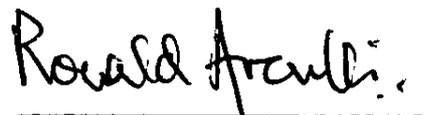


ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

Certified true copy



Director

廖建平會計師事務所有限公司
ALCOTT LIU CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)
HONG KONG



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ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

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ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

DIRECTORS' REPORT

The directors present herewith their annual report and the audited financial statements of Asia Art Archive Limited (hereinafter referred to as the "Organisation") for the year ended 30 June 2020.

1 PRINCIPAL ACTIVITIES

The principal activities of the Organisation are to raise awareness and understanding of contemporary Asian art through the organisation of educational programmes, and by making information and material easily available through the publicly accessible library and archive collections.

2 RESULTS

The income and expenditure account of the Organisation for the year ended 30 June 2020 and the financial position of the Organisation as at that date are set out in the accompanying financial statements.

3 DIRECTORS

The directors of the Organisation who held office during the year and up to the date of this report are:

CHA Yiu Chung Benjamin	- Co-chairman
Jane Boettger DE BEVOISE	- Co-chairman
Ronald Joseph ARCULLI	- re-elected on 31 March 2020
Amy Buckley BROWN	
CHANG Tsong Zung Johnson*	
CHENG Chi Kong*	
Robert Christopher HEADY	
Christopher Keith HO *	
HO Hing Kay	- re-elected on 31 March 2020
KING Stephen*	- appointed on 28 October 2020
Eunei LEE	- re-elected on 31 March 2020
Wendy LEE*	
Michelle Anne Quan Yue	
LEUNG SULGER	
LIM Ooi Lee William	- resigned on 31 March 2020
Anupam PODDAR	- re-elected on 31 March 2020
John Spencer WADSWORTH Jr.	- re-elected on 31 March 2020
Jennifer Chun En WOO*	

In accordance with the Association's Articles of Association, one-third of all members of the board of directors, who have been longest in office since their last election, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

* Shall retire at the forthcoming annual general meeting.

4 PERMITTED INDEMNITY PROVISIONS

There were no permitted indemnity provisions in force for the benefits of the directors of the Organisation during the year and up to the date of this report.

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

DIRECTORS' REPORT (Cont'd)

5 MANAGEMENT CONTRACTS

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

6 BUSINESS REVIEW

Financial Performance

The current audited financial statements present the first full year figures since the financial year end was changed from 31 December to 30 June.

The operating income for the twelve months ending 30 June 2020 was approximately HK\$21.6 million, against an operating expenditure of HK\$20.6 million, resulting in an operating surplus of HK\$1 million. But with a surplus of HK\$1.3 million in investment activities—the net combined surplus was HK\$2.3 million. Total reserves at 30 June 2020 stood at HK\$88.8 million, of which HK\$80.8 million is in the endowment fund.

We are grateful to the Hong Kong Arts Development Council for their continued operational support through the 3-year grant. As part of our aim to reduce our reliance on the annual fundraiser, we are extremely grateful to receive grants for operational support from several family foundations, namely the Robert HN Ho Family Foundation, the WYNG Foundation, the Maria-Cha Collection and the Ng Teng Fong Charitable Foundation. We would also like to thank the SH Ho Foundation for supporting our Learning and Participation programmes and the Chinachem Group for supporting Phase 2 of the Ha Bik Chuen Archive project.

The Annual Fundraiser was held on 2 November 2019. Despite the social and political unrest in Hong Kong and a major protest on the day of our fundraiser, we were able to host the event. Special thanks to the artists and galleries who donated artworks for our art auction. Thanks to the generosity of our supporters and hard work of our team, we managed to raise a net revenue of HK\$7.5 million although this was 30% less than the previous year's Annual Fundraiser.

Despite the challenges that COVID-19 have presented, we have been very fortunate as an organization, as much of our work is digitally orientated. Therefore, we have been able to continue growing the collection online and programmes without interruption. We presented multiple online talks and workshops and have been very encouraged at the depth and breadth of engagement from our audiences and participants across the globe.

We have also taken the opportunity to develop online mini-courses and exercises for students and teachers in Hong Kong and around the world. We will continue developing these online resources as they have been very well received and requested by many educators. Like others around the world, we have adapted to new ways of working online and offline, and we are considering how to implement these new lessons in the way we operate going forward.

2020 marks our twentieth anniversary and we will be gently marking this major milestone through a series of programmes and online video series asking our community to reflect on the last twenty years. It is an unsettling time globally, but at the same time, it is an incredible opportunity to reflect on how we can continue to contribute positively to a more generous art history, and to reaffirm our commitment as custodians of these histories for decades to come.

I would like to take this opportunity to extend my deepest appreciation to my fellow directors and our sponsors for their generous support, as well as thank all our staff for their commitment and hard work.

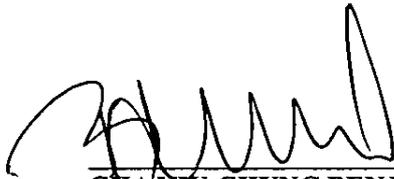
ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

DIRECTORS' REPORT (Cont'd)

7 AUDITOR

The accompanying financial statements have been audited by Alcott Liu CPA Limited, who will retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the board



CHA YU CHUNG BENJAMIN
CO-CHAIRMAN

7 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ASIA ART ARCHIVE LIMITED 亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Asia Art Archive Limited (hereinafter referred to as the "Organisation") set out on pages 7 to 21, which comprise the statement of financial position as at 30 June 2020, and the statement of income and expenditure and other comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Organisation as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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 Financial Statements section of our report. We are independent of the Organisation 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.

(Cont'd ... p. 5)

INDEPENDENT AUDITOR'S REPORT (Cont'd)

**TO THE MEMBERS OF
ASIA ART ARCHIVE LIMITED 亞洲藝術文獻庫有限公司**
(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Directors 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 the HKFRS for Private Entities 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 Organisation'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 Organisation or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Organisation'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. 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 financial statements.

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

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

(Cont'd ... p. 6)

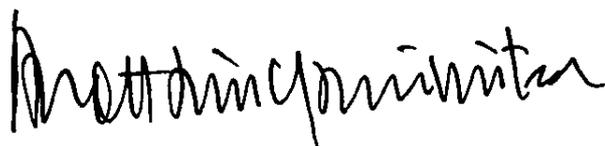
INDEPENDENT AUDITOR'S REPORT (Cont'd)

**TO THE MEMBERS OF
ASIA ART ARCHIVE LIMITED 亞洲藝術文獻庫有限公司**
(Incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the 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.

The engagement director on the audit resulting in this independent auditor's report is Wong Sau Yee Colleen.



ALCOTT LIU CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG, 7 DECEMBER 2020

WONG SAU YEE COLLEEN
Practising Certificate No. P03473

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
OPERATING ACTIVITIES			
INCOME			
Donations / grants received	4	7,890,718	2,352,480
Income from annual fund-raising activities	5	10,307,376	2,563,020
Projects sponsorship	6	3,408,891	5,226,253
Book sales		4,633	18,394
Bank interest income		7,798	8,300
Other income		1,310	250
		<u>21,620,726</u>	<u>10,168,697</u>
EXPENDITURE			
General and administrative expenses	7	(15,304,559)	(7,298,240)
Expenditure on annual fund-raising activities	5	(1,084,818)	(185,084)
Projects expenditure	6	(3,215,376)	(5,385,836)
Internally-funded projects expenditure	8	(969,202)	(366,573)
Exchange loss, net		(11,791)	(9,516)
		<u>(20,585,746)</u>	<u>(13,245,249)</u>
SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES		<u>1,034,980</u>	<u>(3,076,552)</u>
INVESTING ACTIVITIES			
INCOME			
Fair value gain on investments, net		218,666	5,487,364
Dividend income		934,473	259,481
Bank interest income		28,722	90,249
Bond interest income		532,417	287,463
Exchange gain, net		7,704	-
		<u>1,721,982</u>	<u>6,124,557</u>
EXPENDITURE			
Exchange loss, net		-	(29,597)
Management fee on investment portfolio		(385,503)	(192,849)
Bank charges		(7,064)	(5,330)
		<u>(392,567)</u>	<u>(227,776)</u>
SURPLUS FROM INVESTING ACTIVITIES		<u>1,329,415</u>	<u>5,896,781</u>
OTHER ACTIVITIES			
Expenditure on Digital Revamp Platform		-	(275,000)
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		<u><u>2,364,395</u></u>	<u><u>2,545,229</u></u>

(Cont'd ... p. 8)

The notes 1 to 17 form an integral part of these financial statements.

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2020 (Cont'd)

	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
SURPLUS FOR THE YEAR / PERIOD ATTRIBUTABLE TO:		
Endowment Fund	1,329,415	5,896,781
Digital Revamp Fund	-	(275,000)
General Fund	<u>1,034,980</u>	<u>(3,076,552)</u>
	<u><u>2,364,395</u></u>	<u><u>2,545,229</u></u>

The notes 1 to 17 form an integral part of these financial statements.

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
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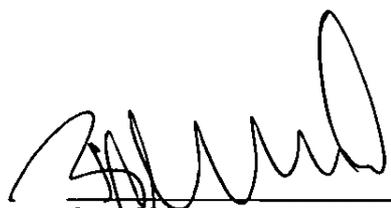
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

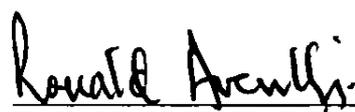
	Notes	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Plant and equipment	11	78,011	101,436
Investments	12	<u>76,288,745</u>	<u>68,583,468</u>
		76,366,756	68,684,904
CURRENT ASSETS			
Rental and utility deposits		673,925	669,496
Accounts receivable		744,340	2,474,721
Other receivables and prepayments		342,706	252,547
Cash and bank balances		13,551,998	16,763,031
		<u>15,312,969</u>	<u>20,159,795</u>
CURRENT LIABILITIES			
Project grants received in advance	13	(2,563,057)	(1,426,609)
Accounts payable and accruals		(277,316)	(943,133)
		<u>(2,840,373)</u>	<u>(2,369,742)</u>
NET CURRENT ASSETS		<u>12,472,596</u>	<u>17,790,053</u>
NET ASSETS		<u>88,839,352</u>	<u>86,474,957</u>
Represented by:			
TOTAL FUNDS		<u>88,839,352</u>	<u>86,474,957</u>

Approved and authorised for issue by the board of directors on 7 December 2020

On behalf of the board



CHA YIU CHUNG BENJAMIN
CO-CHAIRMAN



RONALD JOSEPH ARCULLI
DIRECTOR

The notes 1 to 17 form an integral part of these financial statements.

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

YEAR ENDED 30 JUNE 2020

	Endowment Fund HK\$	Digital Revamp Fund HK\$	General Fund HK\$	Total HK\$
Balance at 31 December 2018	72,296,307	275,000	11,358,421	83,929,728
Surplus / (deficit) for the period	<u>5,896,781</u>	<u>(275,000)</u>	<u>(3,076,552)</u>	<u>2,545,229</u>
Balance at 30 June 2019	78,193,088	-	8,281,869	86,474,957
Transfer	1,260,000	-	(1,260,000)	-
Surplus for the year	<u>1,329,415</u>	<u>-</u>	<u>1,034,980</u>	<u>2,364,395</u>
Balance at 30 June 2020	<u><u>80,782,503</u></u>	<u><u>-</u></u>	<u><u>8,056,849</u></u>	<u><u>88,839,352</u></u>

The notes 1 to 17 form an integral part of these financial statements.

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2020

	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
OPERATING ACTIVITIES		
Surplus for the year	2,364,395	2,545,229
Adjustments for:		
Depreciation	48,394	36,919
Bank and bond interest income	(568,937)	(386,012)
Dividend income	(934,473)	(259,481)
Fair value gain on investments, net	(218,666)	(5,487,364)
Management fee on investment portfolio	385,503	192,849
	<hr/>	<hr/>
Surplus / (deficit) before working capital changes	1,076,216	(3,357,860)
(Increase) / decrease in rental and utility deposits	(4,429)	18,000
Decrease / (increase) in accounts receivable	1,789,590	(576,575)
(Increase) / decrease in other receivables and prepayments	(90,159)	163,320
Increase / (decrease) in project grants received in advance	1,136,448	(825,193)
Decrease in accounts payable and accruals	(665,797)	(143,843)
	<hr/>	<hr/>
Cash generated from / (used in) operations	3,241,869	(4,722,151)
Bank interest received	36,510	100,863
	<hr/>	<hr/>
Net cash generated from / (used in) operating activities	3,278,379	(4,621,288)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(24,969)	(27,484)
Purchase of investments	(7,904,462)	(3,932,982)
Transfer to bank balances	564,745	304,728
Dividend received	875,274	259,481
	<hr/>	<hr/>
Net cash used in investing activities	(6,489,412)	(3,396,257)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year / period	(3,211,033)	(8,017,545)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD	16,763,031	24,780,576
	<hr/>	<hr/>
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD	13,551,998	16,763,031
	<hr/>	<hr/>
Analysis of cash and cash equivalents:		
Cash and bank balances	13,551,998	16,763,031
	<hr/>	<hr/>

The notes 1 to 17 form an integral part of these financial statements.

ASIA ART ARCHIVE LIMITED
亞洲藝術文獻庫有限公司
(Incorporated in Hong Kong and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

1 LEGAL STATUS

Asia Art Archive Limited (hereinafter referred to as the “Organisation”) is incorporated in Hong Kong under the Hong Kong Companies Ordinance and is limited by guarantee. The registered office of the Organisation is located at 11/F., Hollywood Centre, 233 Hollywood Road, Sheung Wan, Hong Kong.

Under the provision of the Organisation’s Articles of Association, every member shall, in the event of the Organisation being wound up, contribute to the assets of the Organisation to the extent of HK\$1.

The principal activities of the Organisation is to raise awareness and understanding of contemporary Asian art through the organisation of educational programmes, and by making information and material easily available through the publicly accessible library and archive collections.

2 REPORTING PERIOD

Commencing from the year of 2019, the Organisation changed its financial year end date from 31 December to 30 June to align reporting period set by statutory body. In consequence, the Organisation prepared a six months financial statements for the period from 1 January 2019 to 30 June 2019. The comparative figures shown in these financial statements are for six months period and are not directly comparable to the current financial year of twelve months.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

A summary of the significant accounting policies adopted by the Organisation is set out below.

(b) Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, except for investments which are stated at fair value.

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

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

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of 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 the plant and equipment have been put into operation, such as repairs and maintenance, is normally recognised as an expense in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of that asset.

The gain or loss on disposal or retirement of an item of plant and equipment recognised as income or expenditure is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Office equipment	- 25%
Leasehold improvement	- 20%

(d) Investments

Investments are initially recognised at fair value plus transaction costs. After initial recognition, investments are measured at fair value with gains or losses being recognised in the income statement.

(e) Impairment of assets

An assessment is made at the end of each reporting period of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exist, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised as an expense in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of depreciation / amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Translation of foreign currencies

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Organisation.

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at rates of exchange ruling at that date. Exchange differences are dealt with in the income statement.

(g) Operating leases

Leases where all the rewards and risks of ownership of assets remain substantially with the lessors are accounted for as operating leases. Rental payables under operating leases are recognised as expenses on the straight-line basis over the lease terms.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Organisation has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(i) Retirement benefits scheme

The Organisation operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries and are recognised as expenses as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Organisation in an independently administered fund. The Organisation's employer contributions vest fully with the employees when contributed into the Scheme.

(j) Revenue recognition

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

Donations and grants are recognised as income when the amounts are received or receivable by the Organisation.

Income from events and projects are recognised when the events and projects are completed.

Income from disposal of investments is recognised on trade-date basis.

Income from sale of articles are recognised when title passed.

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Revenue recognition (Cont'd)

Bond interest and dividend income are recognised when the right to receive the payment is established.

Bank interest income is recognised on a time proportion basis on the principal outstanding and at the rates applicable.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Organisation's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Related parties

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

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

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

- (i) The entity and the Organisation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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 Organisation or an entity related to the Organisation.
- (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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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4 DONATIONS / GRANTS RECEIVED

	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
Hong Kong Arts Development Council	2,080,000	1,000,000
Corporate sponsorships*	5,723,718	1,352,480
Individual sponsorships	87,000	-
	<u>7,890,718</u>	<u>2,352,480</u>

* Corporate designated sponsorships are included under income from annual fund-raising activities (note 5), projects sponsorships (note 6) and project grants received in advance (note 13).

5 ANNUAL FUND-RAISING ACTIVITIES

	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
INCOME		
Annual fund-raising dinner	8,547,376	-
Collector's circle	1,760,000	2,320,000
Collector's circle trip	-	243,020
	<u>10,307,376</u>	<u>2,563,020</u>
EXPENDITURE		
Annual fund-raising dinner	1,054,462	8,787
Collector's circle trip and events	30,356	176,297
	<u>1,084,818</u>	<u>185,084</u>
Surplus for the year / period	<u>9,222,558</u>	<u>2,377,936</u>

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6 PROJECTS SPONSORSHIP AND EXPENDITURE

	Year ended 30.6.2020	
	Sponsorship received HK\$	Expenditure HK\$
Afterall Exhibition Histories 2	143,000	145,507
Digitisation of Pakistan Quarterly	28,000	24,100
Getty Cornell - Modern Art Histories	482,734	478,872
Green Papaya	34,000	33,921
Lee Wen Archive – Phase 2	151,157	149,281
The Robert H.N. Ho Family Foundation Limited - Greater China Research Grant Programme (1st Programme Cycle)	1,290,000	1,286,235
The S.H. Ho Foundation Limited - Learning & Participation programmes 2019	1,280,000	1,097,460
	<u>3,408,891</u>	<u>3,215,376</u>
	Period from 1.1.2019 to 30.6.2019	
	Sponsorship received HK\$	Expenditure HK\$
Art Basel Booth and other programmes	405,353	404,616
Afterall Exhibition Histories 1	153,500	152,040
Hong Kong Arts Development Council - Hong Kong Ephemera Archiving Pilot Project	162,456	162,456
Mapping Asia publication	61,000	61,000
The Hong Kong Jockey Club Charities Trust - Ha Bik Chuen Archive Project	4,390,044	4,552,925
Wellcome Trust-Cata-log-in Zines	53,900	52,799
	<u>5,226,253</u>	<u>5,385,836</u>

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NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

7 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
Advertising and promotion	96,177	38,042
Auditor's remuneration	25,000	41,000
Bank charges	19,554	11,622
Books and research materials	39,687	29,947
Depreciation	48,394	36,919
Digital Preservation Infrastructure	60,000	-
Insurance	126,323	110,999
Library license	6,050	1,000
Local travelling	6,153	5,208
Office expenses	102,412	50,630
Overseas travelling	68,356	134,870
Postage	12,546	6,943
Printing	57,953	36,708
Professional fee	19,022	49,140
Public relations	-	400
Rent, rates and building management fee	2,021,846	995,530
Repairs and maintenance	84,571	84,526
Salaries and Mandatory Provident Fund contributions		
- supported by HKADC	2,000,000	1,000,000
- supported by other fundings	9,636,573	4,180,995
Secretarial fee	7,000	-
Staff engagement and development	57,134	52,813
Staff recruitment	14,132	2,484
Stationery and archival materials	25,836	38,323
Storage facility	129,945	99,870
Telecommunication	63,526	37,090
Utility expenses	65,722	46,029
Web content production	13,210	6,815
Website development	179,375	-
Website maintenance	305,027	184,695
Website archiving	13,035	15,642
	<u>15,304,559</u>	<u>7,298,240</u>

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8 INTERNALLY-FUNDED PROJECTS EXPENDITURE

	Year ended 30.6.2020 HK\$	Period from 1.1.2019 to 30.6.2019 HK\$
Annotisation of Art Run Space Manila	32,533	-
China Scoping / Mapping	215,549	136,917
The Robert H.N. Ho Family Foundation Limited - Greater China Research Grant Programme (3rd Programme Cycle)	104,987	101,380
Ha Bik Chuen Archive Project	461,761	-
Li Xianting Archive	52,058	41,856
Library Exhibition	25,461	2,460
MOMA	11,995	-
Programme Talks (public and internal)	31,805	54,465
SEA Scoping / Mapping	22,454	16,259
Small Library Project expenses	10,599	1,961
Symposium Periodicals	-	11,275
	<u>969,202</u>	<u>366,573</u>

9 TAX

No provision for Hong Kong profits tax has been made as the Organisation has been exempted from tax under section 88 of the Hong Kong Inland Revenue Ordinance.

10 DIRECTORS' REMUNERATION

None of the directors received any remuneration for their services to the Organisation for the current and prior reporting periods.

11 PLANT AND EQUIPMENT

	Office equipment HK\$	Leasehold improvement HK\$	Total HK\$
COST			
At 30 June 2019	993,723	2,477,722	3,471,445
Additions	24,969	-	24,969
Disposals	(7,300)	-	(7,300)
At 30 June 2020	<u>1,011,392</u>	<u>2,477,722</u>	<u>3,489,114</u>
ACCUMULATED DEPRECIATION			
At 30 June 2019	899,450	2,470,559	3,370,009
Charges for the year	41,845	6,549	48,394
Written back for disposals	(7,300)	-	(7,300)
At 30 June 2020	<u>933,995</u>	<u>2,477,108</u>	<u>3,411,103</u>
NET BOOK VALUE			
At 30 June 2020	<u>77,397</u>	<u>614</u>	<u>78,011</u>
At 30 June 2019	<u>94,273</u>	<u>7,163</u>	<u>101,436</u>

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12 INVESTMENTS

	2020 HK\$	2019 HK\$
Investments in bonds and equities, at fair value	<u>76,288,745</u>	<u>68,583,468</u>

The fair values of bonds and equities are based on quoted market prices.

13 PROJECT GRANTS RECEIVED IN ADVANCE

Sponsored projects

	2020		
	Income HK\$	Expenditure HK\$	Net HK\$
Art Basel – Library Exhibition	100,000	-	100,000
Afterall Exhibition Histories 3	150,000	-	150,000
Chinachem – Ha Bik Chuen Archive Project	600,000	605,395	(5,395)
Green Papaya	36,620	12,299	24,321
Mobile Library Nepal London, Asia	383,610	383	383,227
	75,000	38,757	36,243
The Robert H.N. Ho Family Foundation Limited			
- Greater China Research Grant Programme (2nd Programme Cycle)	937,370	1,185,188	(247,818)
The S.H. Ho Foundation Limited			
- Learning & Participation programmes 2020	1,780,000	385,806	1,394,194
Women Artists Archive Fund	900,000	171,715	728,285
	<u>4,962,600</u>	<u>2,399,543</u>	<u>2,563,057</u>
	2019		
	Income HK\$	Expenditure HK\$	Net HK\$
Afterall Exhibition Histories 2	143,000	-	143,000
Digitisation of Pakistan Daily	28,000	-	28,000
Green Papaya	70,620	14,383	56,237
Lee Wen Archive – Phase 2	151,156	64,831	86,325
London, Asia	75,000	-	75,000
The Robert H.N. Ho Family Foundation Limited			
- Greater China Research Grant Programme (1st Programme Cycle)	903,000	1,235,281	(332,281)
- Greater China Research Grant Programme (2nd Programme Cycle)	937,370	1,135,890	(198,520)
The S.H. Ho Foundation Limited			
- AAA & HK University Symposium -Publication	150,000	-	150,000
- Learning & Participation programmes 2019	1,280,000	439,565	840,435
Women Artists Archive Fund	600,000	21,587	578,413
	<u>4,338,146</u>	<u>2,911,537</u>	<u>1,426,609</u>

Fund designated for project AAA & HK University Symposium -Publication had been re-allocated to project Afterall Exhibition Histories 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

14 LONG SERVICE PAYMENTS

The Organisation's employees have to complete a required number of years of service to the Organisation in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Organisation is liable to make such payments in the event that such termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

There was an estimated amount of HK\$277,600 in respect of the probable future long service payments liable to employees at 30 June 2020 (2019: HK\$156,600). The amount is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Organisation to the end of the reporting period.

15 RELATED PARTY TRANSACTIONS

Some donations and funding support for fund-raising activities were received from directors or from the companies of which they are directors.

Donations and funding support for fund-raising activities received from these parties during the year ended 30 June 2020 amounted to approximately HK\$7.8 million (period from 1 January 2019 to 30 June 2019: HK\$2 million).

16 COMMITMENT UNDER OPERATING LEASE

The Organisation leases its office premises and workshops under operating lease arrangements, with leases negotiated for terms ranging from two to three years.

At 30 June 2020, the Organisation had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2020 HK\$	2019 HK\$
Within one year	1,825,049	1,947,888
Later than one year	<u>2,067,875</u>	<u>1,150,018</u>
	<u><u>3,892,924</u></u>	<u><u>3,097,906</u></u>

17 ACCOUNTING JUDGEMENTS AND ESTIMATES

There are no estimates or assumptions used on these financial statements that the directors expect will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.