

CGCC (FOUNDATION) LIMITED  
香港中華總商會(基金)有限公司

Reports and Consolidated Financial Statements  
For the year ended 31 March 2021



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CGCC (FOUNDATION) LIMITED

香港中華總商會(基金)有限公司

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 & 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10 - 31

CGCC (FOUNDATION) LIMITED

香港中華總商會(基金)有限公司

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Foundation for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Foundation is a charitable institution of a public character since its incorporation. The principal activities of the Foundation are organising, co-ordinating, sponsoring and promoting of cultural, educational and recreative activities for the general public of Hong Kong. The principal activities of its associate and subsidiaries are set out in notes 6 and 7 to the consolidated financial statements, respectively.

RESULTS

The Group's surplus for the year ended 31 March 2021 is set out in the consolidated income and expenditure account on page 6. Tax exemption under Section 88 of the Inland Revenue Ordinance was granted to the Foundation with effect from 21 November 1986.

BUSINESS REVIEW

The Foundation received donations and sponsorship income of HK\$5.62 million (2020: HK\$7.50 million) during the year. A fund of HK\$1.61 million (2020: HK\$5.78 million) was earmarked again to sponsor scholarship to the students from Myanmar in local universities and organise a number of charity events. The Foundation received sufficient donations in 2021 for organising, coordinating, sponsoring and promoting of related activities.

SHARE CAPITAL

The Foundation was incorporated in Hong Kong as a company with liability limited by guarantee and not having a share capital.

## DIRECTORS

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

Mr. YUEN Mo	
Mr. Ricky TSANG Chi-ming	
Mr. Johnny YU Wah-yung	
Mr. Tommy LI Ying-sang	
Ms. WONG Wai-ching	
Mr. Herman HU Shao-ming	
Mr. Rock CHEN Chung-nin	
Mr. TSE Yung-hoi	(appointed on 21 December 2020)
Mr. Charles CHEUNG Hok-sau	(appointed on 21 December 2020)
Dr. CHOI Koon-shum	(resigned on 21 December 2020)
Mr. LAU Tit-shing	(resigned on 21 December 2020)

In accordance with clause 30 of the Foundation's Articles of Association, all present directors are on a 2-year tenure and they are due to retire in the forthcoming annual general meeting.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Foundation or its subsidiaries was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was any permitted indemnity provision being in force for the benefit of any of the directors of the Foundation.

## AUDITOR

A resolution will be submitted to the annual general meeting of the Foundation to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board



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MR. YUEN MO  
DIRECTOR

27 OCT 2021

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CGCC (FOUNDATION) LIMITED

香港中華總商會(基金)有限公司

(incorporated in Hong Kong with limited liability by guarantee)

#### **Opinion**

We have audited the consolidated financial statements of CGCC (Foundation) Limited (the "Foundation") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 31, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated income and expenditure account, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated 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 ("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 ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CGCC (FOUNDATION) LIMITED - continued

香港中華總商會(基金)有限公司

(incorporated in Hong Kong with limited liability by guarantee)

### **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

The directors are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 Group's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CGCC (FOUNDATION) LIMITED - continued

香港中華總商會(基金)有限公司

(incorporated in Hong Kong with limited liability by guarantee)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** - continued

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong

27 OCT 2021

**CGCC (FOUNDATION) LIMITED**  
**香港中華總商會(基金)有限公司**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>INCOME</b>		
Donations and sponsorship income	5,623,000	7,496,928
Dividend income	1,030,296	978,959
Interest income	1,290,821	1,926,849
Gain (loss) from changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	730,880	(6,118,060)
Exchange gain	4,307,443	-
Others	32,606	20,850
	<u>13,015,046</u>	<u>4,305,526</u>
<b>LESS: EXPENDITURE</b>		
Auditor's remuneration	93,000	90,000
Donations and sponsorship	1,606,061	5,783,466
Exchange loss	-	3,368,864
Other expenses	785,650	916,148
	<u>2,484,711</u>	<u>10,158,478</u>
Share of results of an associate	<u>1,845,077</u>	<u>906,555</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>12,375,412</u>	<u>(4,946,397)</u>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b> <b>FOR THE YEAR</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of a foreign associate	<u>96,425</u>	<u>(48,154)</u>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b> <b>FOR THE YEAR</b>	<u>12,471,837</u>	<u>(4,994,551)</u>

CGCC (FOUNDATION) LIMITED  
香港中華總商會(基金)有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021

	<u>NOTES</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>NON-CURRENT ASSET</b>			
Interest in an associate	6	3,588,449	1,646,947
<b>CURRENT ASSETS</b>			
Loan to an associate	8	9,829,922	12,282,835
Other receivables	9	17,528,969	22,332,269
Amount due from a related company	10	2,500,000	-
Time deposits	11	69,636,691	64,533,694
Bank balances and cash	11	20,088,772	10,761,447
Financial assets at FVTPL	12	21,754,105	20,897,879
		<u>141,338,459</u>	<u>130,808,124</u>
<b>CURRENT LIABILITY</b>			
Other payable and accrued expense		90,000	90,000
<b>NET CURRENT ASSETS</b>			
		<u>141,248,459</u>	<u>130,718,124</u>
		<u>144,836,908</u>	<u>132,365,071</u>
<b>RESERVES</b>			
Accumulated surplus		141,116,369	128,740,957
Exchange reserve		3,720,539	3,624,114
		<u>144,836,908</u>	<u>132,365,071</u>

The consolidated financial statements on pages 6 to 31 were approved and authorised for issue by the Board of Directors on

27 OCT 2021

and are signed on its behalf by:



MR. YUEN MO  
DIRECTOR



MS. WONG Wai-ching  
DIRECTOR

CGCC (FOUNDATION) LIMITED

香港中華總商會(基金)有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021

	Accumulated <u>surplus</u> HK\$	Exchange <u>reserve</u> HK\$	<u>Total</u> HK\$
At 1 April 2019	133,687,354	3,672,268	137,359,622
Deficit for the year	(4,946,397)	-	(4,946,397)
Other comprehensive expense for the year	-	(48,154)	(48,154)
At 31 March 2020	128,740,957	3,624,114	132,365,071
Surplus for the year	12,375,412	-	12,375,412
Other comprehensive income for the year	-	96,425	96,425
At 31 March 2021	<u>141,116,369</u>	<u>3,720,539</u>	<u>144,836,908</u>

**CGCC (FOUNDATION) LIMITED**

香港中華總商會(基金)有限公司

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus (deficit) for the year	12,375,412	(4,946,397)
Adjustments for:		
Dividend income	(1,030,296)	(978,959)
Interest income	(1,290,821)	(1,926,849)
Share of results of an associate	(1,845,077)	(906,555)
(Gain) loss on fair value changes of financial assets at FVTPL	(730,880)	6,118,060
Operating cash flows before movements in working capital	7,478,338	(2,640,700)
Decrease (increase) in other receivables	4,433,620	(8,534,702)
Increase in amount due from a related company	(2,500,000)	-
Increase in financial assets at FVTPL	-	(715,000)
Decrease in other payable and accrued expense	-	(13,200)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<u>9,411,958</u>	<u>(11,903,602)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in time deposits with maturity exceeding 3 months	41,426,972	(18,904,322)
Repayment of loan from an associate	2,452,913	2,157,165
Interest received	1,660,501	1,923,128
Dividend received	904,950	978,959
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<u>46,445,336</u>	<u>(13,845,070)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	55,857,294	(25,748,672)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<u>33,868,169</u>	<u>59,616,841</u>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u><u>89,725,463</u></u>	<u><u>33,868,169</u></u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Time deposits with maturity not exceeding 3 months	69,636,691	23,106,722
Bank balances and cash	20,088,772	10,761,447
	<u><u>89,725,463</u></u>	<u><u>33,868,169</u></u>

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

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1. GENERAL INFORMATION

The Foundation was incorporated in Hong Kong as a company with liability limited by guarantee and not having a share capital. The address of the registered office and principal place of business is 4/F., CGCC Building, 24 - 25 Connaught Road, Central, Hong Kong.

The Foundation is a charitable institution of a public character since its incorporation. The principal activities of the Foundation are organising, co-ordinating, sponsoring and promoting of cultural, educational and recreative activities for the general public of Hong Kong. The principal activities of its associate and subsidiaries are set out in notes 6 and 7, respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Foundation.

As the Group is a charitable institution, a consolidated income and expenditure account is prepared to account for the results of its activities.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

*Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

The application of the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

*New and amendments to HKFRSs in issued but not yet effective*

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>6</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Basis of preparation of financial statements*

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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 Group 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purpose, fair value measurements are categorised 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.

#### 3.2 *Significant accounting policies*

##### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Foundation and entities controlled by the Foundation. Control is achieved when the Foundation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Basis of consolidation - continued

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income and expenditure account from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Income recognition

Donations income are recognised when receipt of the donors can be ascertained with reasonable certainty to make the donations.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Investment in an associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Investment in an associate - continued

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9 "Financial Instruments" ("HKFRS 9"), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency (foreign currencies) are translated at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Financial instruments

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised 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 market place.

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

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 and points 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.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments - continued

**Financial assets**

*Classification and subsequent measurement of financial asset*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments - continued

**Financial assets** - continued

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

*Impairment of financial assets*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including loan to an associate, other receivables, amount due from a related company, time deposits and bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group 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.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments - continued

**Financial assets** - continued

*Impairment of financial assets* - continued

(i) Significant increase in credit risk - continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments - continued

**Financial assets** - continued

*Impairment of financial assets* - continued

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments - continued

**Financial assets** - continued

*Impairment of financial assets* - continued

(v) Measurement and recognition of ECL - continued

The ECL is measured individually for all debtors, including loan to an associate, other receivables, time deposits and bank balances.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities at amortised cost*

Financial liabilities including other payable are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

3.2 *Significant accounting policies* - continued

Financial instruments - continued

**Financial liabilities and equity** - continued

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. TAXATION

No provision for Hong Kong Profits Tax has been made in these consolidated financial statements as the Group has no assessable profits for both years.

The Foundation has not provided for Hong Kong Profits Tax as tax exemption under Section 88 of the Inland Revenue Ordinance was granted to the Foundation with effect from 21 November 1986.

CGCC (FOUNDATION) LIMITED

香港中華總商會(基金)有限公司

4. TAXATION - continued

The Group's taxation for the year can be reconciled to the surplus (deficit) for the year per the consolidated income and expenditure account as follows:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Surplus (deficit) for the year	12,375,412	(4,946,397)
Tax at Hong Kong Profits Tax rate of 16.5%	2,041,943	(816,156)
Tax effect of share of results of an associate	(304,438)	(149,582)
Tax effect of income not taxable for tax purpose	(2,147,483)	(710,412)
Tax effect of expenses not deductible for tax purpose	409,978	1,676,150
Taxation for the year	-	-

There is no significant unprovided deferred taxation for the years or at the end of the reporting period.

5. DIRECTORS' EMOLUMENTS

No emolument has been paid or is payable to the directors of the Foundation during both years.

6. INTEREST IN AN ASSOCIATE

	<u>2021</u> HK\$	<u>2020</u> HK\$
Cost of unlisted investment in an associate	15,262,807	15,262,807
Share of post-acquisition losses and other comprehensive income	(18,482,921)	(20,424,423)
Deemed capital contribution (note)	6,808,563	6,808,563
Unlisted investment, share of net assets	3,588,449	1,646,947

note: The amount represents the imputed interest on the non-interest bearing loan to an associate which is recognised as deemed contribution by the Group.

The Group's associate is accounted for using equity method in these consolidated financial statements.

**CGCC (FOUNDATION) LIMITED**

香港中華總商會(基金)有限公司

## 6. INTEREST IN AN ASSOCIATE - continued

Details of the associate at 31 March 2021 and 2020 are as follows:

<u>Name of associate</u>	<u>Place of registration</u>	<u>Class of share held</u>	<u>Proportion of nominal value of registered capital held by the Group and Foundation</u>	<u>Principal activity</u>
Guangzhou Nansha CGCC (HK) Building Limited 廣州南沙中總大廈有限公司 ("Guangzhou Nansha")	The People's Republic of China	Registered capital	25%	Property investment

Guangzhou Nansha's financial year end is 31 December. The Group has used the financial statements of Guangzhou Nansha for the financial year ended 31 December 2020 in applying the equity method of accounting in respect of the interests in the equity shares of Guangzhou Nansha held by the Group. Hence, the Group's share of net assets and interests of Guangzhou Nansha at 31 March 2021 is calculated based on the net assets of Guangzhou Nansha as at 31 December 2020 and the results up to 31 December 2020.

The summarised financial information in respect of the associate is set out below:

	31 December <u>2020</u> HK\$	31 December <u>2019</u> HK\$
Current assets	13,649,277	11,025,351
Non-current assets	50,070,568	51,928,022
Current liabilities	(8,357,383)	(7,905,375)
Non-current liabilities	(41,008,668)	(48,460,212)
Revenue	21,457,334	20,732,443
Profit and total comprehensive income for the year	7,380,308	3,626,221
Share of profit and total comprehensive income of an associate for the year	1,845,077	906,555

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Net assets	14,353,794	6,587,786
Proportion of the Group's ownership interest	25%	25%
Carrying amount of interest in an associate	3,588,449	1,646,947

**CGCC (FOUNDATION) LIMITED**  
**香港中華總商會(基金)有限公司**

**7. PARTICULARS OF SUBSIDIARIES OF THE FOUNDATION**

Details of the subsidiaries as at 31 March 2021 and 2020 are as follows:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Class of shares held</u>	<u>Attributable equity interest directly held by the Foundation</u>		<u>Principal activities</u>
			<u>2021</u> %	<u>2020</u> %	
CGCC Qianhai Development Holdings Limited (香港中總前海發展控股有限公司)	Hong Kong	Ordinary	100	100	Inactive
CGCC Hengqin Development Holdings Limited (香港中總橫琴發展控股有限公司)	Hong Kong	Ordinary	100	100	Inactive

**8. LOAN TO AN ASSOCIATE**

	<u>2021</u> HK\$	<u>2020</u> HK\$
Loan to an associate	9,829,922	12,282,835

The loan is unsecured, interest bearing at 3% per annum and repayable on demand. During the year ended 31 March 2021, the associate repaid part of the principal amount of HK\$2,452,913 (2020: HK\$2,157,165), and the Group recognised an interest income of HK\$188,217 (2020: HK\$334,637) based on the market borrowing rate of the associate.

**9. OTHER RECEIVABLES**

	<u>2021</u> HK\$	<u>2020</u> HK\$
Deposits in securities agencies	14,200,712	13,294,638
Interest receivables	396,107	765,787
Other receivables	2,932,150	8,271,844
	<u>17,528,969</u>	<u>22,332,269</u>

**10. AMOUNT DUE FROM A RELATED COMPANY**

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

**CGCC (FOUNDATION) LIMITED**

香港中華總商會(基金)有限公司

11. TIME DEPOSITS AND BANK BALANCES AND CASH

- (i) Time deposits carry fixed interest rates which range from 0.14% to 2.20% (2020: 1.10% to 2.75%) per annum.
- (ii) Bank balances carry interest at market rates of 0.01% (2020: 0.01%) per annum.

12. FINANCIAL ASSETS AT FVTPL/HELD-FOR-TRADING INVESTMENTS

	<u>2021</u> HK\$	<u>2020</u> HK\$
Equity securities listed in Hong Kong	21,754,105	20,897,879

Fair values are determined with reference to quoted market prices.

13. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>Financial assets</b>		
Financial assets at amortised cost	119,584,354	109,910,245
Financial assets at FVTPL	21,754,105	20,897,879
	<u>141,338,459</u>	<u>130,808,124</u>

(b) Financial risk management objectives and policies

The major financial instruments of the Group include loan to an associate, financial assets at FVTPL, other receivables, amount due from a related company, time deposits and bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk**

(i) ***Currency risk***

The Group mainly operates in Hong Kong and the exposure in exchange rate risks mainly arises from fluctuation in Renminbi ("RMB") exchange rate.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follow:

	<u>2021</u> HK\$	<u>Assets</u> <u>2020</u> HK\$
RMB	54,803,202	49,476,271

## 13. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued**Market risk** - continued(i) **Currency risk** - continued*Sensitivity analysis*

The sensitivity analysis below details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in HK\$ against RMB. A 5% (2020: 5%) sensitivity rate is used when reporting foreign currency risk internally to the directors because it represents directors' assessment of the reasonably possible change in RMB against HK\$ rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates a decrease in surplus for the year where HK\$ strengthen 5% against RMB. For a 5% weakening of Hong Kong dollars against RMB, there would be an equal and opposite impact on the surplus for the year, and the balances below would be negative.

	<u>2021</u> HK\$	<u>2020</u> HK\$
Surplus (deficit) for the year	2,740,160	2,473,814

(ii) **Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits (see note 11 for details). The Group currently does not have a hedging policy on interest rate risk. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 11 for details). It is the Group's policy to keep its bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

No sensitivity analysis is presented as the directors considered that the interest rate risk is insignificant.

(iii) **Other price risk**

The Group is exposed to equity price risk through its financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risks are mainly concentrated on equity instruments quoted on The Stock Exchange of Hong Kong Limited.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. If the prices of the respective equity instruments had been 10% (2020: 10%) higher/lower, surplus for the year would increase/decrease by HK\$2,175,411 (2020: deficit for the year decrease/increase by HK\$2,089,788) as a result of the changes in fair value of financial assets at FVTPL. The Group's sensitivity to financial assets at FVTPL has not changed significantly from the prior year.

13. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

**Credit risk and impairment assessment**

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to loan to an associate, other receivables, amount due from a related party, time deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

*Loan to an associate and amount due from a related company*

The credit risk of loan to an associate and amount due from a related company are managed through an internal process. The Group actively monitors the remaining balance owed by the associate and the related company and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Group closely monitors the financial performance of the associate and the related company.

*Other receivables*

For other receivables and deposits, the directors of the Foundation make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Foundation believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2021 and 2020, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

*Time deposits and bank balances*

Credit risk on time deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for time deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The 12m ECL on time deposits and bank balances is considered to be insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

<u>Internal credit rating</u>	<u>Description</u>	<u>Other financial assets</u>
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired

The estimated loss rates are estimated based on historical observed default rates over the expected lives of the debtors and are adjusted for forward-looking information, including but not limited to expected growth rate of the industry, that available without undue cost or effort.

13. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

**Credit risk and impairment assessment** - continued

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
					2021 HK\$	2020 HK\$
<b>Financial assets at amortised cost</b>						
Loan to an associate	8	N/A (note 1)	Low risk	12m ECL	9,829,922	12,282,835
Other receivables - deposits in securities agencies	9	A3 to A1	N/A	12m ECL	14,200,712	13,294,638
Other receivables - interest receivables	9	A3 to A1	N/A	12m ECL	396,107	765,787
Other receivables - others	9	N/A (note 1)	Low risk	12m ECL	2,932,150	8,271,844
Amount due from a related company	10	N/A (note 1)	Low risk	12m ECL	2,500,000	-
Time deposits	11	A3 to A1	N/A	12m ECL	69,636,691	64,533,694
Bank balances	11	A3 to A1	N/A	12m ECL	20,080,111	10,699,621

note:

- For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2021

	Past due repayment terms HK\$	No fixed repayment terms HK\$	Total HK\$
Loan to an associate	-	9,829,922	9,829,922
Other receivables	-	2,932,150	2,932,150
Amount due from a related party	-	2,500,000	2,500,000

2020

	Past due repayment terms HK\$	No fixed repayment terms HK\$	Total HK\$
Loan to an associate	-	12,282,835	12,282,835
Other receivables	-	8,271,844	8,271,844

13. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

**Liquidity risk**

The Group's objectives are to maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

The contractual maturities for all non-interest bearing financial liabilities of the Group are all within one year.

(c) Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair value of this financial asset is determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3 as set out in note 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value as at		Fair value hierarchy	Valuation technique and key input
	2021	2020		
	HK\$	HK\$		
<b>Financial assets at FVTPL</b>				
Listed equity securities	21,754,105	20,897,879	Level 1	Quoted bid price in an active market

There was no transfer amongst three levels during the year.

14. RELATED PARTY DISCLOSURES

Apart from the balances and transactions with related parties as disclosed in note 8 and note 10, the Group had the following transactions with related parties during the year:

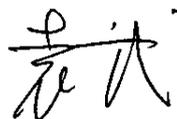
<u>Name of transactions</u>		<u>2021</u>	<u>2020</u>
		HK\$	HK\$
Sponsorship received	Certain directors or a company controlled by certain directors of the Group	5,100,000	4,500,000
Office expenses	Related company	702,000	702,000
Interest income	Associate	<u>188,217</u>	<u>334,637</u>

The related company is a company in which controlled by certain directors of the Group.

15. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE FOUNDATION

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>NON-CURRENT ASSETS</b>		
Investment in an associate	22,071,370	22,071,370
Investments in subsidiaries	1,000,000	1,000,000
	<u>23,071,370</u>	<u>23,071,370</u>
<b>CURRENT ASSETS</b>		
Loan to an associate	9,829,922	12,282,835
Other receivables	17,528,969	22,332,269
Amount due from a related company	2,500,000	-
Time deposits	69,636,691	64,533,694
Bank balances and cash	20,088,772	10,761,447
Financial assets at FVTPL	21,754,105	20,897,879
	<u>141,338,459</u>	<u>130,808,124</u>
<b>CURRENT LIABILITIES</b>		
Other payable and accrued expense	70,000	70,000
Amounts due to subsidiaries	756,213	780,413
	<u>826,213</u>	<u>850,413</u>
<b>NET CURRENT ASSETS</b>	<u>140,512,246</u>	<u>129,957,711</u>
	<u>163,583,616</u>	<u>153,029,081</u>
<b>RESERVE</b>		
Accumulated surplus	<u>163,583,616</u>	<u>153,029,081</u>

The Foundation's statement of financial position was approved and authorised for issue by the Board of Directors on 27 OCT 2021 and is signed on its behalf by:



YUEN MO  
DIRECTOR



WONG Wai-ching  
DIRECTOR

15. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE FOUNDATION -  
continued

RESERVE OF THE FOUNDATION

	HK\$
At 1 April 2019	158,853,923
Deficit for the year	<u>(5,824,842)</u>
At 31 March 2020	153,029,081
Surplus for the year	<u>10,554,535</u>
At 31 March 2021	<u><u>163,583,616</u></u>

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