

2022 FOUNDATION LIMITED
(Incorporated in Hong Kong – limited by guarantee with no share capital)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020



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2022 FOUNDATION LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of 2022 Foundation Limited (the "Foundation") for the year ended 31 December 2020.

Principal activities

The principal activities of the Foundation are as follows:

- to serve as a round table of bringing together experts and leaders from academe, business, government and other sectors from Hong Kong, Mainland China and abroad into active cooperation in the provision of objective and cogent data to decision makers of Hong Kong;
- to foster cooperation in research in order to secure a better understanding of Hong Kong so that decisions can be made based on sound knowledge and reliable data;
- to promote, stimulate and provide complementary funding for relevant studies that have significant interests; and
- to gather and collate technical information and to disseminate such information to the public.

Results

The results of the Foundation for the year are set out in the statement of comprehensive income on page 6.

Directors

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

Dr Fung Kwok King, Victor
Mr Kwok Ping Luen, Raymond
Ms Yang Mun Tak, Marjorie
Mr Yu Chi Ming, Gabriel
Mr Wong Shou Yeh, David
Mr Pang Yiu Kai

In accordance with Article 42 of the Foundation's Articles of Association, all directors retire, and being eligible, offer themselves for re-election.

Management contracts

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

Permitted indemnity provisions

During the financial year and up to the date of this Directors' Report, there has been no permitted indemnity provision being in force for the benefit of any of the directors of the Foundation (whether made by the Foundation or otherwise).

Business review

In accordance with Section 388(3)(a) of the Hong Kong Companies Ordinance (Cap. 622), the Foundation falls within the reporting exemption in the financial year, therefore it is exempted from preparing the business review.

2022 FOUNDATION LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Honorary Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Victor Fung". The signature is fluid and cursive, with the first name "Victor" and the last name "Fung" clearly distinguishable.

Dr. Fung Kwok King, Victor
Director

Hong Kong, **16 JUN 2021**

Independent Auditor's Report

To the Members of 2022 Foundation Limited
(incorporated in Hong Kong with limited by guarantee with no share capital)

Opinion

What we have audited

The financial statements of 2022 Foundation Limited (the "Foundation") set out on pages 6 to 15, which comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in general fund for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation 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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation 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.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors 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 the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

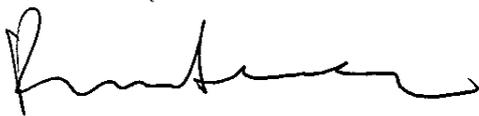
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

A handwritten signature in black ink, appearing to be a cursive name, positioned above the printed name of the firm.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, **16 JUN 2021**

2022 FOUNDATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 HK\$	2019 HK\$
Income			
Donations received	2.7	310,000	4,150,000
Interest income		-	14
		<u>310,000</u>	<u>4,150,014</u>
Expenditure			
Program expenses		(290,602)	(4,085,218)
Bank charges		(1,040)	(1,380)
Communication expense		(3,300)	(3,300)
Professional services fee		(4,000)	(5,000)
Auditor's remuneration (Note)		-	-
Sundry expenses		(500)	(600)
		<u>(299,442)</u>	<u>(4,095,498)</u>
Surplus before taxation		10,558	54,516
Taxation	5	-	-
Surplus and total comprehensive income for the year		<u>10,558</u>	<u>54,516</u>

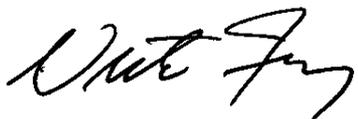
Note: The Honorary Auditor did not charge any fee for the years ended 31 December 2020 and 2019.

2022 FOUNDATION LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
Current asset			
Cash at bank		1,271,583	1,562,725
Current liabilities			
Deferred income		(1,140,000)	(1,450,000)
Amount due to a related company	7(b)	(100,000)	(100,000)
Accruals		(8,300)	-
		<u>(1,248,300)</u>	<u>(1,550,000)</u>
Net assets		<u>23,283</u>	<u>12,725</u>
General fund			
Accumulated fund		<u>23,283</u>	<u>12,725</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on **16 JUN 2021** and were signed on its behalf



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Dr. Fung Kwok King, Victor
Director



.....
Ms. Yang Mun Tak, Marjorie
Director

2022 FOUNDATION LIMITED

**STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Accumulated (deficits)/ fund HK\$
At 1 January 2019	(41,791)
Comprehensive income	
Surplus for the year	54,516
Total comprehensive income	54,516
At 31 December 2019	12,725
At 1 January 2020	12,725
Comprehensive income	
Surplus for the year	10,558
Total comprehensive income	10,558
At 31 December 2020	23,283

The notes on pages 10 to 15 are an integral part of these financial statements.

2022 FOUNDATION LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 HK\$	2019 HK\$
Cash flows from operating activities		
Surplus before taxation	10,558	54,516
Adjustment for:		
Interest income	-	(14)
	<u>10,558</u>	<u>54,502</u>
Operating surplus before working capital change	10,558	54,502
Changes in working capital:		
Decrease in deferred income	(310,000)	(3,150,000)
Increase/(decrease) in accruals	8,300	(2,228)
	<u>(291,142)</u>	<u>(3,097,726)</u>
Net cash used in operating activities	(291,142)	(3,097,726)
Cash flow from investing activity		
Interest received	-	14
	<u>-</u>	<u>14</u>
Cash generated from investing activity	-	14
	<u>-</u>	<u>14</u>
Net decrease in cash and cash equivalents	(291,142)	(3,097,712)
Cash and cash equivalents at 1 January	1,562,725	4,660,437
Cash and cash equivalents at 31 December	1,271,583	1,562,725
Analysis of cash and cash equivalents		
Cash at bank	1,271,583	1,562,725

The notes on pages 10 to 15 are an integral part of these financial statements.

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2022 FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 General information

2022 Foundation Limited (the “Foundation”) is incorporated under the Hong Kong Companies Ordinance and is limited by guarantee. The address of its registered office is 10th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Hong Kong.

The Foundation is established for the following purposes:

- to serve as a round table of bringing together experts and leaders from academe, business, government and other sectors from Hong Kong, Mainland China and abroad into active cooperation in the provision of objective and cogent data to decision makers of Hong Kong;
- to foster cooperation in research in order to secure a better understanding of Hong Kong so that decisions can be made based on sound knowledge and reliable data;
- to promote, stimulate and provide complementary funding for relevant studies that have significant interests; and
- to gather and collate technical information and to disseminate such information to the public.

Under the provisions of the Foundation’s Articles of Association, every member shall, in the event of the Foundation being wound up, contribute to the assets of the Foundation an amount not exceeding HK\$100. As at 31 December 2020, the Foundation had 10 (2019: 10) members.

The financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on

16 JUN 2021

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The financial statements have been prepared under the historical cost convention.

2022 FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policies and disclosures

- (a) New standard, amendments, improvements and interpretation to existing standards adopted by the Foundation

The Foundation has adopted all of the new standard, amendments, improvements and interpretation to existing standards issued by the HKICPA that are relevant to the Foundation's operations and mandatory for annual accounting periods beginning 1 January 2020.

New standard, amendments, improvements and interpretation to existing standards effective in 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting
HKFRS 3 (Amendments)	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of these new standard, amendments, improvements and interpretation to existing standards does not have a material impact on the accounting policies or results and the financial position of the Foundation and/or the disclosure set out in these financial statements.

2022 FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policies and disclosures (Continued)

- (b) New standard and amendments to existing standards and framework not yet adopted by the Foundation

The following new standard and amendments to existing standards and framework are in issue but not yet effective, and have not been early adopted by the Foundation.

		Effective for accounting periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions	June 1, 2020
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
Annual Improvements Project	Annual Improvements to HKFRSs 2018- 2020	January 1, 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments	January 1, 2022
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	January 1, 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	January 1, 2023
HKFRS 17	Insurance Contracts	January 1, 2023
HK-Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
HKFRS 10 and HKFRS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Foundation will apply the above new standard and amendments to existing standards and framework as and when they become effective. The Foundation has already commenced an assessment of the impact of these new standard and amendments to existing standards and framework, and anticipated that the adoption of new standard and amendments to existing standards and framework will not have a material effect on the Foundation's operating result or financial position.

2.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the "functional currency"). The financial statements are presented in Hong Kong dollars ("HK\$"), which is the Foundation's functional and presentation currency.

2022 FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.3 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

2.4 Deferred income

Donations which are earmarked for specific purposes are initially recognised as deferred income and are then recognised in the statement of comprehensive income over the period necessary to match with the related costs which they are intended to compensate.

2.5 Accruals

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.6 Related party transactions

Parties are considered to be related if one party has the ability to govern the financial and operating policies of the other party or exercise significant influence over the other party in making financial or operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

2.7 Donations received

Donations received represent funds raised and received in respect of voluntary donations. Donations are recognised when the right to receive payment is established.

2.8 Financial instruments

(a) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity'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 other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Foundation has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Foundation reclassified debts investments when and only when its business model for managing those assets changes.

2022 FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(b) Measurement

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

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised 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 recognised 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 comprehensive income.

(c) Impairment

The Foundation assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and adopt three-stages approach to assess the impairment. The impairment methodology applied depends on whether there has been a significant increase in credit risk. But the identifiable impairment loss was immaterial.

3 Financial risk management

3.1 Financial risk factors

The Foundation is a charitable organisation and its activities are not exposed to any significant financial risks except for credit risk attributable to deposits with banks and liquidity risk.

(i) Credit risk

The carrying amount of cash and cash equivalents represents the Foundation's maximum exposure to credit risk in relation to financial asset. As at 31 December 2020, all the cash and cash equivalents are deposited in a bank without significant credit risk. The Foundation manages its deposits with the bank by monitoring their credit ratings. As at 31 December 2020, all bank deposits were made to the bank with reliable and acceptable quality rating. Bank balances are denominated in Hong Kong dollars.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through members of the Foundation and related companies. As at 31 December 2020 and 2019, accruals and amount due to a related company, as presented in the statement of financial position of the Foundation, represented the contractual undiscounted cash flow of the Foundation with contractual maturity within 1 year or repayable on demand.

3.2 Fair value estimation

The carrying amounts of the Foundation's financial asset and liabilities including cash at bank, accruals and amount due to a related company, are reasonable approximation of their fair values due to their short term maturities.

2022 FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 Accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Foundation has no accounting estimates and assumptions that would significantly affect its results and financial position.

5 Taxation

No provision for Hong Kong profits tax has been made in the financial statements, being a charitable foundation exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

6 Benefits and interests of directors

The following disclosures are made pursuant to Section 383(1) (a) to (f) of the Hong Kong Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G):

- (a) During the year, no emolument, retirements benefit, payment or benefit in respect of termination of directors' services was paid or made, directly or indirectly, to the directors; nor are any payable (2019: nil). No consideration was provided to or receivable by third parties for making available directors' services (2019: nil).
- (b) There is no loan, quasi-loan or other dealing in favour of directors, their controlled bodies corporate and connected entities (2019: nil).
- (c) No significant transaction, agreement and contract in relation to the Foundation's business to which the Foundation was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: nil).

7 Related party transactions

The Foundation is founded by Dr. Fung Kwok King, Victor.

(a) Significant transaction with a related party:

There was no significant transaction with a related party during the year (2019: nil).

(b) Year-end balance with a related party:

	2020 HK\$	2019 HK\$
Amount due to a related company	<u>(100,000)</u>	<u>(100,000)</u>

The balance is unsecured, interest-free, repayable on demand and is denominated in Hong Kong dollars.

(c) Key management compensation:

None of the key management received or will receive any compensation in respect of their services to the Foundation during the year (2019: nil).