

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司
(Limited by Guarantee)

**Council Members' Report and
Audited Financial Statements**

For the year ended 31 December 2020



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10/11/2021

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LOUISMA
Certified Public Accountant (Practising)

馬恒幹執業會計師

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

CONTENTS

	Pages
COUNCIL MEMBERS' REPORT	1
INDEPENDENT AUDITOR'S REPORT	2 - 4
AUDITED FINANCIAL STATEMENTS	
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in reserves	7
Statement of cash flows	8
Notes to the financial statements	9 - 19
Appendix	
Detailed income statement (for management information only)	20

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

COUNCIL MEMBERS' REPORT

The Council Members present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

Principal activities

The Company is a charitable organization engaged in raising funds and committed to fighting cancer through research in prevention, earlier diagnostic techniques, more effective treatments and ultimately achieving one of medicine's greatest goals: curing cancer to save lives. The Company fulfills this mission by funding outstanding scientists across Asia who pioneer cancer research and funding prevention education programs.

Results

The financial performance and movement of reserve of the Company for the year ended 31 December 2020 and its financial position as at that date are set out in the financial statements on pages 5 to 19.

Council members

The Council Members of the Company who held office during the year and up to the date of this report were:

Mr. WONG Gary Gee Nung

Mr. YU Cheung Hoi

Mr. CHANG Perchow Joseph

Mr. Franck LE DEU

Ms. XU Yajun

(appointed on 2 January 2020)

In accordance with the Company's Articles of Association, all the existing Council Members shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Council Members' interests in contracts

The Council Members had no material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company was a party during the year.

Business review

The Company falls within the reporting exemption for the financial year and accordingly, it is exempt from preparing a business review.

Auditor

Louis Ma, Certified Public Accountant (Practising) retires and a resolution for his reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE COUNCIL

.....
Mr. WONG Gary Gee Nung

Chairman

Hong Kong

15 October 2021

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LOUISMA

Certified Public Accountant (Practising)

馬恒幹執業會計師

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Independent auditor's report

To the members of Asian Fund For Cancer Research Limited

亞洲癌症研究基金會有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

I have audited the financial statements of Asian Fund For Cancer Research Limited ("the Company") set out on pages 5 to 19, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in reserves and 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 financial position of the Company as at 31 December 2020, 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 ("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 Company 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 Council Members are responsible for the other information. The other information comprises the Council Members' report, but does not include 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.

Independent auditor's report (continued)

To the members of Asian Fund for Cancer Research Limited

亞洲癌症研究基金會有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of Council Members and Those Charged with Governance for the Financial Statements

The Council Members are responsible for the preparation of the 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 Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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. I 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.

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

As part of an audit in accordance with HKSAs, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.

LOUISMA Certified Public Accountant (Practising)

馬恒幹執業會計師

Independent auditors' report (continued)

To the members of Asian Fund for Cancer Research Limited

亞洲癌症研究基金會有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

- Conclude on the appropriateness of the Council Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.



Louis Ma
Certified Public Accountant (Practising)
Hong Kong
15 October 2021

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$	2019 HK\$	For reference only	
				2020 US\$	2019 US\$
Revenue	5	3,449,203	4,109,089	443,342	528,160
Bank interest income		1,354	45,981	174	5,910
Exchange gain		(68,660)	(148,184)	(8,825)	(19,046)
Expenses		<u>(4,339,688)</u>	<u>(11,015,366)</u>	<u>(557,801)</u>	<u>(1,415,857)</u>
Total Comprehensive income and deficit for the year	6	<u>(957,791)</u>	<u>(7,008,480)</u>	<u>(123,110)</u>	<u>(900,833)</u>

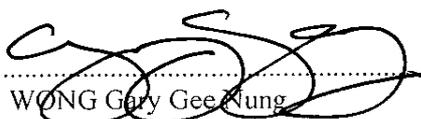
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亞洲癌症研究基金會有限公司

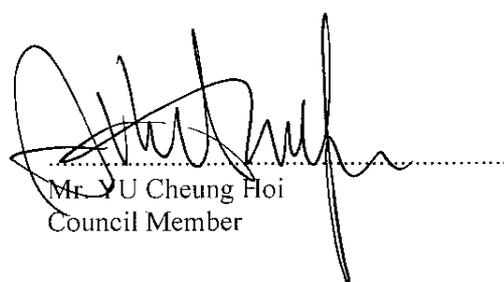
STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$	2019 HK\$	For reference only	
				2020 US\$	2019 US\$
NON-CURRENT ASSETS					
Other financial assets	9	8,131,189	-	1,049,999	-
CURRENT ASSETS					
Prepayments		2,518	2,518	325	323
Cash at bank		38,388,672	47,765,413	4,957,215	6,139,514
		<u>38,391,190</u>	<u>47,767,931</u>	<u>4,957,540</u>	<u>6,139,837</u>
CURRENT LIABILITIES					
Accounts payable and accrued liabilities		(133,695)	(421,456)	(17,264)	(54,172)
NET ASSETS		<u>46,388,684</u>	<u>47,346,475</u>	<u>5,990,275</u>	<u>6,085,665</u>
RESERVES					
Accumulated surplus	10	<u>46,388,684</u>	<u>47,346,475</u>	<u>5,990,275</u>	<u>6,085,665</u>

Approved by:


.....
Mr. WONG Gary Gee Nung
Council Member


.....
Mr. YU Cheung Hoi
Council Member

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 December 2020

	Accumulated Surplus HK\$	<u>For reference only</u> Accumulated Surplus US\$
Balance as at 1 January 2019	54,354,955	7,020,351
Deficit for the year	(7,008,480)	(900,833)
Foreign currency translation difference	-	(33,853)
	<hr/>	<hr/>
Balance as at 31 December 2019	47,346,475	6,085,665
Deficit for the year	(957,791)	(123,110)
Foreign currency translation difference	-	27,720
	<hr/>	<hr/>
Balance as at 31 December 2020	<u>46,388,684</u>	<u>5,990,275</u>

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$	For reference only	
			2020 US\$	2019 US\$
Cash flows from operating activities				
Operating deficit before movements in working capital	(957,791)	(7,008,480)	(123,110)	(900,833)
Adjustments for:				
(Decrease) / increase in accounts payable and accrued liabilities	(287,761)	352,174	(37,159)	45,289
Cash used in operating activities	<u>(1,245,552)</u>	<u>(6,565,306)</u>	<u>(160,269)</u>	<u>(855,544)</u>
Cash flows from investment activities				
Acquisition of other financial assets	(8,131,189)	-	(1,049,999)	-
Cash used in investing activities	<u>(8,131,189)</u>	<u>-</u>	<u>(1,049,999)</u>	<u>-</u>
Foreign currency translation difference	<u>-</u>	<u>-</u>	<u>27,969</u>	<u>17,914</u>
Net decrease in cash and cash equivalents	<u>(9,376,741)</u>	<u>(6,565,306)</u>	<u>(1,182,299)</u>	<u>(837,630)</u>
Cash and cash equivalents				
As at 1 January	<u>47,765,413</u>	<u>54,421,719</u>	<u>6,139,514</u>	<u>6,977,144</u>
As at 31 December	<u>38,388,672</u>	<u>47,765,413</u>	<u>4,957,215</u>	<u>6,139,514</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

The Company is incorporated in Hong Kong with liabilities of its members limited by guarantee. The registered office of the Company is situated at Room 1205, 12/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong. The functional currency of the Company is Hong Kong dollars and its financial statements are presented in Hong Kong dollars and together with United States dollars for reference purposes.

The principal activities of the Company are raising funds and committed to fighting cancer through research in prevention, earlier diagnostic techniques, more effective treatments and ultimately, achieving one of medicine's greatest goals: curing cancer to save lives. The Company fulfills this mission by funding outstanding scientists across Asia who pioneer cancer research and funding prevention education programs.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622) that are relevant to the preparation of company level financial statements.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company.

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS (continued)

2.2 Application of new and revised HKFRSs

(a) Amendments to HKFRSs that are mandatorily effective for the current year

The Hong Kong Institute of Certified Public Accountants (“HKICPA”), has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company:

Amendments to HKAS 1 and HKAS 8, Definition of Material
Amendments to HKFRS 3, Definition of a Business
Amendments to HKFRS 9, HKFRS 39 and HKFRS 7, Interest Rate Benchmark Reform
Revised Conceptual Framework for financial Reporting

None of these developments have had a material effect on how the Company’s results and financial position for the current or prior periods have been prepared or presented. The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(b) Amendments to HKFRSs that are issued but not yet effective for the current year

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

At the date of authorization of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Company.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018-2022 Cycle ¹	

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

The Council Members anticipate that all of the pronouncements will be adopted in the Company’s accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Company’s financial statements. 0115

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably. All revenue is accounted for on accrual basis.

Foreign exchange

The financial statements are presented in Hong Kong Dollar (“HK\$”), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company during the year at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Foreign currency gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Financial assets and liabilities

(a) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- Those to be measured at amortized cost. The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial assets not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company’s right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Prepayments and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include prepayments and other receivables, and cash and cash equivalents.

Prepayments and other receivables are recognized in the statement of financial position under current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

At each reporting date subsequent to initial recognition, prepayments and other receivables are carried at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(b) Financial liabilities

Financial liabilities at amortized cost, which include accounts payable and accrued liabilities, are the only form of financial liabilities relevant to the Company. Financial liabilities at amortized cost are recognized initially at fair value, net of transaction costs incurred. At each reporting date subsequent to initial recognition, such liabilities are measured at amortized cost using the effective interest rate method.

Transaction costs that are directly attributable to the acquisition or issue of the above types of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Impairment of non-financial assets

Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or that an impairment loss previously recognized no longer exists or may have decreased.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is firstly charged against the related revaluation reserve to the extent of the amount held in the revaluation reserve with any excess recognized as an expense in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which is restricted to the carrying amount that would have been determined had no impairment loss been previously recognized for the asset. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase and recognized in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are currently evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimate of fair value of financial assets/liabilities

The book values of financial assets and financial liabilities relevant to the Company are assumed to approximate their fair values.

5. REVENUE

Revenue represents donation received during the year.

6. DEFICIT FOR THE YEAR

The Company's deficit for the year is arrived at after charging:

	2020 HK\$	2019 HK\$	<u>For reference only</u>	
			2020 US\$	2019 US\$
Auditor's remuneration	10,000	10,000	1,285	1,285
Direct mailing expense	421,392	1,022,573	54,164	131,436
Freelance workers	1,239,040	717,316	159,260	92,200
Research support	2,115,517	7,966,862	271,918	1,024,018

7. COUNCIL MEMBERS' REMUNERATION

Council Members' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	2020 HK\$	2019 HK\$	<u>For reference only</u>	
			2020 US\$	2019 US\$
Council Members' remuneration:				
- As Council Members	-	-	-	-
- For management	-	-	-	-

0120

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

8. INCOME TAX

The company has been exempted under section 88 of the Inland revenue Ordinance from any tax by reason of being a charitable institution of a public character.

9. OTHER FINANCIAL ASSETS (NON-CURRENT)

	2020	2019	<u>For reference only</u>	
	HK\$	HK\$	2020	2019
			US\$	US\$
<i>Other financial assets at amortized cost</i>				
Convertible promissory notes	4,259,200	-	550,000	-
<i>Other financial assets at FVOCI</i>				
Equity investment	<u>3,871,989</u>	<u>-</u>	<u>499,999</u>	<u>-</u>
	<u>8,131,189</u>	<u>-</u>	<u>1,049,999</u>	<u>-</u>

These other financial assets are program-related investments aiming at supporting companies in pioneering cancer and related researches.

The convertible promissory notes bear interest at 3% to 5% per annum and have maturity dates ranging approximately 3 to 5 years from date of issue. They are convertible to equity of the issuing parties upon certain financing events of the issuing parties, in the absence of which the principal amount of the notes is repayable upon maturity. There is no public market for the notes. It is the intention of the Company to hold the notes to maturity.

The equity investment is non-interest bearing and there is no public market for the investment. The Company regards this as a long-term investment.

10. CAPITAL DISCLOSURE

The Company's objectives of managing capital are to safeguard the Company's ability to continue as a going concern. The Company's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Company may appeal for donations from the general public.

11. CAPITAL COMMITMENTS

There is no commitment contracted but not provided for as at 31 December 2020. (2019: Nil)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

12. FINANCIAL RISK MANAGEMENT

The Company has classified its financial assets in the following categories:

	2020 HK\$	2019 HK\$
<i>Financial assets (non-current)</i>		
Convertible promissory notes	4,259,200	-
Equity investment	3,871,989	-
	<u>8,131,189</u>	<u>-</u>
<i>Financial assets (current)</i>		
Prepayments	2,518	2,518
Cash and cash equivalents	38,388,672	47,765,413
	<u>38,391,190</u>	<u>47,767,931</u>

The Company has classified its financial liabilities in the following categories:

	2020 HK\$	2019 HK\$
<i>Financial liabilities at amortized cost</i>		
Accounts payable and accrued liabilities	133,695	421,456

All financial assets and liabilities are carried at amounts not materially different from their fair values at the reporting date.

The Company is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business in respect of its financial assets and liabilities. The Company's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(a) Credit risk

The Company's credit risk is mainly attributable to prepayments. The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting date in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position. In order to minimize the credit risk, management reviews and monitors the recoverable amount of each individual receivable on an ongoing basis to ensure that immediate actions would be taken when balances are past due.

The Company maintains its bank balances with banks in Hong Kong and in the United States of high rating. Accordingly, management believes that the Company is not exposed to any credit risk in that respect.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

12. FINANCIAL RISK MANAGEMENT (continued)

Summary quantitative data

At end of the year, the carrying amounts of the financial assets of the Company that were exposed to credit risk were as follows:

	2020 HK\$	2019 HK\$
Convertible promissory notes	4,259,200	-
Equity investment	3,871,989	-
Prepayments	2,518	2,518
Cash and cash equivalents	<u>38,388,672</u>	<u>47,765,413</u>
	<u>46,522,379</u>	<u>47,767,931</u>

(b) Liquidity risk

Liquidity risk is the risk that funds will not be made available to meet liabilities as they fall due. The Company's policy is to regularly monitor its liquidity requirements to ensure that sufficient reserves of cash, credit facilities and/or financial support are maintained.

The following table details the remaining maturities of the Company's non-derivative financial liabilities and the earliest date on which the Company is expected to pay. The amounts disclosed in the table are the undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Summary quantitative data

	2020 HK\$	2019 HK\$
	<i>Within 1 year or on demand</i>	
Accounts payable and accrued liabilities	133,695	421,456

At the reporting date, the Company did not have significant concentration of liquidity risk.

(c) Market risk

Market risk is the risk arising from movements in market variables such as interest rates and foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk

The Company's exposure on fair value interest rate risk mainly arises from its deposits with banks, which are classified as held-to-maturity investments. It also has exposure on cash flows interest rate risk which is mainly arising from its deposits with banks.

The Company mainly holds deposits with banks with maturity within 3 months and the exposure is considered not significant. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the Company closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

(ii) Foreign currency risk

The Company operates in various foreign currencies, mainly US dollar, which expose it to currency risk arising from business transactions performed and the resulting receivables, payables and cash balances.

The Company closely and continuously monitors the exposure to currency risk. Since Hong Kong dollar and US dollar are pegged, there is no significant exposure expected on US dollar transactions and balances.

Analysis of financial assets/financial liabilities denominated in foreign currencies

	Currency	2020 HK\$	2019 HK\$
Other accrued liabilities	USD	(102,077)	(85,124)
Cash at bank	USD	3,928,762	14,923,249
Cash at bank	SGD	288	288
Overall net exposure		<u>3,826,973</u>	<u>14,838,413</u>

Sensitivity analysis

No sensitivity analysis for the Company's exposure to currency risk arising from financial assets/(liabilities) denominated in United States dollar is prepared since the management's assessment of the effect of reasonable changes in value of the Hong Kong dollar against the foreign currency is insignificant.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Council Members on 15 October 2021.

DETAILED INCOME STATEMENT

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$	For reference only	
			2020 US\$	2019 US\$
INCOME				
General donation income	3,449,203	4,109,089	443,342	528,160
Bank interest income	1,354	45,981	174	5,910
Exchange gain / (loss)	(68,660)	(148,184)	(8,825)	(19,047)
	<u>3,381,897</u>	<u>4,006,886</u>	<u>434,691</u>	<u>515,023</u>
EXPENSES				
Program expenses				
- Research				
Research support	2,115,517	7,966,862	271,918	1,024,018
Sponsorship	49,587	179,034	6,374	23,012
Scientific conference	-	219,538	-	28,218
	<u>2,165,104</u>	<u>8,365,434</u>	<u>278,292</u>	<u>1,075,248</u>
- Public education and information				
Direct mailing	337,114	818,058	43,331	105,149
Postage	146,538	285,737	18,835	36,727
Freelance workers	495,616	286,926	63,704	36,880
Website and social media	98,912	181,605	12,713	23,343
Traveling expense	202	28,641	26	3,681
	<u>1,078,382</u>	<u>1,600,967</u>	<u>138,609</u>	<u>205,780</u>
Support Services				
- Fundraising				
Direct mailing	84,278	204,515	10,833	26,287
Postage	36,634	71,434	4,709	9,182
Freelance workers	247,808	143,463	31,852	18,440
Website and social media	24,728	45,401	3,178	5,836
Traveling expense	135	19,094	17	2,454
	<u>393,583</u>	<u>483,907</u>	<u>50,589</u>	<u>62,199</u>
- Management and general				
Administrative expense	2,740	4,179	352	537
Auditor's remuneration	10,000	10,000	1,285	1,285
Bank charges	2,287	3,237	294	416
Council Members' emolument				
- as council members	-	-	-	-
- for management	-	-	-	-
Freelance worker	495,616	286,926	63,704	36,880
Legal and professional fee	8,895	18,945	1,144	2,435
Telephone, fax and fulfillment	182,745	194,036	23,489	24,940
Traveling expense	336	47,735	43	6,136
	<u>702,619</u>	<u>565,058</u>	<u>90,311</u>	<u>72,629</u>
TOTAL EXPENSES	<u>4,339,688</u>	<u>11,015,366</u>	<u>557,801</u>	<u>1,415,856</u>
DEFICIT FOR THE YEAR	<u>(957,791)</u>	<u>(7,008,480)</u>	<u>(123,110)</u>	<u>(900,833)</u>