

THE ADM CAPITAL FOUNDATION LIMITED

Report of the Directors and Audited Financial Statements

31 December 2020

Certified True Copy

by Company Secretary:

For and on behalf of
CONPAK MANAGEMENT CONSULTANTS LIMITED
康栢管理顧問有限公司

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Authorized Signature(s)

Conpak Management Consultants Limited

Date : 4 October 2021



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THE ADM CAPITAL FOUNDATION LIMITED

CONTENTS

	Pages
REPORT OF THE DIRECTORS	1 - 8
INDEPENDENT AUDITOR'S REPORT	9 - 11
AUDITED FINANCIAL STATEMENTS	
Consolidated statement of profit or loss and other comprehensive income	12 - 13
Consolidated statement of financial position	14
Consolidated statement of changes in accumulated surplus	15
Consolidated statement of cash flows	16
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	17 - 36

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited consolidated financial statements of The ADM Capital Foundation Limited (the "Company" or "ADMCF") and its subsidiaries (collectively the "Group") for the year ended 31 December 2020.

Principal activities and business review

The principal activities of the Company have not changed during the year, focusing on environmental conservation and children at risk projects in Asia. The Company offers strategic funding and other support to organisations that work innovatively towards achieving sustainable natural resource management and secondly towards ensuring a better life for Asia's marginalised children.

ADMCF is an impact driven foundation focused on making change in Asia. ADMCF was established by the partners of ADM Capital Group in 2006. ADMCF offers strategic funding and other organisational support to non-profits and consultants who work primarily towards environmental health and conservation. Through research, ADMCF identifies environmental challenges then work towards solutions across five key areas: Marine, Water, Air Quality, Wildlife and Landscape Finance. Besides, ADMCF has a legacy Children at Risk program, with a focus on child protection.

The Company is a charitable organisation in Hong Kong and has been granted tax exempt status under Section 88 of the Hong Kong Government Inland Revenue Ordinance. The Group also has a non-profit entity with 501(c)(3) charitable status in the United States.

Business Highlights in 2020

Wildlife

- In 2020, our wildlife programme continued to focus on addressing the inadequacies of current law enforcement in tackling wildlife crime in Hong Kong.
- In November 2020, ADMCF released a white paper outlining the need for and recommended pathway for legislative reform in Hong Kong to facilitate the transition of wildlife crime offences handled by the Environment Bureau to offences handled by the Security Bureau via the Organised and Serious Crimes Ordinance.
- In June 2020, we launched The Global Initiative to End Wildlife Crime (EWC) alongside Born Free Foundation, the Global Environmental Institute, the International Conservation Caucus Foundation, the Food and Land Use Coalition, represented by SYSTEMIQ the initiative is chaired by John Scanlon AO.
- The core objectives of EWC are to: create a new protocol on the illicit trafficking of wildlife under the United Nations Convention Against Transnational Organized Crime (UNTOC); and amend existing international wildlife trade laws to include public health and animal health into decision-making.

Marine

- Hong Kong Sustainable Seafood Coalition (HKSSC) continued to have a key enabling role to play in Hong Kong and potentially the region, in establishing collaborative links amongst the seafood industry and other essential stakeholders around the sustainability agenda.
- The HKSSC contributed to the development of the Seafood Risk Assessment website, which was launched in late 2020.
- In 2020, Choose Right Today (CRT) instigated a far-reaching local restaurant seafood survey to determine the availability of sustainable seafood in the F&B sector, establish a baseline and ascertain the sector's knowledge on the traceability and sustainability of locally sold seafood.
- Over 10,000 F&B outlets, including hotels, restaurant groups, take-aways, and small businesses took part in the survey.
- Preliminary results found approximately 10% of local restaurants were serving sustainable seafood, and that at least 1,570 restaurants from approximately 300 outlets (including chains) could provide sustainably-sourced seafood.

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

Principal activities and business review (continued)

Business Highlights in 2020 (continued)

Drink Without Waste (DWW) and Eat Without Waste (EWW)

- Following up on Drink Without Waste’s position statement released in 2019, in 2020 DWW published its detailed Blueprint: A statutory Value-on-Return scheme for Hong Kong’s Beverage Containers. The Blueprint sets out the policy, governance and infrastructure that could dramatically increase the recovery rate of single use beverage packaging.
- DWW also published its ‘Guidance on Design of Single Use Beverage Containers for recycling in Hong Kong’. The guide aims to inform a broad audience of beverage and retail industry executives about the principles of “Design for Recycling”.
- In 2020, EWW researchers established a granular view of Hong Kong’s take-out waste landscape. With this baseline as a starting point, they set out to define the solution space.
- Research found four main solution archetypes that merit further analysis on their potential impact and feasibility: recycling, composting, facilitating reusable container systems, and encouraging consumers to bring their own containers. The resulting report will be released late 2021.

Water

- China Water Risk (CWR) released a 5-report series on coastal threats to demonstrate the impacts of water-related climate risks on the financial system. The reports published in late November 2020, included:
 - Waterproofing APAC To Avoid Atlantis – Executive Summary & Next Steps.
 - Avoiding Atlantis: CWR APACCT 20 Index – Benchmarking coastal threats for 20 APAC cities with finance sector input.
 - The CWR APACCT 20 Index City Factsheets – At-a-glance coastal threat assessment for 20 APAC cities.
 - Changing Risk Landscapes: Coastal Threats To Central Banks – Everything you need to know about sea level rise, storm surge & financial regulations to recalibrate risks.
 - Sovereigns at Risk – APAC Capital Threats – Re-ratings warranted as city capitals & GDP are materially exposed to coastal threats.
- CWR’s collaboration with Beijing Normal University and MEE FECO was published in the Journal of Beijing Normal University (Natural Science).
- CWR continues to drive global disclosure and benchmarking of water risks through active participation in groups such as the CDSB Water Technical Working Group, CDP Water Advisory Committee, and The Science Based Target Network Freshwater Hub.

Landscape Finance

- In 2020, TLFF’s engagement included seconding a Jakarta based social specialist to the project who through the COVID-19 pandemic was able to continue supporting RLU, in particular the company’s Community Partnership Program and associated activities.
- An ADM Capital/TLFF Fund concept was selected into the winning cohort of the Luxembourg International Climate Fund Accelerator (IFCA).
- Awarded USD 150,000 grant from the David & Lucile Packard Foundation for marine fisheries.
- Assisted Hong Kong Green Finance Association in editing and publishing the Navigating Climate Transition Finance research paper, published in November 2020.
- Supported knowledge building relative to a possible Indonesia Climate and Recovery Bond through workshops with the Government of Indonesia.

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

Principal activities and business review (continued)

Business Highlights in 2020 (continued)

HK2050isNow Climate Initiative

- HK2050isNow released three major reports: Survey of Public Attitudes towards Climate Change, Hong Kong's Pathway to Net Zero Carbon Emissions by 2050, and Decarbonising Hong Kong Buildings
- HK2050isNow initiated research in several areas identified by the Pathway report, including Building Energy Efficiency, Power Decarbonisation, and Transport Decarbonisation. Of these, two reports on Building Energy Efficiency were released at the end of 2020.
- HK2050isNow organised a 6-part series of "TEDxCountdown" webinars.
- Offline, the team spoke at 16 events, and organised 2 workshops with over 30 local stakeholders to mobilise support for greater ambition towards net zero carbon emissions in the 2020 HKSAR policy address.

Children

- COVID-19 disrupted the work of hundreds of grassroots workers who are part of The Aarambh India Regional Alliance (TARA) network. In response, two Rapid Assessment surveys were conducted with victims and families. Based on the data and individual needs, social workers and counsellor strategized appropriate interventions.
- In June 2020, Aarambh released report titled "Bodies at Risk: A report on frontline workers and fieldwork in lockdown" showcasing how NGO grassroots workers in 3 states were coping with the pandemic and lockdown.
- M'Lop Tapang in Cambodia distributed more than 32,000 kg of rice, along with other food and hygiene supplies during 2020.
- M'Lop Tapang also proactively worked with local authorities re-open its Education Centre and Community Centre to high-risk children during the height of the pandemic whilst there were school closures.

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

Financial review

Income

Total income of the Group was HK\$38.8 million (2019: HK\$23.2 million) for the year of 2020, of which HK\$36.2 million was donation income (2019: HK\$20.4 million). Despite the challenges of 2020, the Group managed to raise significant funds to keep the momentum of environmental programmes for 2020 and 2021. Donation income has increased by 77% in 2020 compared to that of 2019. Of this total, contributions from ADM Capital were steady at HK\$13.9 million (2019: HK\$13.1 million), and contributions from investing partners (i.e. other donors) rose to HK\$22.3 million (2019: HK\$7.3 million). Investing partners comprises mainly foundations, financial institutions, corporates and the government. Funding from ADM Capital was invested into programmes and management/operating costs of the Company. And funding from investing partners was allocated to the co-development of programmes. In addition, the Group received rent-in-kind donation of HK\$2.3 million from ADM Capital.

Expenditure

Total expenditure of the Group was HK\$27.0 million in 2020, representing an increase of 10% over the previous year (2019: HK\$24.5 million). Program funding expenses and salaries are the two key operating costs of the foundation, totaling HK\$23.1 million in 2020 (2019: HK\$20.1 million). Program funding expenses at HK\$12.9 million (2019: HK\$10.1 million) and salaries at HK\$10.2 million (2019: HK\$10.0 million). The majority of program funding expenses were invested in environmental programmes.

Deficit /surplus for the year

The Group recognised a surplus of HK\$11.8 million (2019 loss: HK\$1.3 million) for the year.

Liquidity and financial resources

The Group has a strong and stable donor base which forms the core of its funding. The Group's operation and program development are mainly funded through donations from ADM Capital and investing partners. Since its inception, ADM Capital has been providing stable and continued financial support to the Group for its management and operation.

The Group has maintained a healthy liquid position and adopted a prudent treasury policy. Total cash and bank deposits as at 31 December 2020 amounted to HK\$26.4 million (2019: HK\$14.4 million). The working capital (current assets less current liabilities) of the Group was HK\$26.5 million (2019: HK\$14.5 million).

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

Principal activities and business review (continued)

Key performance indicators

Below are some of the KPIs:

	<u>2020</u>	<u>2019</u>
Donation growth	77%	-7%
% of donation from ADM Capital (excluding/including donation in kind – rent)	38%/42%	64%/68%
No. of donors with donation > HK\$1.0 million	11	3
% of donation from donors contributing > HK\$1.0 million	89%	77%
% of donation from recurring donors	74%	97%
Total operating expenses growth	10%	0%*
% of program funding expenses into environmental programmes	98%	94%
Profit margin	30%	-6%

* For comparative purpose, the operating expenses of Cibus Investments Limited ("Cibus") in 2018 was excluded in the above calculation. The Group removed its shareholding in Cibus on 31Dec2018.

Relationships with Government, donors, grantees and employees

The ADMCF Group works closely with the government, policy makers, philanthropic donors, local NGOs and academics. The Group believes it has a role to play in bringing together philanthropic donors and local organisations (i.e. grantees including NGOs, companies and academics) to work efficiently towards clear change objectives through education and other support. Often, organisations in the not-for-profit industry work in silos and we believe that by collaborating, or at least working loosely together, more might be achieved.

The Group aims to leverage the impact of the work through co-funding with other donors with similar interest or strategic focus (i.e. investing partners). Besides strategic funding, the Group also works to widen impact by providing strategic advice, strengthening organisation capacity and expanding donor and local partner networks.

The Group applies ADM Capital Group's risk management, knowledge of financial structures and local contacts built over long years of investing in Asia to the not-for-profit world. The Group applies business thinking to philanthropy by conducting thorough due diligence ahead of any philanthropic investment, engage in constant monitoring and works towards clear impact. ADMCF achieves a high level of accountability and transparency by maintaining a prudent financial management/control with regular reporting to the funders as to the specific use of funds. Moreover, ADMCF seeks to disclose information through various channels such as annual reports, quarterly newsletters, Company's website, and other social media, to promote transparency to offer stakeholders and the public a clear and thorough understanding of the business.

The Group regards its employees as valuable assets. The management of ADMCF promotes flexibility, transparency, integrity, trust and staff development. Employees are encouraged to express their views and opinions related to work through direct and frequent communications with the management and Board of Directors. For years, the Group has been supporting its staff's professional development by enrolling them in industry seminars and conferences, so as to enhance their industry and technical knowledge.

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

Principal activities and business review (continued)

Corporate Social Responsibilities (“CSR”) and Environment Policies/Performance

Since ADMCF is a non-profit foundation, all of the Company’s work involves CSR and action and/or education to help protect our environment. The Company not only provides financial support but also engages directly to help support the Hong Kong community. One of the initiatives, SupportHK.org, for example, provides a platform that gives people in Hong Kong an ability to petition on local environmental issues. The site also functions to provide education on local environmental challenges. The Chooserighttoday.org sustainable seafood platform also provides education relative to how to buy and choose seafood that does not rely on fishing methods that excessively degrade our environment. Chinawaterrisk.org educates investors and business leaders relative to water in China as financial rather than environmental risk.

Compliance with laws and regulations

The Group strictly observes and follows the financial and statutory requirements in different government jurisdictions where the Group has legal and operational presence. The Group has an internal control system in place to monitor on-going compliance with relevant laws and regulations. During the year, there was no instance of non-compliance with any relevant laws and regulations that the Group was aware of which might cause a significant impact.

Principal risks and uncertainties

Reduced support from ADM Capital and/or investing partners

The major source of revenue of the Company is donation from ADM Capital. A change in ADM Capital’s support level will affect the operation and program development of the Company, whereas a change in funding from investing partners will affect primarily program development only. The operation of the Company will remain intact as long as funding from ADM Capital is secured. ADM Capital has expressed willingness to provide continuing financial support to the Company to carry on its business.

Program development

Any failure in the operation and performance of grantees will affect the success of the programmes. To mitigate business risk, the Company will perform due diligence before accepting a project, put in place a proper memorandum of understanding (“MOU”) with clear project terms, objectives, and reporting requirements, and structure funding disbursement based on milestones achieved, and have frequent communications with grantees to assess project progress.

Exposure to fluctuations in economic conditions

Fluctuations in global economies may impact the financial performances of ADM Capital and investing partners of the Company, who are mainly financial institutions, foundations, and corporates.

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

Principal activities and business review (continued)

Future development of the Group's business

The Group will continue to expand its environmental programme, working with companies and consumers to provide research and education that encourages less damaging practices and behaviors. ADMCF believes that foundations have an important role to play, not just in allocating philanthropic capital but also in stimulating best practice. With this in mind, ADMCF intends to expand the education it provides, not just on environmental matters but also relative to philanthropy. ADMCF hopes that by so doing it will be able to foster similarly engaged philanthropy from others in Hong Kong.

Finally, as technology is increasingly our future, ADMCF believes that a foundation like ours also has a role to play in examining how technology will help correct environmental and social injustice in a city like Hong Kong. Encouraging Hong Kong's growing technology entrepreneurs to get involved in trying to solve our myriad challenges is an exciting new dimension for ADMCF.

Results

The Group's income for the year ended 31 December 2020 and the Group's financial position at that date are set out in the financial statements on pages 12 to 36.

Accumulated surplus

Details of movements in the accumulated surplus of the Group during the year are set out in page 15 to the financial statements.

Directors

The directors of the Company during the year were:

Christopher Robert Botsford
Denys Calder Firth
Neil Anthony Shaun Harvey (appointed on 31 March 2020)
Robert Clive Appleby

In accordance with the Company's articles of association, all directors retire by rotation and, being eligible, offer themselves for re-election.

Directors' interests

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable any member of 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.

THE ADM CAPITAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (Continued)

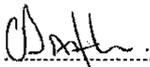
Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Auditor

Ernst & Young retire and a resolution for the reappointment as auditor of the Group will be proposed at the forthcoming general meeting.

ON BEHALF OF THE BOARD



.....
Christopher Robert Botsford
Director

Hong Kong
20 September 2021



Ernst & Young
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Independent auditor's report
To the members of The ADM Capital Foundation Limited
(Incorporated in Hong Kong with limited by guarantee)

Opinion

We have audited the consolidated financial statements of The ADM Capital Foundation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 12 to 36, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in accumulated surplus and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.



Independent auditor's report (continued)
To the members of The ADM Capital Foundation Limited
(Incorporated in Hong Kong with limited by guarantee)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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 consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Independent auditor's report (continued)
To the members of The ADM Capital Foundation Limited
(Incorporated in Hong Kong with limited by guarantee)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants
Hong Kong
20 September 2021

THE ADM CAPITAL FOUNDATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 HK\$	2019 HK\$
INCOME			
Donation income	3	36,234,239	20,420,611
Donation in-kind – office space	3, 8	2,300,000	2,300,000
Donation in-kind – professional fee	3	2,715	2,457
Rental income	3	93,600	79,560
Interest income	3	111	25,273
Service income	3	191,273	337,415
		<u>38,821,938</u>	<u>23,165,316</u>
EXPENDITURE			
Auditor's remuneration		71,760	96,408
Bank charges		35,463	35,220
Cleaning		54,082	52,436
Conference expenses		-	16,160
Courier		19,992	2,210
Depreciation	5	214,602	323,356
Expense in-kind – office space	8	2,300,000	2,300,000
Foreign exchange loss		148,775	47,379
Insurance		313,215	294,358
Internet		5,664	8,688
IT expenses		149,586	82,644
Miscellaneous		7,956	7,940
MPF Scheme contributions		236,240	251,260
Office supplies		40,842	44,363
Other expenses		9,179	17,148
Other tax expenses		6,240	6,256
Printing and design		24,500	27,850
Professional fees		76,118	172,380
Program funding expenses		12,922,834	10,103,227
Repairs		2,225	16,990
Salaries		10,160,473	10,032,449
Telecommunications		20,505	24,167
Travel		158,049	471,077
Utilities		8,654	20,897
		<u>26,986,954</u>	<u>24,454,863</u>

THE ADM CAPITAL FOUNDATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(continued)

Year ended 31 December 2020

	Notes	2020 HK\$	2019 HK\$
PROFIT/(LOSS) BEFORE TAX		11,834,984	(1,289,547)
Tax	4	<u>(796)</u>	<u>(749)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>11,834,188</u>	<u>(1,290,296)</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>11,834,188</u>	<u>(1,290,296)</u>

THE ADM CAPITAL FOUNDATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2020

	Notes	2020 HK\$	2019 HK\$
NON-CURRENT ASSET			
Property, plant and equipment	5	<u>1,467,282</u>	<u>1,670,896</u>
Total non-current assets		<u>1,467,282</u>	<u>1,670,896</u>
CURRENT ASSETS			
Cash and cash equivalents	7	26,370,222	14,389,371
Prepayments and deposits	6	<u>161,833</u>	<u>142,442</u>
Total current assets		<u>26,532,055</u>	<u>14,531,813</u>
CURRENT LIABILITIES			
Accruals and other payables		<u>858</u>	<u>38,418</u>
Total current liabilities		<u>858</u>	<u>38,418</u>
NET CURRENT ASSETS		<u>26,531,197</u>	<u>14,493,395</u>
NET ASSETS		<u>27,998,479</u>	<u>16,164,291</u>
REPRESENTING:			
Accumulated surplus		<u>27,998,479</u>	<u>16,164,291</u>



Christopher Robert Botsford
Director



Robert Clive Appleby
Director

THE ADM CAPITAL FOUNDATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

Year ended 31 December 2020

	Accumulated surplus HK\$
At 1 January 2019	17,454,587
Loss and total comprehensive income for the year	<u>(1,290,296)</u>
At 31 December 2019 and 1 January 2020	16,164,291
Profit and total comprehensive income for the year	<u>11,834,188</u>
At 31 December 2020	<u>27,998,479</u>

THE ADM CAPITAL FOUNDATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 HK\$	2019 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		11,834,984	(1,289,547)
Adjustments for:			
Interest income		(111)	(25,273)
Depreciation	5	214,602	323,356
		<u>12,049,475</u>	<u>(991,464)</u>
Increase in prepayments and deposits		(19,391)	(1,821)
(Decrease)/increase in accruals and other payables		(37,560)	37,872
Cash generated from/(used in) operations		<u>11,992,524</u>	<u>(955,413)</u>
Income tax paid - overseas		(796)	(749)
Net cash flows from/(used in) operating activities		<u>11,991,728</u>	<u>(956,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		111	25,273
Purchases of items of property, plant and equipment	5	(10,988)	(71,894)
Net cash flows used in investing activities		<u>(10,877)</u>	<u>(46,621)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		11,980,851	(1,002,783)
Cash and cash equivalents at beginning of year		<u>14,389,371</u>	<u>15,392,154</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>26,370,222</u></u>	<u><u>14,389,371</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	7	<u><u>26,370,222</u></u>	<u><u>14,389,371</u></u>

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

The ADM Capital Foundation Limited (the "Company"), a company limited by guarantee, is a charitable organisation engaged in environmental conservation and children at risk projects in Asia. The Company offers strategic funding and other support to organisations that work innovatively towards achieving sustainable natural resource management and secondly towards ensuring a better life for Asia's marginalised children. The Company's accumulated surplus is not distributable to its members. Its registered office is located at Room 2405, 24/F, 9 Queen's Road Central, Hong Kong.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activity
			Direct	Indirect	
Cambodia International Foundation Limited* ("CIFL") (note (i))	Cambodia	US\$570,000	49	51	Charity
ADM Capital Foundation, Inc.* ("ADMCF, Inc.") (note (ii))	USA	-	100	-	Charity

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

Note i: The Company holds 49% of the shares (class B shares) in CIFL, the other 51% ownership of CIFL are held by 2 Cambodians. The Company has entered into various share agreements with the Cambodian shareholders that result in the Company being deemed to have control over the majority voting rights of CIFL's shares in accordance with HKFRS 10 *Consolidated Financial Statements*. Accordingly, CIFL is being accounted for as a wholly-owned subsidiary although the Company only has 49% shareholding of CIFL.

In accordance with Cambodian tax law and authorities, CIFL was required to reverse the subordinated loan to share capital in amount of US\$185,215 during fiscal year 2011. Furthermore, CIFL was instructed by the Cambodian tax authorities to add an additional amount of share capital of US\$383,785 with regard to the property held in Phnom Penh. As a result, together with the initial registered share capital of US\$1,000, the total share capital of CIFL attributed to the Group increased to US\$570,000.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION (continued)

Note ii: ADMCF, Inc. does not have any shares authorised/outstanding and, accordingly, the Company does not hold any shares in the entity. The board of directors of ADMCF, Inc. consists of the CEO and two of the board members of the Company. ADMCF, Inc. was incorporated as a non-profit in the United States whose primary purpose is to provide funding to the Company's initiatives. Therefore, in accordance with HKFRS 10, ADMCF, Inc. has been deemed to be controlled by the Company and is being accounted for as a wholly-owned subsidiary of the Company.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards adopted by the Group

The Group has adopted the following revised HKFRS for the first time for the current year's consolidated financial statements, which are applicable to the Group.

Amendments to HKAS 1 and HKAS 8

Definition of Material

The nature and the impact of the amendment is described below:

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework")

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 and HKAS 8 Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the financial position and performance of the Group.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2020 in these consolidated financial statements. Among the new and revised HKFRSs, the following is expected to be relevant to the Group's consolidated financial statements upon becoming effective:

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current*^{1,2}

¹ Effective for annual periods beginning on or after 1 January 2023

² As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

There are no other new and revised HKFRSs that are not yet effective that would be expected to have material impact on the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of preparation**

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK\$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Consolidation

(i) Investment in subsidiary

Subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Separate financial statements

In the Company's statement of financial position, the investment in a subsidiary is stated at cost less provision for impairment losses. The results of subsidiary are accounted for by the Company on the basis of dividends received and receivable.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

(i) Classification

Financial assets

The Group classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVPL") on the basis of both:

- The Group's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group includes in this short-term non-financing receivables including cash and cash equivalents and deposits.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at FVPL. The Group includes accruals and other payables in this category.

(ii) Recognition, measurement and derecognition

The Group recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets (other than those classified as at FVPL)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income. Such financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities (other than those classified as at FVPL)

Financial liabilities (other than those classified as at FVPL) are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised impaired, as well as through the amortisation process. The Group derecognises the financial liability when the obligation under the liability is discharged, cancelled or expired.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of financial assets

The Group recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive; discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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 Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(f) **Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2% to 5%
Plant and machinery	10% to 25%
Furniture and fixtures	10% to 33¼%

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **Property, plant and equipment and depreciation (continued)**

Where parts of an item of property, 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 the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised 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 consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(g) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(h) **Cash and cash equivalents**

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

(i) **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

(j) **Revenue**

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

- (i) donation income, on a cash basis when the donation income is received
- (ii) service income is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Company.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) **Other income**

Interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial assets.

Rental income is recognised on a time proportion basis over the lease terms.

(l) **Expenses**

Program funding expenses on making grant payments to grantees are recognized in profit or loss on a cash basis. All other expenses are recognised in profit or loss on an accrual basis.

(m) **Foreign currencies**

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

The functional currencies of certain overseas subsidiaries, are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(n) **Employee benefits**

Retirement benefit costs

The Company operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss and other comprehensive income and when the contributions fall due.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. INCOME

An analysis of the Group's donation income, donation in-kind, rental income, service income, priority profit share and other income is as follows:

	2020 HK\$	2019 HK\$
<u>Income</u>		
Donation income	36,234,239	20,420,611
Donation in-kind	2,302,715	2,302,457
Service income	191,273	337,415
	<u>38,728,227</u>	<u>23,060,483</u>
<u>Other income</u>		
Interest income	111	25,273
Rental income	93,600	79,560
	<u>93,711</u>	<u>104,833</u>
	<u>38,821,938</u>	<u>23,165,316</u>

Disaggregated revenue information for revenue

	2020 HK\$	2019 HK\$
Receipt of donation income at a point in time	36,234,239	20,420,611
Receipt of donation in-kind over time	2,302,715	2,302,457
Services transferred over time	191,273	337,415
	<u>38,728,227</u>	<u>23,060,483</u>

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

4. TAX

The Company being a charitable organisation is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

The US entity, ADMCF, Inc., is a charitable organisation exempt from US federal income tax under Section 501(c)(3) of the Internal Revenue Code.

	2020 HK\$	2019 HK\$
Current – Hong Kong	-	-
Current – Cambodia	<u>796</u>	<u>749</u>
Total tax charge for the year	<u><u>796</u></u>	<u><u>749</u></u>

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

4. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdictions) in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Hong Kong	Cambodia	USA	Total
	HK\$	HK\$	HK\$	HK\$
	%	%	%	%
Group – 2020				
Profit before tax	<u>10,447,808</u>	<u>46,621</u>	<u>1,340,555</u>	<u>(11,834,984)</u>
Tax at the statutory tax rate	1,723,888	9,324	469,194	2,202,406
Income not subject to tax	(37,299,115)	(93,600)	(4,476,319)	(41,869,034)
Expenses not deductible for tax	35,575,227	84,276	4,007,125	39,666,628
Effect of withholding tax at 1% on the rental income of the Group's Cambodia Subsidiary	-	796	-	796
Tax charge at the Group's effective rate	<u>-</u>	<u>796</u>	<u>-</u>	<u>796</u>
				<u>(0.0)</u>

THE ADM CAPITAL FOUNDATION LIMITED
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

4. TAX (continued)

Group – 2019

	Hong Kong HK\$	%	Cambodia HK\$	%	USA HK\$	Total HK\$	%
(Loss)/profit before tax	<u>(1,530,110)</u>		<u>33,504</u>		<u>207,059</u>	<u>(1,289,547)</u>	
Tax at the statutory tax rate	(252,468)	16.5	6,701	20.0	72,471	(173,296)	13.4
Income not subject to tax	(22,925,840)	1498.3	(79,560)	(237.5)	(1,853,000)	(24,858,400)	1927.7
Expenses not deductible for tax	23,178,308	(1514.8)	72,859	217.5	1,780,529	25,031,696	(1941.1)
Effect of withholding tax at 1% on the rental income of the Group's Cambodia Subsidiary	-	-	749	2.2	-	749	(0.1)
Tax charge at the Group's effective rate	<u>-</u>	<u>-</u>	<u>749</u>	<u>2.2</u>	<u>-</u>	<u>749</u>	<u>(0.1)</u>

Tax on the results of the subsidiaries operating overseas is calculated at the rates prevailing in the jurisdiction in which it operates based on existing law, practices and interpretations thereof. Accordingly, an amount of HK\$796 (2019: HK\$749) was incurred for taxes related to profits of the subsidiary CIFL.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT

	Land & improvements HK\$	Furniture & fixtures HK\$	Computer equipment HK\$	Total HK\$
31 December 2020				
At 31 December 2019:				
Cost	1,445,753	1,525,397	201,565	3,172,715
Accumulated depreciation	(967)	(1,358,280)	(142,572)	(1,501,819)
Net carrying amount	<u>1,444,786</u>	<u>167,117</u>	<u>58,993</u>	<u>1,670,896</u>
At 1 January 2020, net of accumulated depreciation	1,444,786	167,117	58,993	1,670,896
Additions	-	-	10,988	10,988
Disposals	-	-	(7,318)	(7,318)
Depreciation provided during the year	(23)	(167,117)	(47,462)	(214,602)
Accumulated depreciation of disposed assets	-	-	7,318	7,318
At 31 December 2020, net of accumulated depreciation	<u>1,444,763</u>	<u>-</u>	<u>22,519</u>	<u>1,467,282</u>
At 31 December 2020:				
Cost	1,445,753	1,525,397	205,235	3,176,385
Accumulated depreciation	(990)	(1,525,397)	(182,716)	(1,709,103)
Net carrying amount	<u>1,444,763</u>	<u>-</u>	<u>22,519</u>	<u>1,467,282</u>
31 December 2019				
At 31 December 2018:				
Cost	1,445,753	1,525,397	129,671	3,100,821
Accumulated depreciation	(930)	(1,071,794)	(105,739)	(1,178,463)
Net carrying amount	<u>1,444,823</u>	<u>453,603</u>	<u>23,932</u>	<u>1,922,358</u>
At 1 January 2019, net of accumulated depreciation	1,444,823	453,603	23,932	1,922,358
Additions	-	-	71,894	71,894
Depreciation provided during the year	(37)	(286,486)	(36,833)	(323,356)
At 31 December 2019, net of accumulated depreciation	<u>1,444,786</u>	<u>167,117</u>	<u>58,993</u>	<u>1,670,896</u>

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2019

At 31 December 2019:

Cost	1,445,753	1,525,397	201,565	3,172,715
Accumulated depreciation	(967)	(1,358,280)	(142,572)	(1,501,819)
Net carrying amount	<u>1,444,786</u>	<u>167,117</u>	<u>58,993</u>	<u>1,670,896</u>

6. PREPAYMENTS AND DEPOSITS

	2020 HK\$	2019 HK\$
Prepaid expenses	130,612	112,921
Deposits	<u>31,221</u>	<u>29,521</u>
	<u>161,833</u>	<u>142,442</u>

The carrying values of prepayments and deposits approximate to their fair values.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

7. CASH AND CASH EQUIVALENTS

	2020 HK\$	2019 HK\$
Cash at financial institutions	26,359,887	14,375,183
Cash on hand	<u>10,335</u>	<u>14,188</u>
	<u>26,370,222</u>	<u>14,389,371</u>

At the balance sheet date, the Group had deposits of HK\$10,885,030 (2019: HK\$6,638,987), US\$1,973,258 (2019: US\$977,724) and EUR Nil (2019: EUR Nil) placed with financial institutions in Hong Kong and the United States and US\$22,551 (2019: US\$16,397) placed with banks in Cambodia. Cash at financial institutions earn interest at floating rates based on daily bank deposit rates.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

8. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2020 HK\$	2019 HK\$
Donation income earned from:			
Asia Debt Management Hong Kong Ltd	(a)	2,361,748	2,937,572
ADM Securities Limited	(b)	3,120,000	2,336,037
ADM Capital Group Limited	(c)	8,431,628	7,016,037
ADM Capital Europe LLP	(d)	-	780,000
Neil Harvey	(e)	9,000	-
		<u>13,922,376</u>	<u>13,069,646</u>
Donation in-kind:			
ADM Securities Limited	(b)	2,300,000	2,300,000
Rental expense in-kind:			
ADM Securities Limited	(b)	2,300,000	2,300,000

Notes:

- (a) Mr. Christopher Botsford, an Executive Committee member of the Company, is also a director of Asia Debt Management Hong Kong Ltd.
- (b) Mr. Christopher Botsford and Mr. Robert Appleby, Executive Committee members of the Company, are also the directors of ADM Securities Limited.
- (c) ADM Directors Limited is the director of ADM Capital Group Limited. And the director of the ADM Directors Limited, Mr. Christopher Botsford, is also an Executive Committee member of the Company.
- (d) Mr. Robert Appleby, an Executive Committee member of the Company, is a member of the ADM Capital Europe LLP.
- (e) Mr. Neil Harvey is an Executive Committee member of the Company.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and equity investments. The Group has various other financial assets and liabilities such as deposits and accruals and other payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities due to shortage of liquid funds.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from donors to meet its liquidity requirements in the short and longer term. Budgets are prepared at least every 6 months to anticipate the upcoming project needs and operating costs. Regular meetings are held to discuss the liquidities of the Group.

The maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted payment comprise of accruals and other payables of HK\$858 (2019: HK\$38,418).

Interest rate risk

Interest rate risk is the risk that the value of financial instruments and future cash flows will fluctuate as a result of changes in market interest rates. As at 31 December 2020, the Group's only interest-bearing financial instruments were the short-term bank deposits which were carried at minimal interest rates. As such, the management considers that the Group's exposure to interest rate risk is minimal and no sensitivity analysis has been presented as a result.

Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Group does not hedge its foreign currency exposures as the United States dollars are linked to the Hong Kong dollars, the functional currency of the Group, where the management considers the risk of movements in exchange rates between Hong Kong dollars and United States dollars to be insignificant. The foreign currency risk arising from the bank deposits of EUR as at the balance sheet date is considered to be minimal.

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk relates to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows to the Group from financial assets on hand as at the balance sheet date.

Credit risk disclosures are based on whether the underlying financial instrument is subject to HKFRS 9's impairment disclosures or not.

Financial assets subject to HKFRS 9's impairment requirements

The Group's financial assets subject to the ECL model within HKFRS 9 are cash and cash equivalents, and deposits.

At 31 December 2020 and 2019, the Group adopted the general approach for all the financial assets subject to the expected credit loss model within HKFRS 9 which the loss allowance shown, if any, is therefore based on 12-month or life time ECLs depending on the credit quality of each respective financial assets.

As at 31 December 2020 and 2019, no loss allowance has been provided for and all the financial assets subject to HKFRS 9's impairment requirements with general approach are based on 12-month ECLs as no significant increase in credit risk since initial recognition for these financial assets.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. As at 31 December 2020 and 2019, the management considered the expected credit losses of the financing assets subject to ECL model within HKFRS 9 are immaterial.

As at 31 December 2020 and 2019, the maximum exposure of the Group's financial assets to credit risk equal to the amounts as disclosed in the consolidated statement of financial position.

THE ADM CAPITAL FOUNDATION LIMITED

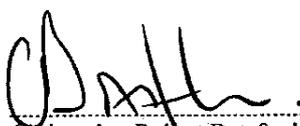
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

11. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS		
Investments in subsidiaries	1,501,500	1,501,500
Property, plant and equipment	<u>22,519</u>	<u>226,110</u>
Total non-current assets	<u>1,524,019</u>	<u>1,727,610</u>
CURRENT ASSETS		
Cash and cash equivalents	25,930,208	13,774,060
Prepayments and deposits	<u>133,012</u>	<u>115,321</u>
Total current assets	<u>26,063,220</u>	<u>13,889,381</u>
CURRENT LIABILITY		
Accruals and other payables	-	37,560
Amount due to ADMCF Inc.	<u>1,560,000</u>	<u>-</u>
Total current liability	<u>1,560,000</u>	<u>37,560</u>
NET CURRENT ASSETS	<u>24,503,220</u>	<u>13,851,821</u>
NET ASSETS	<u>26,027,239</u>	<u>15,579,431</u>
REPRESENTING:		
Accumulated surplus	<u>26,027,239</u>	<u>15,579,431</u>


 Christopher Robert Botsford
 Director


 Robert Clive Appleby
 Director

THE ADM CAPITAL FOUNDATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

12. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

A summary of the Company's reserves is as follows:

	Accumulated surplus HK\$
At 1 January 2019	17,109,541
Profit and total comprehensive income for the year	<u>(1,530,110)</u>
At 31 December 2019 and 1 January 2020	15,579,431
Profit and total comprehensive income for the year	<u>10,447,808</u>
At 31 December 2020	<u><u>26,027,239</u></u>

13. EVENTS AFTER THE REPORTING PERIOD

There were no other significant events affecting the Group from 31 December 2020 up to date of approval of the consolidated financial statements.

14. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 September 2021.