

CARBONCARE INNOLAB LIMITED
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

I, being a Director of CarbonCare InnoLab Limited,
hereby certify that this is true copy.



LEE Chi Ming
Director



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CARBONCARE INNOLAB LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 30 June 2020.

FINANCIAL STATEMENTS

The financial performance for the year is set out in the statement of income and general fund on page 4.

The financial position of the company at 30 June 2020 is set out in the statement of financial position on page 5.

The cash flows of the company for the year are set out in the statement of cash flows on page 6.

PRINCIPAL ACTIVITIES

The principal activities of the company are to advance environmental protection for the benefit of the Hong Kong community through appropriate response to climate change.

There have been no significant changes in the nature of these activities during the year.

DIRECTORS

The directors during the year and up to the date of this report were:

Swain Leung Suk Yin Rosita

Lee Chi Ming

Mak Andrew Tsz Chung

In accordance with the company's Articles of Association, all directors retire at the forthcoming Annual General Meeting and, being eligible, are available for re-election.

PERMITTED INDEMNITY PROVISIONS

The company's Articles provides that a director or former director of the company may be indemnified out of the company's assets against any liability incurred by the director to a person other than the company or an associated company of the company in connection with any negligence, default, breach of duty or breach of trust in relation to the company or associated company.

MANAGEMENT CONTRACTS

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

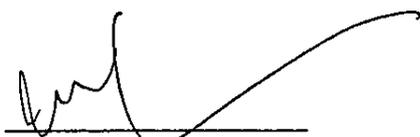
DIRECTORS' INTERESTS IN CONTRACTS

No directors has a material interest in any contract with the company during or at the end of the year.

AUDITORS

The auditors, Messrs. William Po & Co., Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Lee Chi Ming
Chairman

18 FEB 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARBONCARE INNOLAB LIMITED
(Incorporated in Hong Kong and limited by guarantee)****Opinion**

We have audited the financial statements of CarbonCare InnoLab Limited ("the company") set out on pages 4 to 10, which comprise the statement of financial position as at 30 June 2020, the statement of income and general fund 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 company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with 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 company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARBONCARE INNOLAB LIMITED - CONTINUED
(Incorporated in Hong Kong and limited by guarantee)**

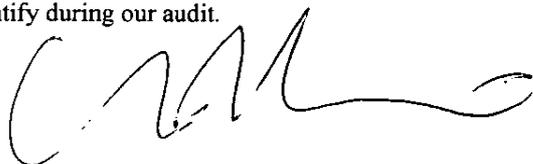
Auditor's Responsibilities for the Audit of the Financial Statements

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. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



WILLIAM PO & CO.
Certified Public Accountants

Hong Kong, 10 FEB 2011

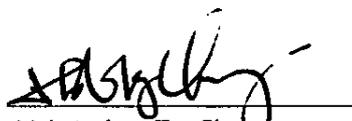
STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 HK\$	2019 HK\$
Income			
Donation from The Hong Kong Jockey Club Charities Trust			
-CarbonCare Open Innovation Lab project		1,568,571	3,695,903
-SolarCare Pilot programme		9,236,483	515,405
Project grants			
-Paris Watch		549,320	1,054,166
-TreeCare		10,681	35,000
General donations		176,944	185,568
Fundraising event		673,250	-
Label scheme		273,250	222,850
Other income		73,013	237
		12,561,512	5,709,129
Less: Expenditure			
Activity and project expenses		6,402,843	1,753,061
Audit fee		33,000	31,500
Bank charges		3,232	714
Company secretarial fee		14,210	5,800
Computer hardware & software		64,292	5,660
Consultant fees		704,937	670,221
Depreciation expenses		9,802	56,659
Fundraising event expenses		262,014	-
Grant to organization concerning climate change		5,000	-
Insurance		21,105	21,541
Local travelling expenses		8,820	9,479
Leasehold improvement written off		37,439	-
Mandatory provident fund	2	125,181	127,673
Meeting expenses		5,230	6,062
Minor capital expenditure		56,289	-
Office supplies		27,665	24,986
Overseas travelling expenses		12,621	28,703
Postage, printing and stationery		5,833	5,382
Research and professional fee		430,000	240,000
Rent		276,000	300,000
Sundry expenses		-	30,535
Staff salaries	2	3,173,008	2,231,491
Telephone & telecom		6,478	7,134
Training		183,375	2,883
Utilities		21,647	7,441
Website development		210,673	11,243
		12,100,694	5,578,168
Surplus for the year		460,818	130,961
General fund brought forward		149,308	18,347
General fund carried forward		610,126	149,308

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment	4	15,933	63,174
Current assets			
Accounts receivable		5,431,836	577,349
Prepayments		39,191	18,000
Deposit paid		45,100	36,000
Cash and bank balances		422,021	1,370,963
		5,938,148	2,002,312
Current liabilities			
Accounts payable		3,898,234	-
Amounts due to a related company	5	74,154	947,524
Deferred income		1,316,592	908,815
Accrued expenses		54,975	59,839
		5,343,955	1,916,178
Net current assets		594,193	86,134
Net assets		610,126	149,308
General fund		610,126	149,308

Approved by:


Lee Chi Ming
Director

Mak Andrew Tsz Chung
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 HK\$	2019 HK\$
Operating activities		
Surplus for the year	460,818	130,961
Adjustments for:		
Depreciation of property, plant and equipment	9,802	56,659
Leasehold improvement written off	37,439	-
Operating surplus before changes in working capital	508,059	187,620
(Increase)/decrease in accounts receivable	(4,854,487)	246,158
(Increase)/decrease in prepayments	(21,191)	6,205
(Increase)/decrease in deposit paid	(9,100)	13,000
Increase in accounts payable	3,898,234	-
Decrease in amounts due to a related company	(873,370)	(648,771)
Increase in deferred income	407,777	708,815
(Decrease)/increase in accrued expenses	(4,864)	29,839
Net cash (used in)/generated from operating activities	(948,942)	542,866
Net (decrease)/increase in cash and cash equivalents	(948,942)	542,866
Cash and cash equivalents at the beginning of the year	1,370,963	828,097
Cash and cash equivalents at the end of the year	422,021	1,370,963
Analysis of cash and cash equivalents		
Cash and bank balances	422,021	1,370,963

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

REPORTING ENTITY

The company has been incorporated in Hong Kong under the Companies Ordinance as a company limited by guarantee without share capital. The company's registered office is located at 18A, Seabright Plaza, 9-23 Shell Street, North Point. The principal activities of the company are to advance environmental protection for the benefit of the Hong Kong community through appropriate response to climate change.

Under the provision of its Articles of Association, every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding the sum of HK\$100 each.

1 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

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 requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The financial statements are prepared on the basis that the company will continue as a going concern.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the income statement in the year in which they are 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 property, plant and equipment, the expenditure is capitalised as an additional cost of the property, plant and equipment.

Where assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation on property, plant and equipment is provided using the straight line method at consistent rates calculated to write off the cost of the assets over their expected useful lives. The principal annual rates used for this purpose are:

Leasehold improvement	20%
Office equipment	20%

Fully depreciated assets are retained in the accounts until they are no longer in use.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(c) Recognition of revenue**

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

- * General donations are recognised when the right to receive payment is established.
- * Project grants and donations earmarked for specific purposes are initially recognised as deferred income. When there is reasonable assurance that the company will comply with the conditions attaching to the grants and the grants will be received, they are recognised in the statement of income and general fund over the period necessary to match with the related costs which they are intended to compensate.
- * grants which are general in nature but used by the company for a period specified are recognised on an accrual basis.
- * Label scheme income is recognised when the label is awarded.

(d) Employee benefits

- i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- ii) The company operates a Mandatory Provident Fund scheme ("MPF scheme") for the employees. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable. The assets of the MPF Scheme are held in an independently administered fund. The company's contributions vest fully with the employees when contributed into the MPF Scheme.

(e) Receivables

Receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of income and retained earnings when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits with original maturities of three months or less.

(g) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

2 STAFF COSTS

	2020	2019
	HK\$	HK\$
Salaries	3,173,008	2,231,491
Retirement scheme contributions	125,181	127,673
	<u>3,298,189</u>	<u>2,359,164</u>

3 TAXATION

No provision for Hong Kong profits tax is made in the accounts as the company is an approved charitable institution, and has been exempted from Hong Kong profits tax.

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Office equipment	Total
	HK\$	HK\$	HK\$
Cost:			
At 1 July 2019	176,398	106,898	283,296
Disposal	(176,398)	-	(176,398)
At 30 June 2020	<u>-</u>	<u>106,898</u>	<u>106,898</u>
Accumulated depreciation:			
At 1 July 2019	138,959	81,163	220,122
Charge for the year	-	9,802	9,802
Written back on disposal	(138,959)	-	(138,959)
At 30 June 2020	<u>-</u>	<u>90,965</u>	<u>90,965</u>
Net book value:			
At 30 June 2020	<u>-</u>	<u>15,933</u>	<u>15,933</u>
At 30 June 2019	<u>37,439</u>	<u>25,735</u>	<u>63,174</u>

5 AMOUNTS DUE TO A RELATED COMPANY

The amounts due to a related company are unsecured, non-interest bearing and have no fixed terms of payment.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

6 RELATED PARTY TRANSACTIONS

The company received donation of HK\$100,000 (2019: Nil) during the year from a related company, Carbon Care Asia Limited.

The company also paid research and professional fee of HK\$430,000 (2019: HK\$240,000) to that company for the year. The fee included HK\$350,000 for Paris Watch project and HK\$80,000 for CarbonCare Open Innovation Lab project.

There were also shared rent of HK\$28,000 (2019:HK\$84,000) charges to the company by Carbon Care Asia Limited for the year in respect of CarbonCare Open Innovation Lab project.

Three members, Chong Chan Yau, John Gilbert Basil Sayer and Lai Kwong Tak, Albert are also directors of that company.

7 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements.

8 OPERATING LEASE COMMITMENTS

At the reporting date, the company had commitments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	HK\$	HK\$
Within one year	264,000	-
Within two to five years	<u>77,000</u>	<u>-</u>
	<u><u>341,000</u></u>	<u><u>-</u></u>

9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on **19 FEB 2021**