

Lifewire Foundation Limited

(Limited by guarantee)
Reports and Financial Statements
For the year ended 31 March 2021

CERTIFIED TRUE COPY

For and on behalf of
Chun Wo Secretarial Limited


Authorized Signature(s)
.....
Company Secretary



**LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of Lifewire Foundation Limited (the "Foundation") during the year was serving as a charitable organisation on non-profit-making basis in carrying out charitable activities to promote, advance and enhance medical benefits for the benefit of the Hong Kong community, educational and cultural development in Hong Kong, Mainland China and all other region.

DIRECTORS

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

Ir Dr. PANG Yat Bond, Derrick ("Ir Dr. Pang")
Mr. TAM Chi Kwong ("Mr. Tam")
Mrs. LEE PANG Yat Sum, Rita ("Mrs. Lee") - appointed on 28.7.2020

As Ir Dr. Pang and Mr. Tam were appointed by the sole founder member as first directors with effect from the date of incorporation of the Foundation, and Mrs. Lee was re-appointed by the sole member as director as director at the 2020 annual general meeting, they are not subject to retirement or re-appointment at annual general meetings in accordance with the Foundation's articles of association and shall continue to hold office in the ensuing year.

AUDITOR

A resolution to re-appoint the retiring auditor, Law Yin Ling, Certified Public Accountant (Practising), is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



TAM Chi Kwong
Director
27 September 2021

LAW YIN LING CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)

羅燕玲執業會計師

Level 43, AIA Tower
183 Electric Road, North Point, Hong Kong

香港北角電氣道一百八十三號
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Fax 傳真: (852) 3007 2747

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF LIFEWIRE FOUNDATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

Opinion

I have audited the financial statements of Lifewire Foundation Limited (the "Foundation") set out on pages 5 to 17, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income and expenditure, the statement of changes in equity 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 my opinion, the financial statements give a true and fair view of the Foundation's financial position as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. My responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of my report. I am independent of the Foundation in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The directors are responsible for the other information which comprises the information included in the Foundation's directors' report for the year ended 31 March 2021 other than the financial statements and my auditor's report thereon.

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

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

LAW YIN LING CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)
羅燕玲執業會計師

Level 43, AIA Tower
183 Electric Road, North Point, Hong Kong

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF LIFEWIRE FOUNDATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 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 directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to express an opinion on these financial statements based on my audit and to report my opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

LAW YIN LING CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)
羅燕玲執業會計師

Level 43, AIA Tower
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF LIFEWIRE FOUNDATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (Cont'd)

- 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 Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Foundation 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.

I 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 I identify during my audit.



Law Yin Ling
Certified Public Accountant (Practising)
Hong Kong, 27 September 2021

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

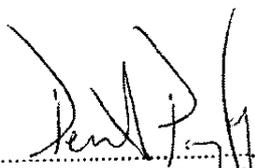
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK\$	2020 HK\$
INCOME			
Donations received	4	1,162,023	3,601,596
Public fund-raising income	4	-	28,763
Registration fee	4	-	545,721
Charity sales	4	131,420	-
Bank interest income	4	<u>17</u>	<u>2,748</u>
		<u>1,293,460</u>	<u>4,178,828</u>
LESS :			
EXPENDITURE			
Auditor's remuneration		(9,000)	(12,000)
Advertisement and promotion expenses		(42,201)	(154,289)
Bank charges		(12,784)	(25,277)
Donations paid		(2,095,603)	(3,015,782)
Event production cost		(45,583)	(935,141)
Messing expenses		(91)	(14,627)
Insurance expenses		-	(2,000)
Internet expenses		(15,292)	(243,282)
Printing and stationery expenses		(32,420)	(67,131)
Postage and courier expenses		(5,724)	(7,292)
Souvenir expenses		(33,511)	(17,036)
Sundry expenses		(2,546)	(23,065)
Telephone expenses		<u>-</u>	<u>(200)</u>
		<u>(2,294,755)</u>	<u>(4,517,122)</u>
DEFICIT BEFORE INCOME TAX	5	(1,001,295)	(338,294)
INCOME TAX EXPENSE	7	<u>-</u>	<u>-</u>
DEFICIT AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(1,001,295)</u>	<u>(338,294)</u>

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	<i>Note</i>	2021 HK\$	2020 HK\$
CURRENT ASSETS			
Deposits paid		124,500	-
Cash at bank		<u>1,996,908</u>	<u>3,122,703</u>
		<u>2,121,408</u>	<u>3,122,703</u>
LESS :			
CURRENT LIABILITIES			
Accruals and other payables		9,100	9,100
Amount due to a related company	8	<u>9,013</u>	<u>9,013</u>
		<u>18,113</u>	<u>18,113</u>
NET ASSETS		<u><u>2,103,295</u></u>	<u><u>3,104,590</u></u>
REPRESENTING :-			
FOUNDATION FUND		<u><u>2,103,295</u></u>	<u><u>3,104,590</u></u>

APPROVED AND AUTHORISED FOR ISSUE BY
THE BOARD OF DIRECTORS ON 27 SEPTEMBER 2021



PANG Yat Bond, Derrick
DIRECTOR



TAM Chi Kwong
DIRECTOR

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	<i>Foundation fund HK\$</i>
At 1.4.2019	3,442,884
Deficit and total comprehensive loss for the year	<u>(338,294)</u>
At 31.3.2020 and 1.4.2020	3,104,590
Deficit and total comprehensive loss for the year	<u>(1,001,295)</u>
At 31.3.2021	<u>2,103,295</u>

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(1,001,295)	(338,294)
Adjustment for :-		
Interest income	<u>(17)</u>	<u>(2,748)</u>
Operating deficit before working capital changes	(1,001,312)	(341,042)
Changes in working capital :-		
Increase in deposits paid	(124,500)	-
Decrease in other receivables	<u>-</u>	<u>300,000</u>
Cash used in operations	(1,125,812)	(41,042)
Interest received	<u>17</u>	<u>2,748</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,125,795)</u>	<u>(38,294)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Decrease in amount due to a related company	<u>-</u>	<u>(844,169)</u>
NET CASH USED IN FINANCING ACTIVITY	<u>-</u>	<u>(844,169)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,125,795)	(882,463)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,122,703</u>	<u>4,005,166</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>1,996,908</u></u>	<u><u>3,122,703</u></u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash at bank	<u><u>1,996,908</u></u>	<u><u>3,122,703</u></u>

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

Lifewire Foundation Limited ("the Foundation") is a company incorporated in Hong Kong limited by guarantee. The address of its registered office is C2, 5/F., Hong Kong Spinners Industrial Building, 601-603 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The principal activity of the Foundation during the year was serving as a charitable organisation on non-profit-making basis in carrying out charitable activities to promote, advance and enhance medical benefits for the benefit of the Hong Kong community, educational and cultural development in Hong Kong, Mainland China and all other region.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

(b) Initial application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Foundation initially applied the following Hong Kong Financial Reporting Standards :-

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The initial application of these financial reporting standards does not necessitate material changes in the Foundation's accounting policies and retrospective adjustments of the comparatives presented in the financial statements.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2. BASIS OF PREPARATION (CONT'D)

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 March 2021 have not been applied in the preparation of these financial statements since they were not yet effective for the annual period beginning on 1 April 2020 :-

Amendments to HKFRS 16 HKFRS 17 Amendments to HKFRS 3 Amendments to HKAS 16	Covid-19-Related Rent Concessions ¹ Insurance Contracts and the Related Amendments ⁴ Reference to the Conceptual Framework ³ Property, Plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37 Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Annual Improvements to HKFRSs 2018-2020 Cycle Amendments to HKAS 1 Amendments to HKFRS 10 and HKAS 28	Onerous Contracts - Cost of Fulfilling a Contract ³ Interest Rate Benchmark Reform - Phase 2 ²
	Amendments to HKFRS 1, HKFRS 9 and HKAS 41 and Illustrative Examples accompanying HKFRS 16 ³ Classification of Liabilities as Current or Non-current ⁴ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

- ¹ Effective for annual periods beginning on or after 1 June 2020
² Effective for annual periods beginning on or after 1 January 2021
³ Effective for annual periods beginning on or after 1 January 2022
⁴ Effective for annual periods beginning on or after 1 January 2023
⁵ Effective for annual periods beginning on or after a date to be determined

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The financial statements are prepared under the historical cost basis.

(b) Revenue recognition

Donation and public fund-raising income is recognised when the Foundation becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash.

Registration fee and sales of photos are accounted for on a cash receipt basis.

Interest income is recognised as it accrued using the effective interest method.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables and loans. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income and expenditure account.

(d) Expected credit losses

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Foundation in accordance with the contract and the cash flows that the Foundation expects to receive). In measuring ECLs, the Foundation takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. ECLs are measured on either of the following bases :-

- 12-month ECLs : these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs : these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. For other receivables, the Foundation recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the other receivables since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

In assessing whether the credit risk of a receivable has increased significantly since initial recognition, the Foundation compares the risk of default occurring on the receivable assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Foundation considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Foundation in full, without recourse by the Foundation to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Expected credit losses ("ECLs") (Cont'd)

Depending on the nature of the receivables, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the receivables are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the receivables' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Foundation recognises an impairment gain or loss for all receivables with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Foundation assesses whether a financial asset is credit-impaired. A financial asset is considered credit-impaired if there is observable evidence that the debtors have significant difficulties.

The gross carrying amount of receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Foundation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(e) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Income tax

The Foundation is exempted from Hong Kong profits tax under the provision of Section 88 of the Inland Revenue Ordinance.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Related parties

A party is considered to be related to the Foundation if :-

- (i) the party is a person or a close member of that person's family and that person :-
 - (a) has control or joint control over the Foundation;
 - (b) has significant influence over the Foundation; or
 - (c) is a member of the key management personnel of the Foundation or of a parent of the Foundation; or
- (ii) an entity is related to the Foundation if any of the following conditions applies :-
 - (a) the entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) 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);
 - (c) both entities are joint ventures of the same third party;
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation;
 - (f) the entity is controlled or jointly controlled by a person identified in (g)(i) above;
 - (g) a person identified in (g)(i)(a) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Foundation or to the parent of the Foundation.

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.

(h) Cash equivalents

Cash equivalents are 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.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Significant judgement

Provision for expected credit losses on financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Foundation uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Foundation's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

4. REVENUE

	2021 HK\$	2020 HK\$
An analysis of the Foundation's revenue is set out below :-		
Revenue		
Donations received	1,162,023	3,601,596
Public fund-raising income (Note)	-	28,763
Registration fee	-	545,721
Charity sales	131,420	-
	1,293,443	4,176,080
Other revenue		
Bank interest income	17	2,748
	1,293,460	4,178,828

Note :

The purposes of the approved fund-raising activity held on 10 November 2019 (Permit No. 2019/201/1) is to raise funds for children with rare diseases, such as RETT Syndrome, Tuberous Sclerosis, Autism Osteogenesis Imperfecta and Mucopolysaccharidosis. The proceeds represent donations received from donation boxes and the actual usage of the proceeds was in accordance to the purposes of the fund-raising activity as described as above.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

5. DEFICIT BEFORE INCOME TAX

	2021	2020
	HK\$	HK\$
Deficit before income tax is arrived at after charging :-		
Directors' remuneration - Note 6	<u>-</u>	<u>-</u>

6. DIRECTORS' REMUNERATION

No directors' remuneration as defined in section 383 of the Hong Kong Companies Ordinance was paid or payable for the year.

7. INCOME TAX EXPENSE

The Foundation is exempted from Hong Kong profits tax under the provision of section 88 of the Inland Revenue Ordinance.

8. AMOUNT DUE TO A RELATED COMPANY

The amount is interest-free, unsecured and repayable on demand.

9. RELATED PARTY TRANSACTIONS

Apart from the transaction as disclosed in note 8 to the financial statements, the Foundation has no other material transactions with its related parties during the year.

10. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Foundation by failing to discharge an obligation. The Foundation manages credit risk by setting up credit control policy and periodic evaluation of credit performance of the other parties, measured by the extent of past due or default.

The credit quality of other receivable has been assessed with reference with to the historical information about the counterparties' default rates and financial position. The directors are in the opinion that the credit risk is low due to the sound collection history of the receivable due from it. Therefore, expected credit loss rate is assessed to be close to zero and no provision was made at 31 March 2021.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(a) Credit risk (Cont'd)

The Foundation's bank balance was held by a major financial institution located in Hong Kong, which management believes is of high credit quality. Accordingly the overall credit risk is considered limited.

Carrying amount of financial assets as at 31 March 2021 and 2020, which represented the amounts of maximum exposure to credit risk, were as follows :-

	2021 HK\$	2020 HK\$
Deposits paid	124,500	-
Cash at bank	<u>1,996,908</u>	<u>3,122,703</u>
	<u>2,121,408</u>	<u>3,122,703</u>

The directors are satisfied with the credit quality of the financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Foundation to meet its financial obligations.

Maturities of the non-derivative financial liabilities of the Foundation as at 31 March 2021 and 2020 were as follows :-

	2021 HK\$	2020 HK\$
Total amounts of contractual undiscounted obligations :-		
Accruals and other payables	9,100	9,100
Amount due to a related company	<u>9,013</u>	<u>9,013</u>
Due for payment within one year or on demand	<u>18,113</u>	<u>18,113</u>

(c) Fair value

The carrying amounts of the Foundation's financial instruments are carried at amounts not materially different from their fair values as at the end of the reporting year.

LIFEWIRE FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

11. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Foundation's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Foundation's statement of cash flows as cash flows from financing activities.

	<i>At</i> <i>1 April</i> <i>2020</i> <i>HK\$</i>	<i>Financing</i> <i>cash flows</i> <i>HK\$</i>	<i>At</i> <i>31 March</i> <i>2021</i> <i>HK\$</i>
Amount due to a related company	<u>9,013</u>	<u>-</u>	<u>9,013</u>
	<i>At</i> <i>1 April</i> <i>2019</i> <i>HK\$</i>	<i>Financing</i> <i>cash flows</i> <i>HK\$</i>	<i>At</i> <i>31 March</i> <i>2020</i> <i>HK\$</i>
Amount due to a related company	<u>853,182</u>	<u>(844,169)</u>	<u>9,013</u>