

ELDERLY HEALTHCARE FOUNDATION LIMITED
老有所醫慈善基金有限公司

Reports and Financial Statements
For the period from 19 April 2018 (date of incorporation)
to 31 March 2019

CERTIFIED TRUE COPY
For and on behalf of
TRICOR CORPORATE SECRETARY LIMITED

.....
Director/Manager/Secretary
As Secretary

Date: 15 MAY 2020



ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 19 APRIL 2018 (DATE OF INCORPORATION)
TO 31 MARCH 2019

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 & 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN FUND	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 19

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

DIRECTORS' REPORT

The directors present their first directors' report and the audited financial statements of Elderly Healthcare Foundation Limited (the "Company") for the period from 19 April 2018 (date of incorporation) to 31 March 2019.

PRINCIPAL ACTIVITY

The Company is a non-profit making organisation. Its principal activity is to provide free medical consultation services by the volunteer general physicians, medical specialists and other registered medical professionals to the underprivileged or needy elders who are aged 65 or above and are recipients under the Comprehensive Social Security Assistance Scheme or those underprivileged as confirmed by reputable partner non-governmental organisations.

RESULTS AND APPROPRIATIONS

The results of the Company for the period from 19 April 2018 (date of incorporation) to 31 March 2019 and the Company's financial position at that date are set out in the Company's financial statements on pages 6 and 7.

BUSINESS REVIEW

The Company is exempted from preparing a business review as it has fallen into reporting exemption in accordance with Section 388(3) of the Hong Kong Companies Ordinance.

DIRECTORS

The directors of the Company during the financial period and up to the date of this report were:

Chiu Yat On Michael	(appointed on 19 April 2018)
Ho Sao Lun	(appointed on 19 April 2018)
Cheung Wing Tak	(appointed on 19 April 2018)
Wu Yiu Tung Dickson	(appointed on 19 April 2018)
Lam Kit Ying	(appointed on 19 April 2018)
Wong Yan Wai George	(appointed on 19 April 2018)
Lam Kang Hung	(appointed on 24 May 2018)
Lau Chi Ho	(appointed on 24 May 2018)

In accordance with Article 53 of the Company's Articles of Association, all remaining directors shall retire at the forth-coming annual general meeting and, being eligible, offer themselves for re-election.

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company was a party and in which a director or a connected party of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the period or subsisted at the end of the period.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

At no time during the period was the Company, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

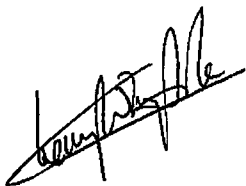
AUDITOR

On 27 July 2018, Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company.

The financial statements for the period have been audited by Messrs. Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment.

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board



Cheung Wing Tak
DIRECTOR
15 May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Elderly Healthcare Foundation Limited (the "Company") set out on pages 6 to 19, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income and expenditure, statement of changes in fund and statement of cash flows for the period from 19 April 2018 (date of incorporation) to 31 March 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the period from 19 April 2018 (date of incorporation) to 31 March 2019 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 Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ELDERLY HEALTHCARE FOUNDATION LIMITED - continued

老有所醫慈善基金有限公司

(incorporated in Hong Kong and limited by guarantee)

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ELDERLY HEALTHCARE FOUNDATION LIMITED - continued

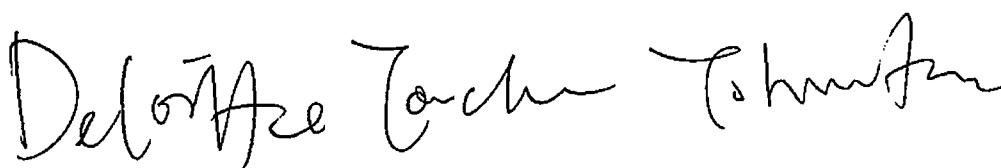
老有所醫慈善基金有限公司

(incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 May 2020

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE PERIOD FROM 19 APRIL 2018 (DATE OF INCORPORATION)
TO 31 MARCH 2019

	<u>NOTE</u>	HK\$
Income		
Donation income		116,120
Interest income		9
		<hr/>
		116,129
Expenditure		
Program implementation expenses		(34,673)
Administrative expenses		(20,538)
		<hr/>
Result and total comprehensive result for the period	5	60,918
		<hr/> <hr/>

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	<u>NOTE</u>	HK\$
CURRENT ASSET		
Bank balances and cash	6	<u>102,429</u>
CURRENT LIABILITY		
Other payables and accrued expenses		<u>41,511</u>
NET ASSETS		<u><u>60,918</u></u>
 FUND		
Accumulated surplus		<u><u>60,918</u></u>

The financial statements on pages 6 to 19 were approved and authorised for issue by the Board of Directors on 15 May 2020 and are signed on its behalf by:



Cheung Wing Tak
DIRECTOR



Lam Kang Hung
DIRECTOR

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF CHANGES IN FUND

FOR THE PERIOD FROM 19 APRIL 2018 (DATE OF INCORPORATION)

TO 31 MARCH 2019

	Accumulated <u>surplus</u> HK\$
As at 19 April 2018 (date of incorporation)	-
Result and total comprehensive result for the period	<u>60,918</u>
As at 31 March 2019	<u><u>60,918</u></u>

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 19 APRIL 2018 (DATE OF INCORPORATION)
TO 31 MARCH 2019

	HK\$
OPERATING ACTIVITIES	
Result for the period	60,918
Adjustment for:	
Interest income	(9)
Operating cash flows before movement in working capital	60,909
Increase in other payables and accrued expenses	41,511
NET CASH FROM OPERATING ACTIVITIES	<u>102,420</u>
NET CASH FROM INVESTING ACTIVITY	
Interest received	9
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,429
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<u><u>102,429</u></u>

ELDERLY HEALTHCARE FOUNDATION LIMITED

老有所醫慈善基金有限公司

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 19 APRIL 2018 (DATE OF INCORPORATION)
TO 31 MARCH 2019

1. GENERAL

Elderly Healthcare Foundation Limited (the "Company") is a non-profit making organisation incorporated in Hong Kong under the Hong Kong Companies Ordinance as an association limited by guarantee. The address of the registered office and principal place of business of the Company is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The principal activity of the Company is to provide free medical consultation services by the volunteer general physicians, medical specialists and other registered medical professionals to the underprivileged or needy elders who are aged 65 or above and are recipients under the Comprehensive Social Security Assistance Scheme or those underprivileged as confirmed by reputable partner non-governmental organisations.

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purposes of preparing and presenting the financial statements for the period from 19 April 2018 (date of incorporation) to 31 March 2019, the Company has consistently applied HKFRSs, which are effective for the accounting period beginning on 1 January 2018 throughout the period.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁵

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs issued but not yet effective - continued

- ¹ Effective for annual periods beginning on or after 1 January 2019
- ² Effective for annual periods beginning on or a date to be determined
- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ Effective for business combinations and asset acquisition 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 periods beginning on or after 1 January 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.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Company's financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Donation income

Donation income is initially deferred and recognised as income when there is a reasonable assurance that the Company will comply with the conditions attaching with them. They are recognised in the statement of comprehensive income and expenditure over the period necessary to match them with the costs they are intended to compensate.

Financial instruments

Financial asset and financial liability are recognised when the Company 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 asset that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial asset and financial liability are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial asset and financial liability are added to or deducted from the fair value of the financial asset or financial liability, as appropriate, on initial recognition.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial asset

Classification and subsequent measurement of financial asset

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.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). 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.

Impairment of financial asset

The Company performs impairment assessment under expected credit loss ("ECL") model on financial asset (including bank balances) which is subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial asset - continued

Impairment of financial asset - continued

(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;
- 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.

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.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial asset - continued

Impairment of financial asset - continued

(i) Significant increase in credit risk - continued

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 (without taking into account any collaterals held by the Company).

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 asset

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
- (b) a breach of contract, such as a default or past due event;

(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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial asset - continued

Impairment of financial asset - continued

(v) Measurement and recognition of 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 the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

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 management 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.

Derecognition of financial asset

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liability and equity

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liability at amortised cost

Financial liabilities, including other payables and accrued expenses are subsequently measured at amortised cost, using the effective interest method.

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.

4. TAXATION

The Company is an approved charitable body and is exempted from Hong Kong Profits Tax under the provision of section 88 of the Inland Revenue Ordinance.

5. RESULT FOR THE PERIOD

Result for the period has been arrived at after charging:

Auditor's remuneration
Directors' emoluments

HK\$

-

-

=====

6. BANK BALANCES AND CASH

Bank balances carry market interest rates of 0.01% per annum.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	HK\$
Financial asset	
Amortised cost	102,429
	<u> </u>
Financial liability	
Amortised cost	41,511
	<u> </u>

(b) Financial risk management objectives and policies

The Company's financial instruments include bank balances and cash and other payables and accrued expenses. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

As at 31 March 2019, the Company's maximum exposure to credit risk is primarily attributable to bank balance and cash as disclosed in note 6.

The credit risk on bank balances is limited because the counterparty is a bank with high credit ratings by international credit rating agencies.

Based on ECL assessment, the credit exposure for the bank balance are considered as low risk because the counterparties has low risk of default and do not have material past-due amount. Accordingly, as at 31 March 2019, no impairment allowance on bank balances are provided as the amount involved is insignificant.

Liquidity risk management

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

At the end of the reporting period, contractual maturity for the Company's non-derivative and non-interest bearing financial liabilities with aggregate carrying amount of HK\$41,511, representing the undiscounted cash flow of the liability, is repayable on demand.

7. FINANCIAL INSTRUMENTS - continued

(c) Fair value measurement of financial instruments

The directors consider that the carrying amounts of financial asset and financial liability recognised at amortised cost in the financial statements approximate to their fair values.

8. RELATED PARTY TRANSACTIONS

(a) During the period, the Company entered into the following transactions with related parties:

	HK\$
Donation income from directors	<u>105,000</u>

(b) Compensation of key management personnel

No remuneration of directors and other members were incurred in the current period.
