

**ADREAM CHARITABLE FOUNDATION LIMITED**

真愛夢想中國教育基金有限公司

(Incorporated in Hong Kong and limited by guarantee)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**ASTON CPA AND ASSOCIATES**

CERTIFIED PUBLIC ACCOUNTANTS

黃達強會計師事務所



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**ADREAM CHARITABLE FOUNDATION LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

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## **ADREAM CHARITABLE FOUNDATION LIMITED**

### **TRUSTEES' REPORT**

The trustees submit the report together with the audited financial statements of the Foundation for the year ended 31 December 2020.

#### **Principal Objects**

Adream Charitable Foundation Limited ("the Foundation" means the foundation registered by its Articles of Association) are promoting and furthering the educational development of students and teachers in economically deprived areas in the Mainland China.

#### **Results**

The surplus of the Foundation for the year ended 31 December 2020 and the state of the Foundation's affairs as at that date are set out in the financial statements on pages 6 to 11.

#### **Property, Plant and Equipment**

No property, plant and equipment of the Foundation was acquired during the year.

#### **Limited by Guarantee**

Every member of the Foundation undertakes to contribute a maximum not exceeding the sum of HK\$100 towards the liabilities of the Foundation in the event of its being wound up while he is a member, or within one year after he ceased to be a member.

#### **Trustees**

The trustees of the Foundation during the year and up to the date of this report were: -

##### Permanent trustees

Pan Jiang Xue  
Wu Chong

##### Other trustees

Huang Zhonglan

In accordance with Article 44 and 46, except for the permanent trustees, all other trustees shall be appointed for a term of 2 years and shall hold office until the next Annual General Meeting but shall be eligible for re-election.

#### **Permitted Indemnity Provision**

At no time during the year were there any permitted indemnity provisions in force for the benefit of one or more trustees of the Foundation. At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more trustees of the Foundation.

#### **Equity-Linked Arrangements**

During the year, the Foundation entered into no equity-linked agreement. At the end of the year, the Foundation subsisted of no equity-linked agreement.

ADREAM CHARITABLE FOUNDATION LIMITED  
TRUSTEES' REPORT – continued

**Management Contracts**

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

**Business Review**

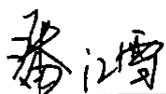
By virtue of section 388(3)(b) of the Hong Kong Companies Ordinance, the Association falls within the reporting exemption for the financial year, the Foundation does not require to prepare business review as included in the report of the trustee.

**Auditors**

Aston CPA and Associates, Certified Public Accountants was first appointed as auditors of the company in 2021 upon the retirement of Aston Wong CPA Limited.

The auditor, Aston CPA and Associates, Certified Public Accountants, retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Aston CPA and Associates, Certified Public Accountants as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board of trustees



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Chairman – Pan Jiang Xue

Hong Kong, 22 June 2021



## ASTON CPA AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

黃達強會計師事務所

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADREAM CHARITABLE FOUNDATION LIMITED (incorporated in Hong Kong and limited by guarantee)**

#### **Opinion**

We have audited the financial statements of ADREAM CHARITABLE FOUNDATION LIMITED ("the Foundation") set out on pages 6 to 11, which comprise the statement of financial position as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Foundation are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the SME-FRS issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report set out on pages 1 to 2, 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.

# **ASTON CPA AND ASSOCIATES**

CERTIFIED PUBLIC ACCOUNTANTS

黃達強會計師事務所

INDEPENDENT AUDITOR'S REPORT – continued  
TO THE MEMBER OF ADREAM CHARITABLE FOUNDATION LIMITED  
(incorporated in Hong Kong with limited liability)

## **Responsibilities of The Trustees and Those Charged with Governance for The Financial Statements**

The trustees are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the trustees 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 trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intends to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

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

## **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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

## **ASTON CPA AND ASSOCIATES**

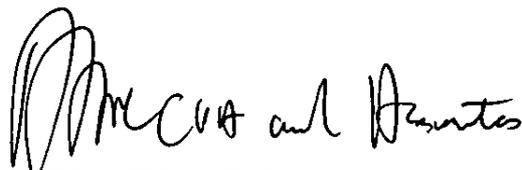
CERTIFIED PUBLIC ACCOUNTANTS

黃達強會計師事務所

INDEPENDENT AUDITOR'S REPORT – continued  
TO THE MEMBER OF ADREAM CHARITABLE FOUNDATION LIMITED  
(incorporated in Hong Kong with limited liability)

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

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



**ASTON CPA AND ASSOCIATES**

Certified Public Accountants

WONG Tat Keung, Aston

Practising Certificate Number: P04617

Hong Kong, 22 June 2021

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**INCOME STATEMENT**

For the year ended 31 December 2020

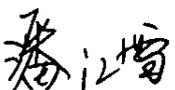
	Note	2020 HK\$	2019 HK\$
Income	2	6,079,075	4,737,903
Other income		141,479	7,457,254
Administrative and other operating expenditure		(805,451)	(5,222,934)
Surplus for the year	5	<u>5,415,103</u>	<u>6,972,223</u>

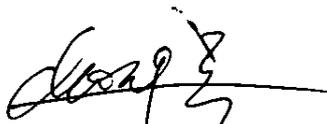
The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2020

	Note	2020 HK\$	2019 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Trading securities	4	1,612,100	2,288,300
Cash and cash equivalents		22,894,841	16,783,590
		<u>24,506,941</u>	<u>19,071,890</u>
<b>Less: Current liabilities</b>			
Accrual and other payables		<u>(25,948)</u>	<u>(6,000)</u>
<b>Net assets</b>		<u>24,480,993</u>	<u>19,065,890</u>
<b>Accumulated funds</b>			
General funds and accumulated surplus	6	<u>24,480,993</u>	<u>19,065,890</u>

Approved on behalf of the Foundation:

  
\_\_\_\_\_  
Trustee – Pan Jiang Xue

  
\_\_\_\_\_  
Trustee – WU Chong

Hong Kong, 22 June 2021

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

## **ADREAM CHARITABLE FOUNDATION LIMITED**

Financial statements for the year ended 31 December 2020

### **ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

#### **Reporting entity**

Adream Charitable Foundation Limited (“the foundation”) is a corporation incorporated in Hong Kong and limited by guarantee. The Association’s registered office is located at Unit B, 31/F, United Centre, No. 95 Queensway, Admiralty, Hong Kong. The principal activities of the foundation are promoting and furthering the educational development of students and teachers in economically deprived areas in the Mainland China. In accordance with the Articles of Association of the foundation, the “trustee” means a director of the foundation. The Foundation is a charitable institution, which are exempt from Hong Kong Profits Tax, under section 88 of the Inland Revenue Ordinance since 4 July 2008.

#### **1. Basis of preparation and accounting policies**

The foundation qualifies for the reporting exemption as a small private foundation under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the foundation is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

##### **(a) Revenue**

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

- (i)** Income from donations is recognized when cash is received and includes all sum received up to the reporting date;
- (ii)** interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable; and
- (iii)** dividend income is recognized when the shareholder’s right to receive payment is established.

##### **(b) Investment in trading securities**

Investment in trading securities are stated at the lower of cost and net realizable value. Long-term investments are stated at cost less accumulated impairment losses.

## ADREAM CHARITABLE FOUNDATION LIMITED

Financial statements for the year ended 31 December 2020

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

#### 1. Basis of preparation and accounting policies – continued

##### (c) Foreign exchange

The reporting currency of the Foundation is Hong Kong Dollars, which is the currency of the primary economic environment in which the Foundation operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

##### (d) Related parties

A related party is a person or entity that is related to the entity (“reporting entity”) that is preparing its financial statements.

a. A person or a close member of that person’s family is related to a reporting entity if that person:

- i. has control or joint control of the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

- i. The entity and the reporting entity 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**ADREAM CHARITABLE FOUNDATION LIMITED**

Financial statements for the year ended 31 December 2020

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**1. Basis of preparation and accounting policies – continued**

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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 and include:

- a. that person's children and spouse or domestic partner;
- b. children of that person's spouse or domestic partner; and
- c. dependants of that person or that person's spouse or domestic partner.

**2. Income**

	2020 HK\$	2019 HK\$
Donation income	<u>6,079,075</u>	<u>4,737,903</u>

**3. Trustees' remuneration**

Pursuant to the disclosure under Section 383(1) of the Companies Ordinance, no trustee's remuneration has been made during the year.

**4. Trading securities**

	2020 HK\$	2019 HK\$
Listed trading securities investment, at costs	2,459,800	2,459,800
Less: Accumulated impairment losses	(847,700)	(171,500)
	<u>1,612,100</u>	<u>2,288,300</u>

**ADREAM CHARITABLE FOUNDATION LIMITED**

Financial statements for the year ended 31 December 2020

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****5. Surplus for the year**

Surplus for the year is arrived at:

	2020 HK\$	2019 HK\$
After crediting the following items:		
Bank interest income	3,870	11,556
Dividend income from trading securities	115,138	114,670
Donation expenditure returned back	-	7,234,190
Exchange gains, net	-	96,838
and charging the following items:		
Bank charges	1,476	2,658
Donation expenditure	-	5,000,000
Impairment losses to value of trading securities	676,200	44,100

**6. Changes in accumulated funds**

	General funds HK\$	Retained surplus HK\$	Total HK\$
Balance as at 1.1.2020	3,000,000	16,065,890	19,065,890
Surplus for the year	-	5,415,103	5,415,103
Balance as at 31.12.2020	<u>3,000,000</u>	<u>21,480,993</u>	<u>24,480,993</u>

**7. Other related party transactions**

In addition to the transactions and balances detailed elsewhere in these financial statements, the Foundation had the following transaction with the related party.

	2020 HK\$	2019 HK\$
上海真愛夢想公益基金會	<u>-</u>	<u>5,000,000</u>

The above related charity is founded by Pan Jiang Xue, Wu Chong and Wang Ji Fei, who are trustees of the foundation.

**8. Approval of financial statements**

These financial statements were authorized for issue by the board of trustees of the Foundation on 22 June 2021.