

BEAM INTERNATIONAL FOUNDATION LIMITED

逸傑國際慈善基金會有限公司

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

REPORT AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ASIA PACIFIC BUSINESS CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

Unit C, 9/F, Billion Plaza 2, 10 Cheung Yue Street,
Cheung Sha Wan, Kowloon, Hong Kong

Fax: (852) 3996 9673 Tel: (852) 2803 6660



23601581696
AC
11/10/2021

0360251

**BEAM INTERNATIONAL FOUNDATION LIMITED
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Executive Committee members present the annual report and the audited financial statement of Beam International Foundation Limited (the “Association”) for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the Association is providing free specialised medical service to indigent individuals and families in Hong Kong, Macau and The People’s Republic of China. The Association is an approved charitable institution under Section 88 of the Inland Revenue Ordinance.

The principal activity of its subsidiary is set out in note 10 to the financial statements.

SHARE CAPITAL

The Association is limited by guarantee and not having a share capital.

CHARITABLE DONATION

Charitable donations of HK\$275,000 were made by the Association during the year.

PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the year are set out in note 11 to the financial statements.

EXECUTIVE COMMITTEE

The Executive committee members of the Association during the year and up to the date of this report were:

Pang Chi Wang, Peter
Tong Sau Chai, Henry
Wang Guo Min
Chan Shing Bong
Cheng Vivian Hoi Yue
Tang Fung Yin, Anita
Chan Wan Pan
Au Ka Man

**BEAM INTERNATIONAL FOUNDATION LIMITED
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

EXECUTIVE COMMITTEE (CONT'D)

In accordance with Article no.30 of the Articles of Association, the term of office is three years. At each annual general meeting, a third of the Executive Committee members longest in office since election or re-election (being at least three years after his/her election or re-election) shall retire but shall be eligible for re-election.

EXECUTIVE COMMITTEE MEMBERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Association was a party and in which a committee member had a material interest, whether directly or indirectly, subsisted at the end of the year or at time during the year.

AUDITORS

A resolution will be submitted to the annual general meeting to appoint Asia Pacific Business CPA Limited, Certified Public Accountants, as auditor of the Association.

FOR AND ON BEHALF OF THE EXECUTIVE COMMITTEE



CHAIRMAN
- 2 AUG 2021



ASIA PACIFIC BUSINESS CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

Unit C, 9/F, Billion Plaza 2, 10 Cheung Yue Street
Cheung Sha Wan, Kowloon, Hong Kong.
TEL: +852 2803 6660 | FAX: +852 3996 9673

INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE MEMBERS OF
BEAM INTERNATIONAL FOUNDATION LIMITED
(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Beam International Foundation Limited (the "Association") set out on pages 6 to 26, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of changes in total fund and reserve, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the affairs of the Company as at 31 December 2020, and of its loss and cash flows for the year then ended in accordance with Hong Kong Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Basic for Qualified Opinion

No Group financial statements of the Company and its subsidiary have been prepared. Such Group financial statements are required by Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements". Had the subsidiary been consolidated, many elements in the financial statements would have been materially affected. In our opinion, this constitutes a departure from Hong Kong Financial Reporting Standards and we are unable to quantify the effect of non-preparation of Group financial statements.

Except as described in the basis for the qualified opinion section, we conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA's") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The executive committee members are responsible for the other information. The other information comprises the information included in the executive committee members' 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.



ASIA PACIFIC BUSINESS CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

Unit C, 9/F, Billion Plaza 2, 10 Cheung Yue Street
Cheung Sha Wan, Kowloon, Hong Kong.
TEL: +852 2803 6660 | FAX: +852 3996 9673

INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE MEMBERS OF
BEAM INTERNATIONAL FOUNDATION LIMITED
(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

Responsibilities of the Executive Committee Members for the Financial Statements

The executive committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



ASIA PACIFIC BUSINESS CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

Unit C, 9/F, Billion Plaza 2, 10 Cheung Yue Street
Cheung Sha Wan, Kowloon, Hong Kong.
TEL: +852 2803 6660 | FAX: +852 3996 9673

INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE MEMBERS OF
BEAM INTERNATIONAL FOUNDATION LIMITED
(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

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

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.

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

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Matters under sections 407(2) and 207(3) of the Hong Kong Companies Ordinance

We report that we have obtained all the information and explanations which we have required, except for the following:

The Hong Kong Companies Ordinance requires the disclosure of the net aggregate post-acquisition results of the subsidiaries in the financial statements where group accounts are not prepared. The net aggregate post-acquisition results of the subsidiary attributable to Company have not been disclosed in the financial statements, this practice is not in accordance with Hong Kong Companies Ordinance.

ASIA PACIFIC BUSINESS CPA LIMITED
Certified Public Accountants
WONG, TIMOTHY SZE-KIN
Practising Certificate Number P06048
Hong Kong,

- 2 AUG 2021

BEAM INTERNATIONAL FOUNDATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
Income	7	3,022,239	7,721,647
Expenditure		<u>(3,599,851)</u>	<u>(5,980,074)</u>
(Deficit)/ surplus for the year	8	(577,612)	1,741,573
Other comprehensive income for the year:			
Change in fair value of available-for-sale investments		<u>1,506,138</u>	<u>896,134</u>
Total comprehensive income for the year		<u><u>928,526</u></u>	<u><u>2,637,707</u></u>

The notes on pages 10 to 26 form part of these financial statements.

BEAM INTERNATIONAL FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
Assets			
Non-Current assets			
Investment in a subsidiary	10	-	-
Property, plant and equipment	11	12,404	29,354
Available-for-sale investments	12	<u>12,315,907</u>	<u>11,962,225</u>
		<u>12,328,311</u>	<u>11,991,579</u>
Current assets			
Account receivables		-	21,000
Prepayment and other receivables		120,755	581,998
Cash and cash equivalents		<u>4,119,946</u>	<u>3,155,260</u>
		<u>4,240,701</u>	<u>3,758,258</u>
Liabilities			
Current liabilities			
Account payables and accruals		(33,650)	(83,000)
Amount due to an investee		-	(60,001)
		<u>(33,650)</u>	<u>(143,001)</u>
Net current assets		4,207,051	3,615,257
Net assets		<u>16,535,362</u>	<u>15,606,836</u>
Reserves			
Retained surplus		10,750,185	11,327,797
Investments reserve		<u>5,785,177</u>	<u>4,279,039</u>
		<u>16,535,362</u>	<u>15,606,836</u>

Approved and authorised for issue by the executive committee members on - 2 AUG 2021



Executive Committee Member
Chan Shing Bong



Executive Committee Member
Tong Sau Chai, Henry

The notes on pages 10 to 26 form part of these financial statements.

BEAM INTERNATIONAL FOUNDATION LIMITED
STATEMENT OF CHANGES IN TOTAL FUND AND RESERVE
FOR THE YEAR ENDED 31 DECEMBER 2020

	Retained surplus HK\$	Investments reserve HK\$	Total HK\$
At 1 January 2020	11,327,797	4,279,039	15,606,836
Deficit for the year	(577,612)	-	(577,612)
Other comprehensive income for the year	<u>-</u>	<u>1,506,138</u>	<u>1,506,138</u>
Total comprehensive income for the year	<u>(577,612)</u>	<u>1,506,138</u>	<u>928,526</u>
At 31 December 2020	<u>10,750,185</u>	<u>5,785,177</u>	<u>16,535,362</u>

The notes on pages 10 to 26 form part of these financial statements.

BEAM INTERNATIONAL FOUNDATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/ surplus for the year	(577,612)	1,741,573
Adjustment for:		
Depreciation	16,950	22,027
Interest income	(19,108)	(76)
(Deficit)/ surplus before changes in working capital	(579,770)	1,763,524
Decrease/ (increase) in account receivables	21,000	(4,416)
Decrease in prepayment and other receivables	461,243	44,841
(Decrease)/ increase in account payables and accruals	(49,350)	48,500
Decrease in other payables	-	(546,000)
Decrease in amount due to an investee	(60,001)	-
Net cash (used in)/ generated from operating activities	(206,878)	1,306,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	19,108	76
Addition of available-for-sale investments	(1,960,000)	(2,000,000)
Disposal of available-for-sale investments	3,112,456	1,696,299
Purchase of property, plant and equipment	-	-
Net cash generated from/ (used in) investing activities	1,171,564	(303,625)
Net increase in cash and cash equivalents	964,686	1,002,824
Cash and cash equivalents at the beginning of the year	3,155,260	2,152,436
Cash and cash equivalents at the end of the year	4,119,946	3,155,260

The notes on pages 10 to 26 form part of these financial statements.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Beam International Foundation Limited (the “Association”) is incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. The liabilities of each of its members of natural persons are limited to HK\$300 and bodies corporations, trusts and/or partnerships are limited to HK\$3,000. The address of its registered office is located at Unit A & B, 19/F., On Loong Commercial Building, 276-278 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Association is providing free specialised medical services to indigent individuals and families in Hong Kong, Macau and The People’s Republic of China. The principal activity of its subsidiary is set out in note 10 to the financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the Hong Kong Companies Ordinance except that the consolidated financial statement have not been prepared in accordance with Hong Kong Accounting Standard 10 “Consolidated Financial Statements” and the disclosure of information regarding post-acquisition results of the subsidiary attributable to the Company has not been disclosed as required by section 78 of Schedule 11 to the Hong Kong Companies Ordinance.

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of liabilities over assets.

The financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 financial statements, except for the adoption of the following new/ revised HKFRS effective from the current year that are relevant to the Association. A summary of the principal accounting policies adopted by the Association is set at below.

BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(a) Effect of adopting amendments and interpretation to standards

The following amendments and interpretation to standards are mandatory for accounting periods beginning on or after 1 January 2020. The adoption of these amendments and interpretation to standards does not have any significant impact to the results and financial position of the Company.

HKFRS 3 (amendments)	Definition of a Business
HKAS1 and HKAS 8 (amendments)	Definition of Material
HKFRS 39, HKFRS 7 and HKFRS 9 (amendments)	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

(b) New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2020 and have not been early adopted by the Company:

Annual Improvements Project (amendments)	Annual improvements to HKFRSs 2018-2020 ⁽³⁾
HKFRS 3, HKAS 16 and HKAS 37 (amendments)	Narrow-scope amendments ⁽³⁾
HKAS 1 (amendments)	Classification of Liabilities as Current or Non-current ⁽⁴⁾
HKFRS 16 (amendments)	Covid-19-Related Rent Concessions ⁽¹⁾
HKFRS 17 (new standard)	Insurance Contracts ⁽²⁾
HKFRS 10 and HKAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁵⁾

- (1) Effective for the Company for annual period beginning on 1 June 2020.
(2) Effective for the Company for annual period beginning on 1 January 2021.
(3) Effective for the Company for annual period beginning on 1 January 2022.
(4) Effective for the Company for annual period beginning on 1 January 2023.
(5) To be determined.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES

The measurement base adopted by the Company is the historical cost accounting convention except for certain financial instruments that are measured at fair values at the end of the reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

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

The principal accounting policies are set out below.

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment (cont'd)

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Furniture and equipment	5 years
-------------------------	---------

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

(b) Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment losses.

(c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument.

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

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Financial assets

The Association's financial assets are classified into one of the two categories, including available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis from debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (representing other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Available-for-sale financial assets (cont'd)

Equity and debt securities held by the Association that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale financial assets equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income and accumulated in fair value reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities

Debt are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities, including amount due to an investee, accounts payable and accruals, and short-term loan are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Derecognition (cont'd)

On Derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in total fund is recognised in statement of income and expenditure.

The Association derecognises financial liabilities when, and only when, the Association's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of income and expenditure.

(d) Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(e) Trade and other receivables

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

(f) Cash and cash equivalents

Cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(g) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) Revenue

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

- (i) Income from donations are recognised on receipt;
- (ii) Income from charity functions are recognised when the functions have occurred;
- (iii) Subscription fee income is recognised when membership in the Association is granted; and
- (iv) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Association and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Association in an independently administered fund.

(j) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(k) Foreign exchange

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

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Related party

A related party is a person or entity that is related to the Association.

- (a) A person or a close member of that person's family is related to the Association if that person:
 - (i) has control or joint control over the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of the key management personnel of the Association or of the parent of the Association.

- (b) An entity is related to the Association if any of the following conditions applies:
 - (i) The entity and the Association 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 Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); or
 - (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 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.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management objectives and policies

The Association's principal financial instruments comprise mainly prepayment and other receivables and bank balance and cash. The main purpose of these financial instruments is to raise and maintain finance for the Association's operations. The Association has various other financial liabilities include accounts payable and accrual, short term loan and amount due to an investee, which arise directly from its business and operating activities.

The main risk arising from the Association's financial instruments is liquidity risk and interest rate risk. The Association does not have any written risk management policies and guidelines. However, the executive committee members generally adopts conservative strategies on its risk management and limits the Association's exposure to these risks to a minimum. The reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Liquidity risk

The objective of the Association is to maintain a balance between the continuity of funding from and the flexibility through the use of borrowings. In times of inadequate funding, the Association can seek continuous financial support from its financial institutions and group companies. The maturity profile of the Association's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	On demand HK\$	Over 1 year HK\$	Total HK\$
As at 31 December 2020			
Account payables and accruals	33,650	-	33,650
As at 31 December 2019			
Account payables and accruals	83,000	-	83,000
Amount due to an investee	60,001	-	60,001
	<u>143,001</u>	<u>-</u>	<u>143,001</u>

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk management

The carrying amount of the Association's bank balances and cash represent its maximum exposure to credit risk in relation to financial assets.

The credit risk on bank balances is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Fair value measurements

The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.

The executive committee members consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Fair value measurements (cont'd)

Fair value of the Association's financial assets that are measured at fair value on a recurring basis

Some of the Association's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation techniques and inputs used).

<u>Financial assets</u>	Fair value as at 31 December		<u>Fair value hierarchy</u>	<u>Valuation techniques and key inputs</u>
	<u>2020</u>	<u>2019</u>		
Available-for-sale investment (see note 12)	Assets – HK\$12,315,907	Assets – HK\$11,962,225	Level 1	Quoted bid prices in an active market
			Level 1	
			2020	2019
			HK\$	HK\$
Available-for-sale financial assets				
Managed fund portfolio		<u>12,315,907</u>		<u>11,962,225</u>

6. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application for the Association's accounting policies, the executive committee members are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. INCOME

	2020	2019
	HK\$	HK\$
Income		
Donation received	2,889,792	3,602,057
Income from charity functions	-	4,091,519
Interest income	19,108	76
Government fund	54,000	-
Sundry income	56,939	25,895
Subscription fee income	2,400	2,100
	<u>3,022,239</u>	<u>7,721,647</u>

8. (DEFICIT)/ SURPLUS FOR THE YEAR

	2020	2019
	HK\$	HK\$
After charging the following items:		
Depreciation	16,950	22,027
Salaries and allowance	600,000	664,820
Mandatory provident fund contributions	18,000	21,240
Donation to HZC	465,000	2,252,904
Donation to other charities	40,000	-
	<u>1,140,950</u>	<u>3,161,091</u>

9. INCOME TAX IN THE INCOME AND EXPENDITURE ACCOUNT

No provision for Hong Kong profits tax has been made in the financial statements as the Association has obtained exemption status under Section 88 of the Inland Revenue Ordinance for taxation purposes.

BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. INVESTMENT IN A SUBSIDIARY

	2020	2019
	HK\$	HK\$
Unlisted capital contributions, at cost	<u>1,236,580</u>	<u>1,236,580</u>
Impairment loss recognized	<u>1,236,580</u>	<u>1,236,580</u>
Net book value as at 31 December 2020	<u><u>-</u></u>	<u><u>-</u></u>

Particulars of the subsidiary of the Association is as follow:

Name	Place of incorporation	Proportion of ownership interest held by the Company		Principal activity
		2020	2019	
杭州微慈健康管理諮詢有限公司 (Note)	People's Republic of China	100%	100%	Charity

Note: The executive committee members consider these companies are charity in nature and would not declare any dividends to its investors and all profits from these entities are retained and used for charity purposes.

Consolidated financial statements have not been prepared in accordance with Hong Kong Accounting Standard 10 "Consolidated Financial Statements" issued by the HKICPA and information regarding the post-acquisition results of the subsidiaries attributable to the Company has not been disclosed as required by section 78 of Schedule 11 to the Hong Kong Companies Ordinance as, in the opinion of the executive committee members, these would involve expense and delay out of proportion to the value to the members of the Company.

**BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$
Cost	
At 1 January 2020	2,295,570
Additions	-
At 31 December 2020	<u><u>2,295,570</u></u>
 Accumulated Depreciation	
At 1 January 2020	2,266,216
Charge for the year	16,950
At 31 December 2020	<u><u>2,283,166</u></u>
 Net book value:	
At 31 December 2020	<u><u>12,404</u></u>
 At 31 December 2019	<u><u>29,354</u></u>

12. AVAILABLE-FOR-SALE INVESTMENTS

	2020 HK\$	2019 HK\$
Managed Fund Portfolio		
Equity investment	1,607,022	1,537,703
Bonds	8,341,189	4,829,490
Currency	2,367,696	5,595,032
	<u><u>12,315,907</u></u>	<u><u>11,962,225</u></u>

The entire managed fund portfolio is managed by a professional investment manager and comprise mainly listed debt and equity investment in Hong Kong, that are actively traded in an open market. The managed fund portfolio is stated at fair value with reference to the market price of each individual investment as at the end of the reporting period.

BEAM INTERNATIONAL FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. OPERATING LEASE COMMITMENT

As at the end of the reporting period, the Association had commitment for future aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	2020	2019
	HK\$	HK\$
Within one year	348,000	348,000
More than one year	145,000	464,000
	<u>493,000</u>	<u>812,000</u>

Operating lease payments represent rentals payable by the Association for its office property.

14. RELATED PARTY TRANSACTIONS

Details of the Association's significant transactions with related parties during the year are follows:

	2020	2019
	HK\$	HK\$
Donation paid to the related company		
杭州微笑天使公益服務中心	465,000	2,252,904
Subscription fee from the Executive Committee members		
Chan Shing Bong	300	300
Pang Chi Wang, Peter	300	300
Tong Sau Chai, Henry	300	300
Wang Guo Min	300	300
Cheng Vivian Hoi Yue	300	300
Tang Fung Yin, Anita	300	300
Chan Wan Pan, Dennis	300	300
Au Ka Man, Francis	300	-

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Association's Executive Committee Members on **-2 AUG 2021**