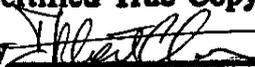


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by 
Date - 5 JAN 2022

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

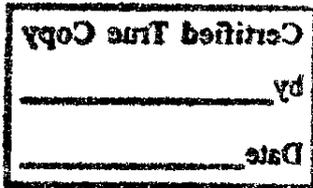


CPA LIMITED
潘展聰會計師行有限公司



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(EXPRESSED IN THE NEAREST HONG KONG DOLLARS)

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED MARCH 31, 2021

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

PRINCIPAL ACTIVITIES

The principal activities of Haven of Hope Christian Service ("HOHCS") are the provision of health and social services to the public including medical, educational and social care activities in a Christian environment.

DIRECTORS

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

Dr. Cheng Hon-kwan, Honorary Chairman
Prof. Kwan, Joseph Kai-cho, Chairman
Mr. Chen Seng-tek, Stuart, Vice-chairman (retired and re-elected on November 27, 2020)
Mr. Wong Kai-man, Honorary Treasurer
Mr. Chau Kwok-woon, Honorary Secretary
Mrs. Chan Hui Dor-lam, Doreen
Rev. Chan Yut-wah (retired and re-elected on November 27, 2020)
Mr. Chiu Chung-ye, Charles (retired and re-elected on November 27, 2020)
Mr. Choi Ngai-min (elected on November 27, 2020)
Ms. Chong Ming-wah, Clara
Rev. Chu Leung-kee, Lawrence
Mr. Fok Man-kin, Simon (retired and re-elected on November 27, 2020)
Dr. Ho Wai-ip (retired on November 27, 2020)
Mr. Lam Sze-chuen (elected on November 27, 2020)
Ms. Lam Yee-wah, Evelyn
Dr. Leung Kwok-ling, Ares (retired and re-elected on November 27, 2020)
Mr. Li Chun-hung
Mr. Lo Chun-hung, Gregory
Dr. Lo Tak-lam, William
Mr. Lour Tsang-tsay, Lawrence
Mr. Lung Chi-yuen, Justin
Dr. Nip Kam-fan (deceased on March 13, 2021)
Mr. Tam Pui-suen (resigned on November 27, 2020)
Mr. Tsang Yu-chor (retired and re-elected on November 27, 2020)
Mr. Tse Kam-chuen (retired and re-elected on November 27, 2020)
Mr. Wong Chun-kow, Peter
Mr. Wong Ping-kuen

...../To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED MARCH 31, 2021

...../Continued

DIRECTORS (CONTINUED)

In accordance with the articles 31, 32 and 33 of HOHCS's Articles of Association, one-third of the directors shall retire from office and, being eligible, offer themselves for re-election.

None of the directors received or will receive any fees or emoluments in respect of their service to HOHCS during the year (2020: Nil).

No significant transactions, arrangements and contracts in relation to HOHCS's business to which HOHCS was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was HOHCS a party to any arrangements to enable the directors of HOHCS to acquire benefits by means of acquisition of shares in, or debentures of, HOHCS or any other body corporate.

BUSINESS REVIEW

Key Services

Founded in 1953, HOHCS has evolved from its historical origin as a makeshift clinic to become a professional and integrated social service organisation, offering a wide range of health and social services to the public, including elderly care, health care, rehabilitation service, education service and evangelistic work, all in a Christian environment.

Relationships with Key Stakeholders

The spirit of "Respecting Life, Impacting Life" is a unique tradition of HOHCS. HOHCS has grown on this basis, but keeps pace with the times. Empowered by vision and Christian faith, HOHCS enriches the lives of those serving and being served through dedicated staff with a caring and progressive attitude. HOHCS strives to provide holistic care services to users and their families through a strong trans-disciplinary professional team. In addition, HOHCS has continuously maintained close working partnership with key stakeholders, including the government, sector and district partners, funding bodies, donors and the communities served by HOHCS.

...../To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED MARCH 31, 2021

...../Continued

Financial Highlights

For the year ended March 31, 2021, total revenue increased by 11% to approximately HK\$821 million (2019/20 HK\$742 million), mainly generated from government subvention and non-recurrent grant income. The net assets increased by 28% to approximately HK\$630 million as of March 31, 2021. Regardless of the adverse operating environment in the year, HOHCS dedicated best efforts in maintaining a solid financial position and stayed vigilant in optimizing its available resources to weather through the anticipated challenges ahead.

Corporate Governance Practices and Social Responsibility

The Board of Directors is committed to maintaining high standards of corporate governance and risk management. HOHCS has established a risk management framework integrated with operations and decision-making processes and compiled an organization-wide risk register through regularly conducted risk assessment. Management responsible for maintaining the risk registers is required to identify, assess and control the risks, current and emerging, on an ongoing basis.

During the year, the internal audit section has reviewed and regularly reported to the Audit Committee on risk management and internal control systems of which the Board and the Audit Committee were satisfied with. Throughout the year ended March 31, 2021, there were surprise and regular review visits from both the Social Welfare Department and Department of Health. Their reports demonstrated that HOHCS consistently delivered satisfactory services.

In response to the Government's actions addressing the development of COVID-19, a special task group termed the "Infection Control Coordination Group" was set up in January 2020 for formulating measures to maintain health and safety in service units and offices. Staff at different levels went the extra mile to cooperate so as to support the health and anti-epidemic needs of service users and the community. A series of special measures were implemented with consolidated resources to enhance infection control in service units, minimizing the risk of elderly home and community transmission among both service users and staff.

Moreover, the Board and management adhere to continuous improvement in workplace safety, energy conservation and various other environmental initiatives such as recycling and reuse campaigns.

...../To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED MARCH 31, 2021

...../Continued

Key Challenges and Strategies Ahead

The pandemic has created a great deal of difficulties and uncertainties in the society despite the commencement of the vaccination programmes. Facing with this challenge, HOHCS continues to care for the needy with Christian love and dedication. Coping with the higher demand for services due to the aging population, HOHCS has formulated plans to develop both 'hardware' and 'software' to ensure that the provision of quality services is sustainable and meets the demand of the communities it serves.

To strengthen its 'hardware', HOHCS implements a ten-year capital development plan called "Haven Project" to augment the service capacity with improved infrastructure and facilities. This visionary plan has forged ahead with satisfactory progress, spanning the expansion of Haven of Hope Hospital, extension of Haven of Hope Woo Ping Care and Attention Home, extension of Haven of Hope Sister Annie Skau Holistic Care Centre, construction of a new standalone day activity centre cum hostel for the severely mentally disabled, and construction of a new standalone purpose-built facility housing a care and attention home for the severely disabled and a nursing home. In addition, preparatory works for the relocation of Haven of Hope Po Lam Day Activity Centre cum Hostel in the Sai Kung social service complex were also in good progress.

Adhering to the Vision, Mission and Values, HOHCS strengthens its 'software' by introducing a ten-year service plan called "Vision 2030" with four directional goals enhancing capacity to meet the needs of service users and the community, such as preparing service users for discharge to reduce the chance of re-hospitalisation and enabling them to stay in the community. HOHCS has also been awarded the service contract to operate the District Health Centre Express in Sai Kung district, the service objectives of which are to enhance the community's management of chronic diseases and alleviate the pressure on the public healthcare system.

Challenges on manpower shortage and increasing service demand due to growing and ageing population continue. To allay this sectoral impact, HOHCS strives to retain staff by implementing initiatives to enhance the working environment and motivate staff morale, such as reviewing the career ladders of different staff posts, integrating spiritual care in service planning and delivery, improving staff's working environment, and strengthening volunteer service frameworks. To combat manpower shortage, HOHCS leverages on technological developments to improve service quality and efficiency, as well as managing services. HOHCS has also been developing partnership with stakeholders, such as The Hong Kong Council of Social Service and The Hong Kong University of Science and Technology, to foster the development and application of gerontechnology in Hong Kong.

...../To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

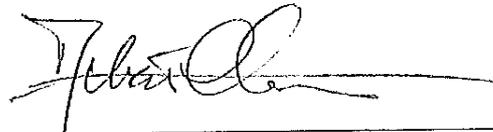
FOR THE YEAR ENDED MARCH 31, 2021

...../Continued

Key Challenges and Strategies Ahead (continued)

At all times, the unwavering support and trust of stakeholders enable HOHCS to materialise the vision through synergy created via different levels of collaborations and support. Embracing innovative thinking, courage to breakthrough limits and open-mindedness, HOHCS strives to work towards the vision despite challenges, backed up by a strong Christian culture shared by the Board and staff.

FOR AND ON BEHALF OF THE BOARD



Mr. Chau Kwok-woon
Honorary Secretary

Hong Kong
September 24, 2021



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAVEN OF HOPE CHRISTIAN SERVICE
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Haven of Hope Christian Service ("HOHCS") set out on pages 10 to 52, which comprise the statement of financial position as at March 31, 2021, and the statement of income and expenditure and other comprehensive income, statement of changes in funds and 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 our opinion, the financial statements give a true and fair view of the financial position of HOHCS as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Other information

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

...../To be continued



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAVEN OF HOPE CHRISTIAN SERVICE
(Incorporated in Hong Kong and limited by guarantee)

...../Continued

Other information (continued)

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

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

Responsibilities of directors and those charged with governance for the financial statements

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

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

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

...../To be continued



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAVEN OF HOPE CHRISTIAN SERVICE

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HOHCS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HAVEN OF HOPE CHRISTIAN SERVICE

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

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

- 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 HOHCS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause HOHCS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Certified Public Accountants
Hong Kong
September 24, 2021

Philip Poon & Partners CPA Limited
Mr. Poon Chin Chung, Philip
Practising Certificate No.: P01748

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2021

	<u>NOTE</u>	<u>2021</u> \$	<u>2020</u> \$
INCOME	4	820,919,917	742,125,826
EXPENDITURE	5	(719,672,906)	(702,722,502)
NET GAINS FROM FINANCIAL INVESTMENTS	7	5,934,568	10,563,859
 SURPLUS FOR THE YEAR		<u>107,181,579</u>	<u>49,967,183</u>
 OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to income and expenditure:			
Fair value gain/(loss) on:			
- Equity investments at fair value through other comprehensive income		3,988,764	(7,001,818)
 Items that will be reclassified subsequently to income and expenditure:			
Fair value gain/(loss) on:			
- Non-equity investments at fair value through other comprehensive income		26,218,678	(6,843,748)
 Reclassification adjustments for disposal of financial assets transferred to income and expenditure		1,684,126	46,800
		<u>31,891,568</u>	<u>(13,798,766)</u>
 TOTAL COMPREHENSIVE INCOME		<u>139,073,147</u>	<u>36,168,417</u>
 Total comprehensive income is attributed to:			
General Funds		21,635,943	26,947,090
Designated Funds		37,403,265	22,420,160
HOHCS Teh Chi Khun Elderly Grace Charitable Fund		(218,300)	1,650,872
Lotteries Fund Block Grant Reserve		784,563	1,083,502
Government Subvention Reserve		50,042,832	422,034
Investment Fair Value Reserve		31,891,568	(13,798,766)
Capital Assets Reserve		(2,466,724)	(2,556,475)
		<u>139,073,147</u>	<u>36,168,417</u>

The notes on pages 16 to 52 form part of these financial statements.

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	<u>NOTE</u>	<u>2021</u> \$	<u>2020</u> \$
NON-CURRENT ASSETS			
Property, plant and equipment	9	707,939,297	684,397,681
Non-current financial assets	10	186,570,183	141,776,012
Capital projects	11	1,576,321,614	1,253,316,395
Right-of-use assets	17(a)	11,233,838	15,225,241
		<u>2,482,064,932</u>	<u>2,094,715,329</u>
CURRENT ASSETS			
Inventories	12	379,587	704,675
Accounts receivable and prepayments		19,170,711	17,614,032
Utility deposits		2,880,827	2,803,525
Time deposits, bank balances and cash		415,893,116	338,753,809
		<u>438,324,241</u>	<u>359,876,041</u>
CURRENT LIABILITIES			
Accounts and other payables		(42,943,689)	(39,821,192)
Lease liabilities	17(b)	(9,553,001)	(7,947,204)
		<u>(52,496,690)</u>	<u>(47,768,396)</u>
NET CURRENT ASSETS		<u>385,827,551</u>	<u>312,107,645</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,867,892,483</u>	<u>2,406,822,974</u>
NON-CURRENT LIABILITIES			
Non-recurrent grants received in advance		(17,133,365)	(53,584,370)
Non-recurrent grants deferred income		(111,736,687)	(69,136,590)
Deferred capital funds		(2,107,380,229)	(1,785,953,765)
Lease liabilities	17(b)	(1,878,792)	(7,457,986)
		<u>(2,238,129,073)</u>	<u>(1,916,132,711)</u>
NET ASSETS		<u>629,763,410</u>	<u>490,690,263</u>

...../To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

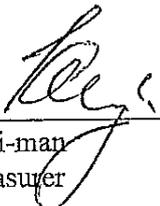
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STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

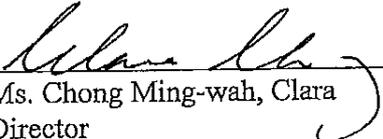
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	<u>NOTE</u>	<u>2021</u>	<u>2020</u>
		<u>\$</u>	<u>\$</u>
FINANCED BY			
General Funds		252,701,096	221,659,222
Designated Funds		170,366,707	142,401,373
HOHCS Teh Chi Khun Elderly Grace Charitable Fund		48,653,229	49,726,464
Lotteries Fund Block Grant Reserve	15	84,871	339,894
Government Subvention Reserve		127,066,404	77,023,572
Investment Fair Value Reserve		27,557,163	(4,334,405)
Capital Assets Reserve		3,333,940	3,874,143
TOTAL FUNDS AND RESERVES		<u>629,763,410</u>	<u>490,690,263</u>

Approved and authorised for issue by the board of directors on September 24, 2021



Mr. Wong Kai-man
Honorary Treasurer



Ms. Chong Ming-wah, Clara
Director

The notes on pages 16 to 52 form part of these financial statements.

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED MARCH 31, 2021

	HOHCS						Total
	General Funds	Designated Funds	Teh Chi Khun Elderly Grace Charitable Fund	Lotteries Fund Block Grant Reserve	Government Subvention Reserve	Investment Fair Value Reserve	Capital Assets Reserve
	\$	\$	\$	\$	\$	\$	\$
Balance at April 1, 2020	221,659,222	142,401,373	49,726,464	339,894	77,023,572	(4,334,405)	3,874,143
Reallocation of Funds	(1,608,423)	1,608,423	--	--	--	--	--
Transfer of specific allocation approved by Board from Designated Funds for non-subvented services and administrative support	11,014,354	(10,159,419)	(854,935)	--	--	--	--
Transfer to Capital Assets Reserve	--	(886,935)	--	(1,039,586)	--	--	1,926,521
Total comprehensive income/(loss) for the year	21,635,943	37,403,265	(218,300)	784,563	50,042,832	31,891,568	(2,466,724)
Balance at March 31, 2021	<u>252,701,096</u>	<u>170,366,707</u>	<u>48,653,229</u>	<u>84,871</u>	<u>127,066,404</u>	<u>27,557,163</u>	<u>3,333,940</u>
							<u>629,763,410</u>

.....To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED MARCH 31, 2021

...../Continued

	HOHCS							
	General Funds \$	Designated Funds \$	Teh Chi Khun Elderly Grace Charitable Fund \$	Lotteries Fund Block Grant Reserve \$	Government Subvention Reserve \$	Investment Fair Value Reserve \$	Capital Assets Reserve \$	Total \$
Balance at April 1, 2019	183,295,920	169,611,405	48,875,592	227,247	76,601,538	9,464,361	5,149,824	493,225,887
Reallocation of Funds	(718,809)	718,809	--	--	--	--	--	--
Transfer of specific allocation approved by Board from Designated Funds for non-subservent services and administrative support	12,135,021	(11,335,021)	(800,000)	--	--	--	--	--
Transfer to Capital Assets Reserve	--	(39,013,980)	--	(970,855)	--	--	1,280,794	(38,704,041)
Total comprehensive income/(loss) for the year	26,947,090	22,420,160	1,650,872	1,083,502	422,034	(13,798,766)	(2,556,475)	36,168,417
Balance at March 31, 2020	<u>221,659,222</u>	<u>142,401,373</u>	<u>49,726,464</u>	<u>339,894</u>	<u>77,023,572</u>	<u>(4,334,405)</u>	<u>3,874,143</u>	<u>490,690,263</u>

The notes on pages 16 to 52 form part of these financial statements.

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>NOTE</u>	<u>2021</u> \$	<u>2020</u> \$
NET CASH FROM OPERATING ACTIVITIES	18(a)	166,081,993	106,829,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(84,201,130)	(110,742,737)
Proceeds from sale of financial instruments		26,516,212	17,959,951
Purchase of financial instruments		(39,635,323)	(47,731,366)
Increase/(Decrease) of capital projects		18,000,263	(28,890,960)
Net cash used in investing activities		(79,319,978)	(169,405,112)
NET CASH USED IN FINANCING ACTIVITIES			
Principal and interest elements of lease payment	18(b)	(9,622,708)	(9,244,560)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		77,139,307	(71,819,882)
CASH AND CASH EQUIVALENTS AT END OF YEAR		338,753,809	410,573,691
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits, bank balances and cash		415,893,116	338,753,809

The notes on pages 16 to 52 form part of these financial statements.

HAVEN OF HOPE CHRISTIAN SERVICE
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

1. GENERAL INFORMATION

Haven of Hope Christian Service (“HOHCS”) is a company incorporated in Hong Kong under Hong Kong Companies Ordinance with liabilities limited by guarantee. The address of its registered office is 7 Haven of Hope Road, Tseung Kwan O, Hong Kong.

The principal activities of HOHCS are the provision of health and social services to the public including medical, educational and social care activities in a Christian environment.

The financial statements are presented to the nearest Hong Kong dollars; Hong Kong dollar is HOHCS’s functional and presentation currency.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except as otherwise stated in the accounting policies set out in note 3.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, 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 judgements 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 recognised 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.

HAVEN OF HOPE CHRISTIAN SERVICE
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Application of new and revised HKFRSs

(i) For current period, HOHCS has adopted the following new and revised HKFRSs, which are relevant to its financial statements.

- HKAS 1 and HKAS 8 (Amendments) - Definition of Material
- HKAS 39, HKFRS 7 and HKFRS 9 (Amendments) - Interest Rate Benchmark Reform
- HKFRS 3 (Amendments) - Definition of a Business
- Amendment to HKFRS 16 "COVID-19-Related Rent Concessions" (early adopted)

Other than the impact of Amendment of HKFRS 16 as explained below, the application of above new and revised HKFRSs has no significant impact on the amounts reported and disclosures as set out in these financial statements.

Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

HOHCS has elected to early adopt the amendment and has applied the practical expedient to all qualifying COVID-19-related rent concessions granted to HOHCS since April 1, 2020. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in income and expenditure in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at April 1, 2020.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Application of new and revised HKFRSs (continued)

(ii) Standards and interpretations not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended March 31, 2021 and which have not been adopted in these financial statements.

HOHCS is in the process of making an assessment of what the potential impact of these amendments is relevant to be in the period of initial application. So far it has concluded that the adoption of them is not expected to have a significant impact on the financial statements.

(b) Property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold land and buildings	50 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Leasehold improvement	5 years

Most leasehold land used by HOHCS is granted by Hong Kong Government and deemed as nil value to HOHCS. For the carrying costs of other leasehold land and buildings, as the amount involved is insignificant, the entire lease is classified as finance lease and accounted for under HKAS 16 – Property, Plant and Equipment. According to HKAS 16, the assets are stated at costs less any accumulated depreciation and any accumulated impairment losses.

HAVEN OF HOPE CHRISTIAN SERVICE

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NOTES TO THE FINANCIAL STATEMENTS

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3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Impairment

At the end of each reporting period, HOHCS reviews the carrying amounts of its 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to income and expenditure in the year in which the reversals are recognised.

(d) Investments

Investments are recognised and derecognised on the trade date when HOHCS becomes party to the contractual provisions of the investments and are initially measured at fair value plus transaction costs. Investments are further categorised into the following classifications for the measurement after initial recognition.

(i) Investments in equity instruments

An investment in equity instruments is classified as fair value through income and expenditure, except for those investments in equity instruments not held for trading and are designated as financial assets at fair value through other comprehensive income. HOHCS makes an irrevocable election at initial recognition for the investment in equity instruments to present subsequent changes in fair value in other comprehensive income. This election is made on an instrument-by-instrument (i.e. share-by-share) basis. Amounts presented in other comprehensive income for such investments are not to be subsequently transferred to income and expenditure while such investment are disposed of. At the time of disposal of investments in equity instruments, the cumulative gain or loss of the investment is reclassified from investment fair value reserves to the corresponding designated funds.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments (continued)

(ii) Investments in non-equity instruments

An investment in non-equity instruments is measured at:

- Amortised cost: if the investment is held within a business model whose objective is to hold the investment in order to collect contractual cash flows, and the contractual terms of the investment give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income : if the investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A gain or loss on an investment in non-equity instruments measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, while the investment is derecognised. When such investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from investment fair value reserve to income and expenditure as a reclassification adjustment.
- Fair value through income and expenditure : if the investments are not measured at amortised cost and at fair value through other comprehensive income.
- HOHCS recognises an impairment loss for expected credit losses (“ECL”) on financial assets measured at amortised cost and at fair value through other comprehensive income.
- The loss allowance for account receivables is measured at an amount equal to lifetime ECL. For other financial instruments, HOHCS recognises a loss allowance equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

HAVEN OF HOPE CHRISTIAN SERVICE

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(d) Investments (continued)

(ii) Investments in non-equity instruments (continued)

- Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- HOHCS recognises an impairment loss in income and expenditure for all financial assets with a corresponding adjustment to their carrying amount through a provision account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and does not reduce its carrying amount.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(f) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowances for expected credit losses except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowances for expected credit losses.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

(h) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in such cases, they are stated at cost.

(i) Provisions

Provisions are recognised when HOHCS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where HOHCS expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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NOTES TO THE FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition

- (i) Grants and subvention are recognised at fair value where there is a reasonable assurance that the grant and subvention will be received and HOHCS will comply with all attached conditions for services performed. Non-recurrent grants are funding received on a one-off basis for procurement of capital expenditures and other programme sponsorships.

Grants relating to costs are deferred and recognized in the income and expenditure over the period necessary to match them with the costs that they are intended to compensate. Where the grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to income and expenditure on a straight-line basis over the expected lives of the related assets.

- (ii) General donations are recognised as income upon receipt except for grants received for capital projects.
- (iii) Operating income is recognised when services are rendered including fee income of clinics, hospital and residential homes.
- (iv) Interest income is recognised on a time proportion basis by reference to the principal amount outstanding and the interest rate applicable.

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Lease

As the lessee

From April 1, 2019, leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use by HOHCS. Each lease payment is allocated between repayment of lease liability and finance cost. The finance cost is charged to income and expenditure over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments associated with short-term leases with lease term of 12 months or less and leases of low value underlying assets are recognised on a straight-line basis over the lease term as an expense in income and expenditure.

(l) Employee salaries and benefits

(i) Salaries, paid annual leave, other allowances and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, the amount is stated at its present value.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in income and expenditure.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income and expenditure in the period in which they are incurred.

(n) Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income and expenditure.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in income and expenditure, any exchange component of that gain or loss shall be recognised in income and expenditure.

(o) Designated funds

The designated funds are held to account for funds and related income raised for designated purposes.

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FOR THE YEAR ENDED MARCH 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) HOHCS Teh Chi Khun Elderly Grace Charitable Fund

This charitable fund was set up within the accounts of HOHCS. The purpose of the fund is to provide financial assistance to the elderly in need. The capital of the fund is invested, but should not be utilised without the consent of the donors.

(q) Deferred capital funds

The deferred capital funds represent the unamortised balances of funds with respect to those depreciable land and buildings as well as capital projects.

(r) Lotteries Fund block grant reserve

Surpluses arising from activities covered by the Lotteries Fund block grant are transferred to this reserve. This block grant must be used on activities under the Lotteries Fund Manual from the Social Welfare Department.

(s) Government subvention reserve

Surpluses arising from activities covered by the Lump Sum Grant Subvention from the Social Welfare Department are transferred to this reserve. The reserve must be used on activities in relation to the Funding Service Agreement and the related support services.

(t) Investment fair value reserve

As stated in note 3(d), except for impairment losses, any gains and losses arising from changes in fair value with respect to those financial assets measured at fair value through other comprehensive income are recognised in this reserve.

(u) Capital assets reserve

The capital assets reserve represents the unamortised balances of funds with respect to those depreciable assets acquired by HOHCS's designated funds.

HAVEN OF HOPE CHRISTIAN SERVICE

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

4. INCOME

	<u>2021</u>	<u>2020</u>
	\$	\$
Subvention and grant from:		
Government	455,382,568	416,488,098
Community Chest	1,836,890	1,621,200
Lotteries Fund block grant	3,710,002	3,435,137
Non-recurrent grant income	65,502,147	70,712,230
Other grants and donations	40,698,825	26,045,963
Operating income	165,688,574	177,491,439
Miscellaneous income	31,373,485	3,760,138
Transfer from deferred capital funds	19,579,018	19,579,018
Transfer from non-recurrent grant deferred income	36,311,990	22,992,603
Flag day income	836,418	--
	<u>820,919,917</u>	<u>742,125,826</u>

5. EXPENDITURE

	<u>2021</u>	<u>2020</u>
	\$	\$
Personal emoluments	467,898,635	453,676,365
Operating expenses	111,842,458	116,876,981
Operating lease payment -- property rental	892,262	1,795,600
Non-recurrent grant expenses	65,502,147	70,712,230
Auditors' remuneration	298,674	276,100
Block Grant expenses	2,925,439	2,351,635
Depreciation of right-of-use assets	9,287,351	8,936,940
Interest on lease liabilities	353,363	487,569
Depreciation		
- land and buildings	19,579,018	19,579,018
- motor vehicles	2,980,416	3,523,895
- furniture, fixtures and equipment	7,356,920	6,345,882
- leasehold improvement	30,675,958	18,160,287
Flag day expenses	80,265	--
	<u>719,672,906</u>	<u>702,722,502</u>

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

6. EMPLOYEE SALARIES AND BENEFITS

	<u>2021</u>	<u>2020</u>
	\$	\$
Personal emoluments	467,898,635	453,676,365
Staff costs included in non-recurrent grant expenses	33,978,355	32,380,611
	<u>501,876,990</u>	<u>486,056,976</u>

7. NET GAINS FROM FINANCIAL INVESTMENTS

	<u>2021</u>	<u>2020</u>
	\$	\$
(Loss)/Gain on disposal of financial investments	(818,825)	178,720
Net investment income	6,753,393	10,385,139
	<u>5,934,568</u>	<u>10,563,859</u>

8. TAXATION

No provision for Hong Kong Profits Tax is made in the financial statements as HOHCS is exempted from taxation under section 88 of the Inland Revenue Ordinance.

HAVEN OF HOPE CHRISTIAN SERVICE
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9. **PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings \$	Furniture, fixtures and equipment \$	Motor vehicles \$	Leasehold improvement \$	Total \$
<u>Cost:</u>					
At April 1, 2019	961,367,197	86,835,185	29,440,431	54,205,993	1,131,848,806
Additions	38,704,041	7,203,964	2,290,116	62,544,616	110,742,737
Disposals	--	(376,033)	--	--	(376,033)
At March 31, 2020	<u>1,000,071,238</u>	<u>93,663,116</u>	<u>31,730,547</u>	<u>116,750,609</u>	<u>1,242,215,510</u>
At April 1, 2020	1,000,071,238	93,663,116	31,730,547	116,750,609	1,242,215,510
Additions	--	11,933,023	3,379,766	68,888,341	84,201,130
Disposals	--	(509,860)	--	(45,288)	(555,148)
At March 31, 2021	<u>1,000,071,238</u>	<u>105,086,279</u>	<u>35,110,313</u>	<u>185,593,662</u>	<u>1,325,861,492</u>
<u>Accumulated depreciation and impairment losses:</u>					
At April 1, 2019	373,529,748	74,651,456	21,520,893	40,833,577	510,535,674
Depreciation for the year	19,579,018	6,345,882	3,523,895	18,160,287	47,609,082
Eliminated on disposals	--	(326,927)	--	--	(326,927)
At March 31, 2020	<u>393,108,766</u>	<u>80,670,411</u>	<u>25,044,788</u>	<u>58,993,864</u>	<u>557,817,829</u>
At April 1, 2020	393,108,766	80,670,411	25,044,788	58,993,864	557,817,829
Depreciation for the year	19,579,018	7,356,920	2,980,416	30,675,958	60,592,312
Eliminated on disposals	--	(442,658)	--	(45,288)	(487,946)
At March 31, 2021	<u>412,687,784</u>	<u>87,584,673</u>	<u>28,025,204</u>	<u>89,624,534</u>	<u>617,922,195</u>
<u>Net carrying amount:</u>					
At April 1, 2019	<u>587,837,449</u>	<u>12,183,729</u>	<u>7,919,538</u>	<u>13,372,416</u>	<u>621,313,132</u>
At March 31, 2020	<u>606,962,472</u>	<u>12,992,705</u>	<u>6,685,759</u>	<u>57,756,745</u>	<u>684,397,681</u>
At April 1, 2020	<u>606,962,472</u>	<u>12,992,705</u>	<u>6,685,759</u>	<u>57,756,745</u>	<u>684,397,681</u>
At March 31, 2021	<u>587,383,454</u>	<u>17,501,606</u>	<u>7,085,109</u>	<u>95,969,128</u>	<u>707,939,297</u>

The land and buildings with net carrying amount of \$60,581,191 (2020: \$61,875,835) are located in Hong Kong and held under medium-term lease.

All the other land used by HOHCS is granted by Hong Kong Government and deemed as nil value to HOHCS.

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10. NON-CURRENT FINANCIAL ASSETS

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial assets at fair value through other comprehensive income		
- Equity investments	25,642,801	24,650,250
- Non-equity investments	160,927,382	117,125,762
Total non-current financial assets	<u>186,570,183</u>	<u>141,776,012</u>

At the reporting date, HOHCS has fixed deposits and cash at bank with the amount of \$30,984,325 (2020: \$43,561,862), which form part of HOHCS's investment portfolio and have been included in the time deposits, bank balances and cash.

11. CAPITAL PROJECTS

In 2016/17, HOHCS commenced its 10-year capital development plans to accommodate capacity growth and service modernisation, including Haven of Hope Hospital Expansion Project ("Hospital Expansion"), Haven of Hope Woo Ping Care & Attention Home Extension Project ("Woo Ping Extension") and Haven of Hope Sister Annie Skau Holistic Care Centre Expansion Project ("SASHCC Expansion").

Hospital Expansion project cost is estimated at \$2,116 million, in which HOHCS has contributed \$43 million (of which \$40 million is supported by Hong Kong Jockey Club) and the rest is funded by the Government. The construction works was completed and the Occupancy Permit was issued by Buildings Development of Hong Kong Government in March 2021, renovation is in progress and it is expected to be operational in year 2021/22. The project cost of Woo Ping Extension is estimated at \$159 million, in which Social Welfare Department contributes \$63 million and Hong Kong Jockey Club contributes \$96 million respectively. As of reporting date, \$80 million is capitalized as leasehold improvement and furniture and fixtures for Woo Ping Extension project.

In 2019/20, HOHCS has commenced the project to convert ex-Sai Kung Central Primary School into a social services complex, which is estimated at cost of \$86 million and is supported by Social Welfare Department.

Additionally, in 2020/21, HOHCS has commenced the SASHCC Expansion project to build an End-of-Life complex, consisting of an End-of-Life Care Block and a Life and Death Education, Training and Research Centre. It is estimated at cost of \$535.3 million and is supported by Hong Kong Jockey Club.

HAVEN OF HOPE CHRISTIAN SERVICE

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

11. CAPITAL PROJECTS (CONTINUED)

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Project work-in-progress		
- Hospital Expansion	1,562,996,753	1,221,991,271
- Woo Ping Extension	4,579,880	29,808,484
- Conversion of ex-Sai Kung Central Primary School into a social services complex	8,218,981	1,516,640
- Sister Annie Skau Holistic Care Centre Extension – Development of an End-of-Life Complex	526,000	--
	<u>1,576,321,614</u>	<u>1,253,316,395</u>

12. INVENTORIES

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Consumables	201,155	249,009
Goods for resale	178,432	455,666
	<u>379,587</u>	<u>704,675</u>

HAVEN OF HOPE CHRISTIAN SERVICE

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13. DONATIONS FROM COMMUNITY CHEST, LOTTERIES FUND, THE HONG KONG JOCKEY CLUB CHARITIES TRUST, SK YEE MEDICAL FOUNDATION, CWM/NETHERSOLE FUND AND HONG KONG BANK TRUST

For the year, HOHCS has received donations from Community Chest, Lotteries Fund, The Hong Kong Jockey Club Charities Trust, SK Yee Medical Foundation, CWM/Nethersole Fund and Hong Kong Bank Trust as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Community Chest</u>		
Service administration	182,795	177,445
Haven of Hope Bradbury King Lam Community Health Development Centre	1,654,095	1,443,755
HSBC 150 th Anniversary Charity Programme : My Way	750,000	1,500,000
Healthy Happy Elderly Community Based Chronic Disease Management Programme	1,431,900	1,092,575
Haven of Hope Sunnyside Enabling Centre -- Life Education for Adults with Severe Intellectual Disabilities	413,892	906,042
The ReLive Project	--	777,345
	<u>4,432,682</u>	<u>5,897,162</u>

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13. DONATIONS FROM COMMUNITY CHEST, LOTTERIES FUND, THE HONG KONG JOCKEY CLUB CHARITIES TRUST, SK YEE MEDICAL FOUNDATION, CWM/NETHERSOLE FUND AND HONG KONG BANK TRUST (CONTINUED)

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Lotteries Fund</u>		
Block Grant	3,710,000	3,435,000
Community Care Service Voucher – Haven of Hope Day Care cum Rehabilitation Centre for Elderly (Hong Kong East)	2,108,741	3,131,944
Community Care Service Voucher – Haven of Hope Lok Wah Day Care Centre for the Elderly	351,227	893,600
Community Care Service Voucher – Haven of Hope Memory Care Centre for Elderly (Hong Kong West)	469,128	678,515
Community Care Service Voucher – Haven of Hope Tsui Lam Day Training Centre for the Elderly	2,498,233	4,198,725
Community Care Service Voucher – Haven of Hope Community Care Service for the Elderly	79,041	3,700
Cost of improvement works for Haven of Hope Nursing Home	3,068,806	--
Subvented Residential Care Homes for Persons with Disabilities to Undertake Fire Safety/Building Safety Rectification Measures	11,755,949	--
Haven of Hope Day Care cum Rehabilitation Centre for the Elderly (Hong Kong East)	--	1,145,643
Conversion of ex-Sai Kung Central Primary School into a Social Services Complex	1,632,146	477,600
Haven of Hope Tsui Lam Hostel	--	1,104,095
Haven of Hope Tsui Lam Day Care Centre for the Elderly	--	1,000,000
Haven of Hope Woo Ping Care and Attention Home	754,036	--
Haven of Hope District Elderly Community Service	73,800	14,131
Haven of Hope Tsui Lam Day Training Centre for the Elderly	--	1,145,643

...../To be continued

HAVEN OF HOPE CHRISTIAN SERVICE

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NOTES TO THE FINANCIAL STATEMENTS

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13. DONATIONS FROM COMMUNITY CHEST, LOTTERIES FUND, THE HONG KONG JOCKEY CLUB CHARITIES TRUST, SK YEE MEDICAL FOUNDATION, CWM/NETHERSOLE FUND AND HONG KONG BANK TRUST (CONTINUED)

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Lotteries Fund (continued)</u>		
Haven of Hope Integrated Vocational Rehabilitation Services Centre	386,855	111,100
Haven of Hope Nursing Home	2,958,150	344,770
Haven of Hope Community Rehabilitation Day Centre	1,106,051	23,000
Pilot Project on Provision of Wi-Fi Service for Eligible Welfare Service Units	228,840	418,596
Purchase of Centre Buses for Day Activity Centres cum Hostels for Severely Mentally Handicapped Persons and Community Rehabilitation Day Centres	--	4,018,400
Purchase of Furniture and Equipment for Operating New Work Extension programme and New Extended Care Programme in Day Training and Vocational Rehabilitation Service Units	219,759	--
Purchase of vehicle for the Pilot Scheme on Community Care Service Voucher for the Elderly (Second Phase)	1,329,051	--
Purchase of Furniture and Equipment for Enhanced Home and Community Care Services Wong Tai Sin Cluster and Kwun Tong Cluster	206,488	--
	<u>32,936,301</u>	<u>22,144,462</u>

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13. DONATIONS FROM COMMUNITY CHEST, LOTTERIES FUND, THE HONG KONG JOCKEY CLUB CHARITIES TRUST, SK YEE MEDICAL FOUNDATION, CWM/NETHERSOLE FUND AND HONG KONG BANK TRUST (CONTINUED)

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>The Hong Kong Jockey Club Charities Trust</u>		
Three-year Trust – Initiated project on End-of-life care	3,747,300	4,356,117
End-of-Life Community Care Project Extension	1,322,210	--
Holistic Support Programme on Mental Health for Older People	3,124,286	1,300,278
Haven of Hope Hospital	--	10,000,000
Haven of Hope Woo Ping Care and Attention Home	--	3,901,813
An Enhanced Discharge Support Programme for the Elderly	3,630,774	2,478,141
Programme on Dementia in Sai Kung District	1,452,528	1,077,394
Happy and Healthy Ageing Project	10,925,670	11,629,150
Haven of Hope District Elderly Community Service	--	615,320
Set up an e-Health corner at Haven of Hope District Elderly Community Service – Kin Ming Centre	399,839	44,431
Prevention of novel coronavirus infection	--	891,000
COVID-19 Emergency Fund	--	429,650
賽馬會齡活城市計劃 – 「智·友善網絡」 認知障礙友善社區計劃	332,388	--
Enhance the Social Services Complex in Sai Kung	386,695	--
Jockey Club Care Pack Project	300,000	--
Support Elderly Singletons and Doubletons in the Community under COVID-19	1,003,000	--
Facilities Enhancement Scheme for Pandemic Preparedness at Residential Care Homes	1,096,800	--
	<u>27,721,490</u>	<u>36,723,294</u>

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13. DONATIONS FROM COMMUNITY CHEST, LOTTERIES FUND, THE HONG KONG JOCKEY CLUB CHARITIES TRUST, SK YEE MEDICAL FOUNDATION, CWM/NETHERSOLE FUND AND HONG KONG BANK TRUST (CONTINUED)

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>SK Yee Medical Foundation</u>		
Haven of Hope Sister Annie Skau Holistic Care Centre	6,416,352	9,624,567
Replacement and Purchase of Medical Equipment in Primary Health Care Services	1,057,260	--
	<u>7,473,612</u>	<u>9,624,567</u>
<u>CWM/Nethersole Fund</u>		
Care for Carer – Chronic Disease Carer Support Scheme	200,000	--
「關懷智親 – 社區支援計劃」	105,000	--
	<u>305,000</u>	<u>--</u>
<u>Hong Kong Bank Trust</u>		
Good Life Good Health – Care for the Elderly and Caregive	--	23,430
Aging Well	--	21,783
Deep Deep Buddies	487,655	--
Haven of Hope Sunnyside Enabling Centre	1,000,000	--
	<u>1,487,655</u>	<u>45,213</u>

HAVEN OF HOPE CHRISTIAN SERVICE

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FOR THE YEAR ENDED MARCH 31, 2021

14. NET PROCEEDS FROM FUND-RAISING ACTIVITIES UNDER PUBLIC SUBSCRIPTION PERMITS GRANTED BY THE SOCIAL WELFARE DEPARTMENT

According to the requirement of the Public Subscription Permits ("PSP") issued by the Social Welfare Department under Section 4(17)(i) of the Summary Offences Ordinance, Cap 228, the net proceeds from the fund-raising activities approved in the Permits are listed as follows:

- (a) Flag day
(PSP number: FD/T016/2020)

	<u>2021</u>	<u>2020</u>
	\$	\$
Income	836,418	--
Expenditure	(80,265)	--
Net proceeds	<u>756,153</u>	<u>--</u>

Note : All the net flag day receipts are used to support the recurrent expenditure for providing the elderly a trans-disciplinary professional care services including home care, day care and rehabilitation service, residential home service and care support & training course for caregivers held on October 3, 2020

- (b) Other fund-raising activities

	<u>2021</u>	<u>2020</u>
	\$	\$
Income	1,838,240	1,824,650
Expenditure	(921,707)	(1,033,738)
Net proceeds	<u>916,533</u>	<u>790,912</u>

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14. NET PROCEEDS FROM FUND-RAISING ACTIVITIES UNDER PUBLIC SUBSCRIPTION PERMITS GRANTED BY THE SOCIAL WELFARE DEPARTMENT (CONTINUED)

(b) Other fund-raising activities (continued)

<u>PSP number</u>	<u>Income</u>	<u>Expenditure</u>	<u>Net proceeds</u>
	\$	\$	\$
<u>2021</u>			
2020/052/1 (Note 1)	9,448	(850)	8,598
2020/104/1 & 2020/104/2 (Note 2)	1,828,792	(920,857)	907,935
	<u>1,838,240</u>	<u>(921,707)</u>	<u>916,533</u>
<u>2020</u>			
2019/090/1 (Note 3)	2,598	(500)	2,098
2019/120/1 (Note 4)	16,806	(2,050)	14,756
2019/154/1 (Note 5)	221	--	221
2019/156/1 (Note 6)	83,155	(65,330)	17,825
2019/184/1 & 2019/184/2 (Note 7)	1,721,870	(965,858)	756,012
	<u>1,824,650</u>	<u>(1,033,738)</u>	<u>790,912</u>

HAVEN OF HOPE CHRISTIAN SERVICE

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14. NET PROCEEDS FROM FUND-RAISING ACTIVITIES UNDER PUBLIC SUBSCRIPTION PERMITS GRANTED BY THE SOCIAL WELFARE DEPARTMENT (CONTINUED)

(b) Other fund-raising activities (continued)

Note 1: Support the ten-year capital development project, which aims at providing faith-based quality medical service held for the period from May 18, 2020 to March 31, 2021

Note 2: Support non-subservented elderly care services held on October 23, 24, November 7, 8, 14, 15, 21 and December 12, 16, 31, 2020

Note 3: Support total care and the Haven of Hope Sunnyside Enabling Centre held on May 4 and 5, 2019

Note 4: Support the ten-year capital development project, which aims at providing faith-based quality medical service held for the period from July 1, 2019 to March 31, 2020

Note 5: Support non-subservented services held on August 19 and 20, 2019

Note 6: Support non-subservented elderly care services held on November 2 and 3, 2019

Note 7: Support non-subservented elderly care services held for the period from September 27 to December 27, 2019

15. LOTTERIES FUND BLOCK GRANT RESERVE

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at April 1	339,894	227,247
Block grant received during the year	3,710,000	3,435,000
Interest income received	2	137
	<u>4,049,896</u>	<u>3,662,384</u>
Expenditure during the year		
- Minor works projects	(1,793,815)	(1,598,559)
- Furniture and equipment	(1,948,420)	(1,584,216)
- Vehicle overhauling	(222,790)	(139,715)
Balance at March 31	<u>84,871</u>	<u>339,894</u>

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16. NON-RECURRENT GRANT FROM LOTTERIES FUND

The details and unspent balances of the following grants from Lotteries Fund are disclosed below in accordance with the conditions stipulated in the grant:

(i) Social Welfare Development Fund (SWDF) Phase 3

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at April 1	2,293,467	2,798,098
Allocation from SWDF during the year	125,000	645,740
Interest received during the year	51	2,279
	<u>2,418,518</u>	<u>3,446,117</u>
Expenditure during the year		
1. Expenditure for projects under scope A	(39,000)	--
2. Expenditure for projects under scope B (non-IT)	--	--
3. Expenditure for projects under scope B (IT)	(2,337,175)	(1,152,650)
4. Expenditure for projects under scope C	--	--
5. Expenditure for administrative support	--	--
Total expenditure during the year	<u>(2,376,175)</u>	<u>(1,152,650)</u>
Balance at March 31	<u>42,343</u>	<u>2,293,467</u>

HAVEN OF HOPE CHRISTIAN SERVICE

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16. NON-RECURRENT GRANT FROM LOTTERIES FUND (CONTINUED)

- (ii) Pilot Project on Provision of Wi-Fi Service for Eligible Welfare Service Units
Grant Code: 35141-837-4510-0000

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at April 1	418,596	--
Allocation from Lotteries Fund grant	228,840	418,596
	<u>647,436</u>	<u>418,596</u>
Expenditure during the year		
- Technical set-up and installation cost	(407,700)	--
- Operating expenses	(15,603)	--
	<u>(423,303)</u>	<u>--</u>
Balance at March 31	<u>224,133</u>	<u>418,596</u>

HAVEN OF HOPE CHRISTIAN SERVICE

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

17. LEASE ARRANGEMENTS

(a) Right-of-use assets

	<u>Land and building</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
COST:		
At April 1	23,977,573	22,421,464
Additions	6,215,293	2,109,044
Lease modification	(1,386,763)	(552,935)
At March 31	<u>28,806,103</u>	<u>23,977,573</u>
ACCUMULATED DEPRECIATION:		
At April 1	8,752,332	--
Charge for the year	9,287,351	8,936,940
Lease modification	(467,418)	(184,608)
At March 31	<u>17,572,265</u>	<u>8,752,332</u>
CARRYING VALUES:		
At April 1	<u>15,225,241</u>	<u>22,421,464</u>
At March 31	<u>11,233,838</u>	<u>15,225,241</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

17. LEASE ARRANGEMENTS (CONTINUED)

(b) Lease liabilities

	<u>2021</u>		<u>2020</u>	
	Present value of lease payments \$	Total lease payments \$	Present value of lease payments \$	Total lease payments \$
Current	9,553,001	9,729,828	7,947,204	8,235,455
Non-current	1,878,792	1,901,989	7,457,986	7,564,359
	<u>11,431,793</u>	<u>11,631,817</u>	<u>15,405,190</u>	<u>15,799,814</u>
Less: total future interest expenses		(200,024)		(394,624)
Present value of lease liabilities		<u>11,431,793</u>		<u>15,405,190</u>

(c) The amounts recognised in income and expenditure in relation to leases are as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest on lease liabilities	353,363	487,569
Depreciation for right-of-use assets	9,287,351	8,936,940
Expense relating to short-term leases and other leases with remaining lease terms ended on or before March 31	892,262	1,795,600
Total amount recognised in income and expenditure	<u>10,532,976</u>	<u>11,220,109</u>

HAVEN OF HOPE CHRISTIAN SERVICE
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NOTES TO THE FINANCIAL STATEMENTS
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18. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of surplus for the year to net cash from operating activities

	<u>2021</u>	<u>2020</u>
	\$	\$
Surplus for the year	107,181,579	49,967,183
Adjustments for:		
Net gains from financial investments	(6,536,885)	(10,563,859)
Transfer from deferred capital funds	(19,579,018)	(19,579,018)
Transfer from non-recurrent grant deferred income	(36,311,990)	(22,992,603)
Depreciation	60,592,312	47,609,082
Loss on disposal of property, plant and equipment	67,202	49,106
Depreciation on right-of-use assets	9,287,351	8,936,940
Interest on lease liabilities	353,363	487,569
Surplus before working capital changes	<u>115,053,914</u>	<u>53,914,400</u>
Decrease/(Increase) in inventories	325,088	(349,506)
(Increase)/Decrease in accounts receivable and prepayments	(1,556,679)	215,166
Increase in utility deposits	(77,302)	(164,143)
Increase in accounts and other payables	3,122,497	7,111,563
Decrease in non-recurrent grants received in advance	(36,451,005)	(31,802,463)
Grants and donations received for property, plant and equipment	78,912,087	67,519,634
Cash generated from operations	<u>159,328,600</u>	<u>96,444,651</u>
Net investment income	6,753,393	10,385,139
Net cash from operating activities	<u><u>166,081,993</u></u>	<u><u>106,829,790</u></u>

HAVEN OF HOPE CHRISTIAN SERVICE

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

18. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(b) Reconciliation of surplus for the year to net cash from financing activities

	<u>Lease liabilities</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
At April 1	15,405,190	22,421,464
- Additions	6,215,293	2,109,044
- Lease modification	(919,345)	(368,327)
	<u>20,701,138</u>	<u>24,162,181</u>
Changes arising from cash flows:		
- Principal element of lease paid	(9,269,345)	(8,756,991)
- Interest element of lease paid	(353,363)	(487,569)
	<u>(9,622,708)</u>	<u>(9,244,560)</u>
Interest expenses	353,363	487,569
At March 31	<u><u>11,431,793</u></u>	<u><u>15,405,190</u></u>

19. BENEFITS AND INTERESTS OF DIRECTORS

None of the directors received or will receive any fees or emoluments in respect of their service to HOHCS during the year (2020: Nil).

No significant transactions, arrangements and contracts in relation to HOHCS's business to which HOHCS was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was HOHCS a party to any arrangements to enable the directors of HOHCS to acquire benefits by means of acquisition of shares in, or debentures of, HOHCS or any other body corporate.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

20. COMMITMENTS

Capital commitments

At March 31, 2021, capital commitments outstanding not provided for in the financial statements are as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Contracted but not provided for</u>		
- F & E Replenishment and Minor Works Block Grant	81,395	337,685
- Construction cost for Woo Ping Extension	7,505,060	510,000
- Construction cost for conversion of ex-Sai Kung Central Primary School	104,204,892	3,965,272
- Construction cost for Sister Annie Skau Holistic Care Centre Extension	25,939,752	--
	<u>137,731,099</u>	<u>4,812,957</u>

21. CAPITAL MANAGEMENT

HOHCS's primary objectives when managing capital are to safeguard HOHCS's ability to continue as a going concern in order to provide benefits for its stakeholders. HOHCS defines "capital" as including all funds and reserves and on this basis the amount of capital employed at March 31, 2021 was \$629,763,410 (2020: \$490,690,263). HOHCS aims to maintain its capital at a reasonable level.

HOHCS's capital structure is regularly reviewed and managed with due regard to the capital management practices incorporated. Adjustments are made to the capital structure in light of change in economic conditions. No changes were made in the objectives, policies and processes during the year ended March 31, 2021.

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NOTES TO THE FINANCIAL STATEMENTS

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22. FINANCIAL INSTRUMENTS

HOHCS has classified its financial assets in the following measurement categories:

	Amortised costs \$	Financial assets at fair value through other comprehensive income \$	Total \$
<u>2021</u>			
Non-current financial assets (note 10)	--	186,570,183	186,570,183
Accounts receivable	9,387,662	--	9,387,662
Utility deposits	2,880,827	--	2,880,827
Time deposits, bank balances and cash	415,893,116	--	415,893,116
	<u>428,161,605</u>	<u>186,570,183</u>	<u>614,731,788</u>
<u>2020</u>			
Non-current financial assets (note 10)	--	141,776,012	141,776,012
Accounts receivable	10,044,604	--	10,044,604
Utility deposits	2,803,525	--	2,803,525
Time deposits, bank balances and cash	338,753,809	--	338,753,809
	<u>351,601,938</u>	<u>141,776,012</u>	<u>493,377,950</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

22. FINANCIAL INSTRUMENTS (CONTINUED)

HOHCS has classified its financial liabilities under the measurement category of amortised cost as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Accounts and other payables	42,943,689	39,821,192
Non-recurrent grants received in advance	17,133,365	53,584,370
Non-recurrent grants deferred income	111,736,687	69,136,590
Deferred capital funds	2,107,380,229	1,785,953,765
	<u>2,279,193,970</u>	<u>1,948,495,917</u>

HOHCS's activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risk.

(a) Credit risk

HOHCS's credit risk is primarily attributable to deposits with banks, credit exposure to customers and non-equity financial instruments with a positive fair value. To limit its exposure to credit risk, HOHCS places deposits and enters into derivative financial instruments only with financial institutions with acceptable credit ratings.

Summary quantitative data

	<u>2021</u>	<u>2020</u>
	\$	\$
Non-current financial assets	160,927,382	117,125,762
Accounts receivable	9,387,662	10,044,604
Time deposits, bank balances and cash	415,893,116	338,753,809
	<u>586,208,160</u>	<u>465,924,175</u>

At the end of reporting period, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The treasury management for individual service unit is centralized in the Head Office. HOHCS's policy is to regularly monitor the liquidity requirements for HOHCS as a whole, to ensure it maintains sufficient reserves of cash to satisfy its contractual and reasonably foreseeable obligations as they fall due.

(c) Market risk

(i) Interest rate risk

HOHCS's interest rate risk arises primarily from investments in financial securities and interest bearing deposits. Investments based on fixed rates expose HOHCS to fair value rate risk whilst investments based on floating rates expose HOHCS to cashflow interest rate risk. HOHCS's interest rate risk is regularly monitored by the Investment Committee.

Summary quantitative data

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Floating-rate financial assets</u>		
Bank balances	32,076,203	86,183,543
Finance assets at fair value through other comprehensive income	7,883,077	13,829,193
	<u>39,959,280</u>	<u>100,012,736</u>
<u>Fixed-rate financial assets</u>		
Time deposits	309,887,816	206,598,650
Finance assets at fair value through other comprehensive income	178,687,106	127,946,819
	<u>528,534,202</u>	<u>434,558,205</u>

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22. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

At March 31, 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased HOHCS's surplus for the year by approximately \$398,757/\$398,757 (2020: \$1,002,226/\$939,830).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in the interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2020.

(ii) Foreign currency risk

HOHCS does not have any significant foreign currency exposure as most of its transactions, assets and liabilities are principally denominated in Hong Kong Dollars and United States Dollars. Accordingly, HOHCS did not perform any sensitivity analysis with respect to foreign currency risk.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Market risk (continued)

(iii) Price risk

HOHCS is exposed to price risk arising from investment in equity and managed funds which are measured at fair value. The performance of HOHCS's listed and unlisted investments are monitored regularly by the Investment Committee formed by selected directors. HOHCS also controls its exposure to price risk by diversification of its portfolio in terms of sovereignty and industry distribution.

Summary quantitative data

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial assets designated at fair value through other comprehensive income – Funds	118,734,679	69,399,885
Financial assets designated at fair value through other comprehensive income – Equity investments	25,642,801	24,650,250
	<u>144,377,480</u>	<u>94,050,135</u>

Sensitivity analysis

All investments are unhedged. At March 31, 2021, if the price of listed and unlisted equity investments had been 10% higher/lower with all other variables held constant, HOHCS's surplus for the year would have been \$14,437,748 higher/lower (2020: \$9,405,014 higher/lower). The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next twelve months. The analysis is performed on the same basis for 2020.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Financial instruments carried at fair value

HOHCS's financial instruments are measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

HOHCS's financial assets are categorised as level 1 financial instruments which are traded in active market and/or listed in exchange. The fair value of HOHCS's financial assets was \$186,570,183 (2020: \$141,776,012) as at March 31, 2021 which was based on the quoted market price available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's length basis.