(Deficit)/surplus for the year		(2,491,939)	375,924
Adjustments for:			
Interest on lease liabilities	8&9	9,867	-
Depreciation on plant and equipment	9&11	143,917	139,687
Depreciation on right-of-use assets	9&12	100,673	-
Operating (deficit)/surplus before changes in working capital		(2,237,482)	515,611
Decrease in inventories		10,478	25,465
Decrease/(increase) in deposits and prepayments		72,223	(101,958)
Increase/(decrease) in accruals and other payables		1,044,094	(106,793)
Net cash (used in)/generated from operating activities		(1,110,687)	332,325
Cash flows from investing activity			
Payment for purchase of plant and equipment	11	(42,402)	-
Net cash used in investing activity		(42,402)	-
Cash flows from financing activities			
Capital element of lease rentals paid	17	(96,133)	-
Interest element of lease rentals paid	17	(9,867)	-
Net cash used in investing activities		(106,000)	-
Net (decrease)/increase in cash and cash equivalents		(1,259,089)	332,325
Cash and cash equivalents at the beginning of the year		4,257,365	3,925,040
Cash and cash equivalents at the end of the year		2,998,276	4,257,365
Analysis of cash and cash equivalents			
Cash and cash equivalents		2,998,276	4,257,365

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in HK Dollars)

1. GENERAL INFORMATION

Endeavour Education Centre Limited (the “Company”) is a company limited by guarantee in Hong Kong. The registered office of the Company is located at 1st Floor, Tower One, Tern Centre, No.237 Queen’s Road Central, Hong Kong.

The Company is a non-profit making organisation. The Endeavour Education Trust (the “Trust”) was set up on 16 November 2015 for the benefit of the Company and provide financial support for the Company’s operation and development. The Company is engaged in promotion of education in Hong Kong.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**New and amendments to HKFRSs that are mandatorily effective for the current year**

The Company has applied the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (the “New and Amendments to HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the New and Amendments to HKFRSs in the current year has had no material impact on the Company’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)**HKFRS 16 *Lease***

The Company has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

Definition of a lease

The Company has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Company has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Company applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Company has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Company recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening general fund and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Company applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- (ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)**HKFRS 16 *Lease* (continued)***As a lessee (continued)*

When applying the modified retrospective approach under HKFRS 16 at transition, the Company applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts: (continued)

- (iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises in Hong Kong was determined on a portfolio basis; and
- (v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Company's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Company has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5%.

	At 1 January 2019 HK\$
Operating lease commitments disclosed as at 31 December 2018	500,000
Lease liabilities discounted at relevant incremental borrowings rates: Less: Practical expedient – leases within lease term ending within 12 months from the date of initial application	 <u>(500,000)</u>
Lease liabilities as at 1 January 2019	 <u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)**New and amendments to HKFRSs in issue but not yet effective**

The Company has not early applied the following new, amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 3 (Amendments)	Definition of a Business ⁴
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession ⁵
HKFRS 17	Insurance Contracts ²
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual period beginning on or after 1 June 2020.

In addition to the above New and Amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the New and Amendments to HKFRSs mentioned in the financial statements, the Company anticipates that the application of all other New and Amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term 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”) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires the management committee members to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Plant and equipment (continued)**

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

Office equipment	20%
Computer	30%
Leasehold improvements	20%

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the period the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is computed using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at a bank and on hand and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired form an integral part of the Company's cash management.

For the purpose of the statement of financial positions, cash and cash equivalents comprise cash at a bank and on hand, which are not restricted to use.

Revenue from contracts with customers

Under HKFRS 15, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

(i) Fund from the Trust

Fund from the Trust is recognised at point in time on a receipt basis.

(ii) Sponsorship income

Sponsorship income from sponsors is recognised at point in time on a receipt basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue from contracts with customers (continued)***(iii) Campaign income*

Campaign income is recognised at point in time when campaigns are rendered.

The asset to be recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the assets relate. The asset is subject to impairment review.

Leases***Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 2)***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Company assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Company as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2)***Allocation of consideration to components of a contract***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (continued)**

The Company as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Company recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (continued)**

The Company as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Company remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Company presents lease liabilities as a separate line item on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (continued)**

The Company as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (continued)

Lease modifications

The Company accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Company remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as a lessee (prior to 1 January 2019)

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets*Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)*Financial assets (continued)**Classification and subsequent measurement of financial assets (continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets*

The Company measures the loss allowance equal to 12-month expected credit losses (“12-month ECL”), unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime expected credit losses (“lifetime ECL”). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets (continued)*

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets (continued)***(iii) Credit-impaired financial assets (continued)**

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: (continued)

- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses ("ECL")

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial assets (continued)******Impairment of financial assets (continued)*****(v) Measurement and recognition of expected credit losses (“ECL”) (continued)**

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management committee members of the Company to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Financial liabilities***Other financial liabilities***

Other financial liabilities (including accruals and other payables and lease liabilities) are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial liabilities (continued)******Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Related parties**

- (a) A person, or a close member of that person's family, is related to the Company if that person:
- (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Company's parent.
- (b) 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 (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Company are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employees are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Related parties (continued)**

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

Employee benefits*(i) 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. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Employee entitlement to sick leave and maternity or paternity leave is not recognised until the time of leave.

(iii) Pensions obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient asset to pay all employees the benefits relating to employee service in the current and prior years.

The Company contributes to a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") in accordance with the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate. Contributions are made based on a percentage of the employee's basic salaries and charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3, the management committee members are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives and impairment of plant and equipment and right-of-use assets

In accordance with HKAS 16, the Company estimates the useful lives of plant and equipment and right-of-use assets in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Company also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Company tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating units is determined based on value in use calculations which require the use of assumptions and estimates.

5. FINANCIAL RISK MANAGEMENT

Exposure to credit and liquidity risks arises in the normal course of the Company's business. The Company's exposure to these risks and financial risks management policies and practices used by the Company to manage these risks and described below:

(a) Credit risk

The Company has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of deposits and cash and cash equivalents represent the Company's maximum exposure to credit risk in relation to financial assets.

In respect of cash and cash equivalents, the credit risk is considered to be low as the counterparty is a reputable bank with high credit rating. The existing counterparty does not have defaults in the past. Therefore, ECL rate of cash and cash equivalents is assessed to be close to zero and no provision was made as at 31 December 2019.

For deposits, the management committee members make periodic collective assessments as well as individual assessment on the recoverability of deposits based on historical settlement records and past experience. The management committee members of the Company believe that there is no material credit risk inherent in the Company's outstanding balance of deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management committee members, which has built an appropriate liquidity risk management framework to meet the Company's short, medium and long-term funding and liquidity management requirements.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's non-derivative financial liabilities, which are based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Company can be required to pay:

	As at 31 December 2019			
	Within 1 year or on demand HK\$	More than 1 year HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
Accruals and other payables	1,232,179	-	1,232,179	1,232,179
Lease liabilities	593,890	518,054	1,111,944	1,111,944
	1,826,069	518,054	2,344,123	2,344,123

	As at 31 December 2018			
	Within 1 year or on demand HK\$	More than 1 year HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
Accruals and other payables	188,085	-	188,085	188,085

(c) Fair value of financial instruments

All financial instruments are stated at amounts not materially different from their fair values as at 31 December 2019 and 2018.

(d) Capital risk management

The objectives of the Company's capital management are to safeguard its ability to continue as a going concern and to promote its activities in Hong Kong as non-profit making organisation. The company defines "capital" as including the general fund maintained by the Company. The Company manages its capital structure and makes adjustment. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

6. REVENUE

Revenue represents the amount received from the Trust and the sponsors of the activities for the years. The amount of each significant category of income recognised in revenue during the years is as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Campaign income	2,286,782	1,160,700
Fund received from the Trust	299,900	5,850,000
Sponsorship income	<u>6,750,000</u>	<u>6,126,448</u>
	<u>9,336,682</u>	<u>13,137,148</u>

7. OTHER REVENUE

	<u>2019</u> HK\$	<u>2018</u> HK\$
Venue income	26,025	35,700
Bank interest income	1,834	-
Sundry income	<u>10,670</u>	<u>-</u>
	<u>38,529</u>	<u>35,700</u>

8. FINANCE COSTS

	<u>2019</u> HK\$	<u>2018</u> HK\$
Interest on lease liabilities (Note 17)	<u>9,867</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

9. (DEFICIT)/SURPLUS BEFORE TAXATION

	<u>2019</u> HK\$	<u>2018</u> HK\$
(Deficit)/surplus before taxation is arrived at after charging:		
Auditors' remuneration	-	-
Management committee members' emolument (Note)	-	-
Depreciation of plant and equipment	143,917	139,687
Depreciation of right-of-use assets	100,673	-
Salaries, wages and other benefits (excluding management committee members' emoluments)	3,360,626	2,956,477
Interest on lease liabilities (Note 8)	9,867	-
Total minimum lease payments for rented premises previously classified as operating leases under HKAS 17	-	620,150
Cost of inventories expensed	92,168	140,216

Note:

No remuneration has been paid to the management committee members save as disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the years ended 31 December 2019 and 2018.

10. TAXATION

No provision for Hong Kong profits tax is provided as the Company has been exempted for all taxes payable by the Hong Kong Inland Revenue Department under Section 88 of Hong Kong Inland Revenue Ordinance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

11. PLANT AND EQUIPMENT

	<u>Office equipment</u> HK\$	<u>Computer</u> HK\$	<u>Leasehold improvements</u> HK\$	<u>Total</u> HK\$
Cost:				
As at 1 January 2018, 31 December 2018 and 1 January 2019	4,088	49,933	619,450	673,471
Addition during the year	27,550	14,852	-	42,402
As at December 2019	31,638	64,785	619,450	715,873
Accumulated depreciation:				
As at 1 January 2018	1,225	14,601	225,552	241,378
Charge for the year	818	14,980	123,889	139,687
As at 31 December 2018 and 1 January 2019	2,043	29,581	349,441	381,065
Charge for the year	5,869	14,158	123,890	143,917
As at 31 December 2019	7,912	43,739	473,331	524,982
Carrying amount:				
As at 31 December 2019	23,726	21,046	146,119	190,891
As at 31 December 2018	2,045	20,352	270,009	292,406

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES**Right-of-use assets**

	<u>2019</u> HK\$
Adoption of HKFRS 16 as at 1 January	-
Addition for the year	1,208,077
Depreciation provided during the year	<u>(100,673)</u>
As at 31 December	<u>1,107,404</u>

The right-of-use assets represent the Company's rights to use underlying leased premises under lease arrangements over the lease terms.

Lease liabilities

	<u>2019</u> HK\$
Analysed as	
- Current	593,890
- Non-current	<u>518,054</u>
	<u>1,111,944</u>
Minimum lease payments due	
- Within one year	636,000
- More than one year but not later than two years	<u>530,000</u>
	1,166,000
Less: Future finance charges	<u>(54,056)</u>
Present value of lease liabilities	<u>1,111,944</u>
Present value of minimum lease payments	
- Within one year	593,890
- More than one year but not later than two years	<u>518,054</u>
	<u>1,111,944</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

13. DEPOSITS AND PREPAYMENTS

	<u>2019</u> HK\$	<u>2018</u> HK\$
Deposits	206,356	193,725
Prepayments	26,463	111,317
	<u>232,819</u>	<u>305,042</u>

14. FUNDS

(a) Components of the Company's Funds

The movement of each component of the Company's Funds is set out in the statement of changes in fund.

(b) Nature and purpose of each fund

(i) General fund

General fund is used for the general operation and administration of the Company.

	<u>2019</u> HK\$	<u>2018</u> HK\$
Income		
Fund from the Trust	299,900	5,850,000
Campaign income	2,286,782	1,160,700
Other income	38,529	35,700
	<u>2,625,211</u>	<u>7,046,400</u>
Expenditure		
Program expenses	3,317,806	5,039,105
Fundraising and marketing expenses	8,000	-
Administrative expenses	2,940,624	2,630,810
	<u>6,266,430</u>	<u>7,669,915</u>
Deficit for the year	<u>(3,641,219)</u>	<u>(623,515)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

14. FUNDS (CONTINUED)

(b) Nature and purpose of each fund (continued)

(ii) Designated funds

Designated funds represent donations that are designated for specific programmes.

For the year ended 31 December 2019

	Designated Funds						
	BOCHK Charitable Foundation 中銀香港 慈善 基金 HK\$	Lam Woo Foundation Limited 林護 基金 有限公司 HK\$	China Everbright Charitable Foundation Company Limited 中國光大控 股慈善基金 有限公司 HK\$	Golden Jubilee Charitable Foundation 同齡同心 慈善 基金 HK\$	Clifford Charitable Fund Association Limited 祈福慈善 基金會 有限公司 HK\$	Victoria Charitable Trust Fund 維多利亞 慈善 信託基金 HK\$	Total HK\$
Income Designated donation from the Trust	3,400,000	150,000	1,800,000	500,000	500,000	400,000	6,750,000
Expenditure Programme expenses	(2,584,056)	(319,034)	(1,710,071)	(311,432)	(516,103)	(160,024)	(5,600,720)
(Deficit)/surplus for the year	815,944	(169,034)	89,929	188,568	(16,103)	239,976	1,149,280

For the year ended 31 December 2018

	Designated Funds						
	BOCHK Charitable Foundation 中銀香港 慈善 基金 HK\$	Lam Woo Foundation Limited 林護 基金 有限公司 HK\$	China Everbright Charitable Foundation Company Limited 中國光大控 股慈善基金 有限公司 HK\$	Golden Jubilee Charity Foundation 同齡同心 慈善 基金 HK\$	New Home Association Limited 新家園 協會 有限公司 HK\$	Clifford Charitable Fund Association Limited 祈福慈善 基金會 有限公司 HK\$	Total HK\$
Income Designated donation from the Trust	3,300,000	650,000	1,550,000	-	326,448	300,000	6,126,448
Expenditure Programme expenses	(2,758,585)	(335,676)	(1,254,405)	(209,106)	(345,212)	(224,025)	(5,127,009)
(Deficit)/surplus for the year	541,415	314,324	295,595	(209,106)	(18,764)	75,975	999,439

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

15. MEMBERS' LIABILITY

The Company is not authorised to issue share capital and is limited by guarantee. Under the provision of the Company's articles of association, every member shall, in the event of the Company being wound up, contribute such amount as may be required to meet the liabilities of the Company but not exceeding \$1,000 per member.

16. OPERATING LEASE COMMITMENTS**The Company as lessee**

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	<u>2018</u> HK\$
Within one year	500,000

The Company is the lessee in respect of office premises held under leases which were previously classified as operating leases under HKAS 17. The Company has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Company adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases as disclosed in Note 2. From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in Note 3, and the details regarding the Company's future lease payments are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019 (in HK Dollars)

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK\$ (Note 12)
As at 1 January 2019	-
Changes from financing cash flows:	
Capital element of lease rentals paid	(96,133)
Interest element of lease rentals paid	(9,867)
Total changes from financing cash flows	(106,000)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	1,208,077
Interest expenses (Note 8)	9,867
Total other changes	1,217,944
As at 31 December 2019	1,111,944

18. COMPARATIVE FIGURES

The Company has initially applied HKFRS 16 as at 1 January 2019. Under the transition methods, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2 to the financial statements.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the management committee members on 30 June 2020.

----- End of Notes -----