

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
(incorporated in Hong Kong and limited by guarantee)

**Directors' Report and
Consolidated Financial Statements
For the year ended 31 December 2020**



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ANIMALS ASIA FOUNDATION LIMITED

(亞洲動物基金會有限公司)

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
DIRECTORS' REPORT

The directors submit their report together with the audited consolidated financial statements of Animals Asia Foundation Limited (the "Foundation") and its subsidiaries (collectively the "Group") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Foundation are advising on and promoting the just and kind treatment and care of sentient species including wild, domesticated and/or endangered animals in the People's Republic of China (including Hong Kong) and other countries in Asia. The principal activities and other particulars of the subsidiaries are set out in Note 14 to the consolidated financial statements.

BUSSINESS REVIEW

Who we are

Animals Asia is devoted to ending the barbaric practice of bear bile farming and improving the welfare of animals in China and Vietnam. We promote compassion and respect for all animals and work to bring about long-term change.

2020 Year

Thanks to the continuing enthusiasm and passion of our supporters, Animals Asia enjoyed strong support despite the COVID-19 pandemic and was able to continue and strengthen our programs in key activity areas: ending bear bile farming and caring for rescued bears; enhancing the welfare of dogs and cats; and promoting the respect and care of captive wild animals. Combined with educational activities, these activities continued to touch hearts and minds in China, Vietnam and other places in Asia as we strive to realise a kinder world for animals.

During the year ended 31 December 2020, our donation income totalled HK\$93 million and expenses on our programs were HK\$49 million, equivalent to 53% of income.

Bear welfare

With the rescue of an additional 11 bears, Animals Asia has rescued 640 bears as at the end of 2020 - 418 in China and 222 in Vietnam.

Our award-winning bear sanctuaries in Chengdu and Hanoi continued to provide a high standard of dietary, behavioural and medical care to our ursine charges.

In China, our sanctuary in Chengdu prepared to welcome over 100 bears from a former bear bile farm in Nanning, in what would be the biggest ever rescue of its kind.

In Vietnam, we began preparations to build a third sanctuary in central Vietnam with a capacity of 300 bears, expected to open in 2022. This will allow us to fulfil our commitment to work in partnership with Vietnam's central government to end bear bile farming in that country.

In 2020, we also pioneered physiotherapy techniques for older, mobility-compromised bears.

ANIMALS ASIA FOUNDATION LIMITED

(亞洲動物基金會有限公司)

DIRECTORS' REPORT

Dog and cat welfare

Animals Asia funded or advised 63 companion animal welfare groups in China. We brought together these groups and government officials at our symposiums and conferences to promote more humane ways of managing cats and dogs at the community level. We continue to fund and advise on vaccination and "trap, neuter, return" (TNR) programs to humanely control stray animal populations.

Of special note in 2020, Animals Asia worked with local partners in Wuhan, China to assist dogs and cats whose human guardians were affected by the COVID-19 outbreak. We supplied nearly 13 tonnes of food that helped to feed nearly 8,000 animals.

Due to the pandemic, our Dr Dog and Professor Paws programs were unable to make as many in-person visits to schoolchildren and to residential and medical facilities. Through online "visits", we were nevertheless able to conduct 133 sessions in mainland China and Hong Kong, reaching over 4,600 students and people in need.

Captive animal welfare

We welcomed a new senior elephant to our humane elephant tourism program at Dak Lak National Park in southern Vietnam.

Animals Asia also funded and provided expertise to wild animal rescue centres across Vietnam, facilitating enhanced support - such as improved enclosures and enrichment - for species including bears, gibbons, macaques, otters, turtles, porcupines and civets.

Education

Our team solidified its educational program centred around animal sentience to communicate the idea that animals have thoughts and feelings analogous to our own.

Animals Asia also conducted educational sessions promoting the welfare and conservation of bears with thousands of schoolchildren in China and Vietnam. Our internship program gave young Chinese and Vietnamese vets practical experience in advanced veterinary techniques. We also worked with communities to promote herbal medicinal alternatives to bear bile.

We continue to strengthen our social media presence on locally popular platforms in China and Vietnam in particular.

Principal risks and uncertainties

The principal risks and uncertainties facing Animals Asia continue to be i) the need for additional funds to continue our work and ii) further changes in regulatory and governance requirements for international non-governmental organisations (NGOs) operating in China. Animals Asia is diversifying its fundraising channels and enhancing its legal and compliance capabilities to mitigate these risks.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
DIRECTORS' REPORT

RESULTS

The financial performance of the Group for the year ended 31 December 2020 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 9 to 45.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 11.

Details of the movements in reserves of the Foundation during the year are set out in Note 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the year are set out in Note 12 to the consolidated financial statements.

DIRECTORS

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

Anneleise Victoria Smillie	
Jonathan Stiles Hancock	
Kirvil M. Skinnarland	
Bruce Shu	(Resigned on 26 March 2020)
Neal F. Bermas	(Appointed on 2 April 2020 and resigned on 21 October 2020)
Céline, Zhang Weikang	(Appointed on 2 April 2020)
Chen Hongjuan	(Appointed on 24 April 2020 and resigned on 23 November 2020)
Michelle Lombard	(Appointed on 15 January 2021)
Lee Stephen Kam-Lun	(Appointed on 15 January 2021)
Noelle Gahan-Smulders	(Appointed on 15 January 2021)

In accordance with article 47 of the Foundation's articles of association, all remaining directors retire but being eligible, offer themselves for re-election for a period of 3 years.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
DIRECTORS' REPORT

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Foundation or any of its subsidiaries was a party and in which a director of the Foundation or an entity connected with a director is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Foundation was entered into or existed during the year.

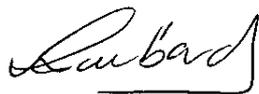
PERMITTED INDEMNITY PROVISIONS

During the financial year and as at the date of this report, a qualifying indemnity provision made by the Foundation for the benefit of the directors of the Foundation is in force.

AUDITOR

The consolidated financial statements have been audited by BDO Limited. A resolution will be proposed at the next general meeting to re-appoint BDO Limited as the Foundation's auditor.

On behalf of the directors



Michelle Lombard
Director

Hong Kong, 16 DEC 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANIMALS ASIA FOUNDATION LIMITED****(亞洲動物基金會有限公司)**

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Animals Asia Foundation Limited (the "Foundation") and its subsidiaries (together the "Group") set out on pages 8 to 44, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANIMALS ASIA FOUNDATION LIMITED**

(亞洲動物基金會有限公司)

(incorporated in Hong Kong and limited by guarantee)

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANIMALS ASIA FOUNDATION LIMITED**

(亞洲動物基金會有限公司)

(incorporated in Hong Kong and limited by guarantee)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

BDO Limited
Certified Public Accountants
Wendy W.Y. Fong
Practising Certificate Number: P06821

Hong Kong, 16 DEC 2021

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
Revenue	6	92,667,797	67,885,821
Other income and gains and losses	7	<u>4,273,742</u>	<u>(263,380)</u>
		96,941,539	67,622,441
Expenditure			
Fund raising and marketing expenses		16,999,110	12,159,667
Donations to other organisations	10	78,125	23,454
Education and external affairs		13,659,559	6,446,608
General administrative expenses		5,240,350	5,935,057
Construction department of Bear Rescue Centre in Sichuan		1,614,201	1,542,028
Projects carried out by the Group:			
Moon bear rescue project		39,239,640	40,624,260
Cat and dog project		3,833,557	4,149,236
Captive animal welfare		4,603,133	4,957,981
Doctor dog project		934,976	1,189,275
Professor paws		<u>582,012</u>	<u>785,195</u>
		<u>86,784,663</u>	<u>77,812,761</u>
Surplus/(deficit) for the year	8	10,156,876	(10,190,320)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>1,191,127</u>	<u>(507,998)</u>
Total comprehensive income for the year		<u>11,348,003</u>	<u>(10,698,318)</u>

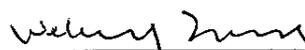
ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment	12	<u>27,936,772</u>	<u>32,969,517</u>
Current assets			
Inventories	13	1,106,714	1,279,619
Accounts and other receivables		1,908,902	2,397,619
Deposits and prepayments		2,503,110	920,197
Cash and bank balances		<u>57,129,582</u>	<u>42,413,932</u>
Total current assets		<u>62,648,308</u>	<u>47,011,367</u>
Total assets		<u>90,585,080</u>	<u>79,980,884</u>
Current liabilities			
Accounts and other payables		960,762	543,723
Accruals		3,632,694	3,380,072
Lease liabilities	15	1,155,125	1,639,836
Deferred donation income		<u>-</u>	<u>39,076</u>
Total current liabilities		<u>5,748,581</u>	<u>5,602,707</u>
Net current assets		<u>56,899,727</u>	<u>41,408,660</u>
Non-current liabilities			
Lease liabilities	15	<u>390,246</u>	<u>1,279,927</u>
NET ASSETS		<u>84,446,253</u>	<u>73,098,250</u>
Reserves			
Accumulated funds		83,980,575	73,823,699
Foreign exchange reserve		<u>463,793</u>	<u>(727,334)</u>
Reserves attributed to the Foundation		<u>84,444,368</u>	<u>73,096,365</u>
Non-controlling interest		<u>1,885</u>	<u>1,885</u>
TOTAL		<u>84,446,253</u>	<u>73,098,250</u>

These consolidated financial statements were approved and authorised for issue by the directors on 16 DEC 2021



Michelle Lombard



Céline, Zhang Weikang

ANIMALS ASIA FOUNDATION LIMITED

(亞洲動物基金會有限公司)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated funds HK\$	Foreign exchange reserve HK\$	Reserves attributable to the Foundation HK\$	Non-controlling interest HK\$	Total HK\$
Balance at 1 January 2019	84,014,019	(219,336)	83,794,683	1,885	83,796,568
Deficit for the year	(10,190,320)	-	(10,190,320)	-	(10,190,320)
Other comprehensive income: Exchange differences arising on translation of foreign operations	-	(507,998)	(507,998)	-	(507,998)
Total comprehensive income for the year	<u>(10,190,320)</u>	<u>(507,998)</u>	<u>(10,698,318)</u>	<u>-</u>	<u>(10,698,318)</u>
Balance at 31 December 2019 and 1 January 2020	73,823,699	(727,334)	73,096,365	1,885	73,098,250
Surplus for the year	10,156,876	-	10,156,876	-	10,156,876
Other comprehensive income: Exchange differences arising on translation of foreign operations	-	1,191,127	1,191,127	-	1,191,217
Total comprehensive income for the year	<u>10,156,876</u>	<u>1,191,127</u>	<u>11,348,003</u>	<u>-</u>	<u>11,348,003</u>
Balance at 31 December 2020	<u>84,980,575</u>	<u>463,793</u>	<u>84,444,368</u>	<u>1,885</u>	<u>84,446,253</u>

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Operating activities		
Surplus/(deficit) for the year	10,156,876	(10,190,320)
Adjustments for:		
Depreciation of property, plant and equipment (including right-of-use assets)	7,161,300	6,160,299
Bank interest income	(17,739)	(46,001)
Write off of property, plant and equipment	6,401	-
(Gain)/loss on disposal of property, plant and equipment	(5,688)	10,165
Other non-monetary donation related expenses	343,229	548,436
Non-monetary donation income	(382,305)	(623,165)
Interest on lease liabilities	107,665	118,486
	<u>17,369,739</u>	<u>(4,022,100)</u>
Operating cash flows before working capital changes		
Decrease/(increase) in inventories	172,905	(105,644)
(Increase)/decrease in accounts and other receivables	488,717	1,486,566
(Increase)/decrease in deposits and prepayments	(1,582,913)	43,231
Increase/(decrease) in accounts and other payables	417,039	(959,772)
Increase in accruals	252,622	767,955
	<u>17,118,109</u>	<u>(2,789,764)</u>
Net cash generated from/(used in) operating activities		
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(905,363)	(2,014,458)
Proceeds from disposal of property, plant and equipment	5,688	6,340
Bank interest received	17,739	46,001
	<u>(881,936)</u>	<u>(1,962,117)</u>
Net cash used in investing activities		
Cash flows from financing activities (Note 16(b))		
Principal repayment of lease liabilities	(1,736,293)	(1,217,762)
Interest paid on lease liabilities	(72,877)	(72,710)
	<u>(1,809,170)</u>	<u>(1,290,472)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	14,427,003	(6,042,353)
Cash and cash equivalents at beginning of year	42,413,932	48,518,448
Effect of foreign exchange rate changes	288,647	(62,163)
Cash and cash equivalents at end of year	<u>57,129,582</u>	<u>42,413,932</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>57,129,582</u>	<u>42,413,932</u>

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

1. ORGANISATION AND OPERATIONS

The Foundation was incorporated in Hong Kong. Its registered office and principal place of business are located at Room 1501, Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Sheung Wan, Hong Kong.

The consolidated financial statements of the Foundation comprise the financial statements of the Foundation (includes its two branches of Animals Asia Foundation in Vietnam which operates the Bear Rescue Centre in Tam Dao National Park in Vietnam, and 亞洲動物基金會有限公司(中國香港)四川辦事處(Animals Asia Foundation Limited (Hong Kong) Sichuan Representative Office) which was established on 27 December 2017 under People's Republic of China Law on the Management of Foreign Non-Governmental Organisations' Activities within Mainland China) and its subsidiaries, namely 四川龍橋黑熊救護中心 (Sichuan Longqiao Black Bear Rescue Centre) and 亞動信息諮詢 (深圳) 有限公司 (Ya Dong Consultancy (Shenzhen) Co Ltd.).

The Foundation engages in advising of and promoting the just and kind treatment and care of sentient species including wild, domesticated and/or endangered animals in the People's Republic of China (the "PRC") (including Hong Kong) and other countries in Asia. The principal activities of the subsidiaries are set out in Note 14 to the consolidated financial statements.

The Foundation has no issued share capital and is limited by guarantee. The liability of its members is limited to HK\$10 per member in the event of the Foundation being wound up while he/she is a member, or within one year after he/she ceases to be a member.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/amended HKFRSs - effective on 1 January 2020

In the current year, the Group has adopted the following new/amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
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Amendments to HKAS 1 and HKAS 8 - Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

The application of these amendments has no material impact on these consolidated financial statements.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - CONTINUED

(b) New/amended HKFRSs that have been issued but are not yet effective

The following new/amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendment to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 16	Proceeds before Intended Use ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ²
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1, HKFRS 9 and illustrative examples accompanying HKFRS 16 ³

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 April 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 1 - Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) - CONTINUED

(b) New/amended HKFRSs that have been issued but are not yet effective - Continued

Amendments to HKAS 8 - Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) - CONTINUED

(b) New/amended HKFRSs that have been issued but are not yet effective - Continued

Amendment to HKFRS 16 - Covid-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

Amendments to HKFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided that the other conditions for applying the practical expedient are met.

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2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) - CONTINUED

(b) New/amended HKFRSs that have been issued but are not yet effective - Continued

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The directors of the Foundation are in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far, the directors do not anticipate that the application of all the above amendments in the future will have any significant impact on these consolidated financial statements.

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3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Foundation.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Foundation and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiaries

A subsidiary is an investee over which the Foundation is able to exercise control. The Foundation controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Foundation's statement of financial position, investments in subsidiaries are stated at cost less any impairment loss, if any. The results of subsidiaries are accounted for by the Foundation on the basis of dividend received and receivable.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(c) Property, plant and equipment (other than right-of-use assets)

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Buildings	5% to 12.5%
Leasehold improvements	Over the remaining life of the leases or their estimated useful lives, whichever is shorter
Computer software	20% to 33.33%
Furniture, fixtures and equipment	20% to 50%
Motor vehicles	30%

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(d) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

(e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(f) Financial instruments

(i) Financial assets

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(f) Financial instruments - Continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including lease liabilities, accrual and other payables, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(h) Leasing

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use assets are depreciated over their estimated useful lives on the same basis as owned assets or remaining lease periods, whichever is shorter.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(h) Leasing - Continued

Lease liability - Continued

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(j) Foreign currencies

Transactions entered into by the Foundation in currencies other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expenses items of overseas operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rate approximating to those ruling when the transactions took place are used. All assets and liabilities of overseas operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(k) Employees' benefits

(i) Short term benefits

Salaries, annual bonuses, paid annual leaves 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, these amounts are stated at their present value.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

The employees of the Foundation's branches and subsidiaries which operates in Vietnam and the PRC are required to participate in a central pension scheme operated by the local municipal government. The Foundation's branches and subsidiaries are required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(l) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

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4. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(m) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Revenue is recognised on the following bases:

Sponsorship income

Sponsorship income is recognised when the right to receive payment is established.

Sale of promotional merchandise

Sales of promotional merchandise is recognised at a point in time when the goods are delivered to the customers.

Non-monetary donation

Non-monetary donation is recognised when the Group has reasonable assurance that the Group will comply with any conditions attached to the donation and will actually receive the donation. Non-monetary donation should be recognised in profit or loss on a systematic basis over the relevant accounting periods in which the Group recognises as expenses the related costs. When a non-monetary asset is given by donor to the Group, the fair value of the asset is assessed and used to account for both the asset and the donation income.

Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(n) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Carrying value of property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation, where appropriate, and impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. 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. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

Determination of incremental borrowing rates of lease contracts

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. In determining incremental borrowing rates of lease contracts, the Group applies judgement to determine the applicable rates, taking into account the nature of the underlying assets, the terms and condition of the leases, creditworthiness of the relevant group entities and economic environment. The incremental borrowing rates of the Group applied significantly affect the amounts of lease liabilities and right-of-use assets recognised.

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6. REVENUE

Revenue represents sponsorship income in the form of donations, and income earned from the sale of promotional merchandise organised by the Group.

	2020 HK\$	2019 HK\$
Sponsorship income	91,951,984	66,886,186
Sale of promotional merchandise	<u>715,813</u>	<u>999,635</u>
	<u>92,667,797</u>	<u>67,885,821</u>

Included in the above income for the year ended 31 December 2019, the below represented the fundraising activities with the Public Subscription Permits issued by the Social Welfare Department held during the year ended 31 December 2019. No fund raising activities are carried out by the Foundation during the year ended 31 December 2020.

<u>Public subscription permit no.</u>	<u>Gross income raised</u> HK\$	<u>Gross expenditure incurred</u> HK\$	<u>Net proceeds</u> HK\$	<u>Usage of the net proceeds</u>
2019/050/1	1,060	209	851	To raise funds for the following programs of the Foundation: - End bear bile farming; - Cat and dog welfare; and - Captive animal welfare.
FD/T005/2019	457,957	48,209	409,748	To raise funds for the following programs of the Foundation: - End bear bile farming; and - Doctor dog project

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7. OTHER INCOME AND GAINS AND LOSSES

	2020 HK\$	2019 HK\$
Bank interest income	17,739	46,001
Non-monetary donation income	382,305	623,165
Other income	4,423	36,964
Net foreign exchange gain/(loss)	2,336,431	(969,510)
Government grants (Note)	<u>1,532,844</u>	<u>-</u>
	<u>4,273,742</u>	<u>(263,380)</u>

Note:

Included in profit or loss is HK\$1,532,844 (2019: HK\$Nil) of government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Foundation’s employees. Under the ESS, the Foundation had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Foundation does not have other unfulfilled obligations relating to this program.

8. SURPLUS/(DEFICIT) FOR THE YEAR

	2020 HK\$	2019 HK\$
Surplus/(deficit) for the year is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment		
- Owned	5,450,914	5,040,742
- Right-of-use assets	1,710,386	1,119,557
Short-term lease expenses	322,334	984,494
Low-value asset lease expenses	94,938	83,941
Interest on lease liabilities	107,665	118,486
Auditor’s remuneration	299,678	282,357
Employee benefits expenses:		
Salaries and allowances	38,923,859	37,322,561
Pension fund contributions	2,674,863	3,311,766
Write off of property, plant and equipment	6,401	-
(Gain)/loss on disposal of property, plant and equipment	<u>(5,688)</u>	<u>10,165</u>

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9. REMUNERATION OF DIRECTORS

No directors received any fees or other emoluments in respect of their services rendered to the Foundation during the current and prior years.

10. DONATIONS TO OTHER ORGANISATIONS

The Group gave donations to the following charitable organisations during the year:

	2020 HK\$	2019 HK\$
Yayasan Tarbang Indonesia	78,125	19,531
Friends of the Orangutans Berhad	<u>-</u>	<u>3,923</u>
	<u>78,125</u>	<u>23,454</u>

11. INCOME TAX

No provision for Hong Kong profits tax has been made as the Foundation is a charitable institution of a public character and exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

The Foundation's branch in Vietnam operating as a non-profit organisation is exempt from overseas profits tax. The Foundation's other branch operating in Sichuan, the PRC, is not subject to income tax for 2020 and 2019 because the branch was not required to make income tax declaration for 2020 and 2019 based on local tax bureau's assessment. One of its subsidiaries which operated in Sichuan, the PRC is exempt from PRC enterprise income tax as a private operated non-enterprise entity. Accordingly, no provision for overseas profits tax has been made. The other subsidiary operated in Shenzhen, the PRC is subject to income tax according to the relevant laws and regulations in the PRC at the applicable income tax rate of 25%. No provision has been made for PRC enterprise income tax as this subsidiary sustained a loss during the current and prior years.

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12. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK\$	Buildings HK\$ (Note 1)	Leasehold improvements HK\$	Computer software HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Right-of-use assets HK\$ (Note 2)	Total HK\$
Cost:								
At 1 January 2019	759,818	58,429,780	4,730,053	7,175,280	10,191,603	648,115	1,841,092	83,775,741
Additions	167,528	625,434	397,767	-	823,729	-	2,279,817	4,294,275
Transfer	(701,127)	158,686	542,441	-	-	-	-	-
Disposal	-	-	-	(38,579)	(168,675)	-	-	(168,675)
Write off	-	-	-	(1,368)	(39,714)	-	-	(78,293)
Exchange adjustments	(16,139)	(817,150)	(67,909)	(1,368)	(103,969)	(11,522)	(29,384)	(1,047,441)
At 31 December 2019 and 1 January 2020	210,080	58,396,750	5,602,352	7,135,333	10,702,974	636,593	4,091,525	86,775,607
Additions	365,891	-	142,865	28,999	367,608	-	265,863	1,171,226
Disposal	-	-	-	-	(44,861)	(165,225)	-	(165,225)
Write off	-	-	-	-	(259,480)	-	-	(44,861)
Exchange adjustments	13,604	2,064,598	305,268	1,517	259,480	38,968	89,549	2,772,984
At 31 December 2020	589,575	60,461,348	6,050,485	7,165,849	11,285,201	510,336	4,446,937	90,509,731
Accumulated depreciation:								
At 1 January 2019	-	29,693,966	3,384,594	7,163,879	7,747,938	458,323	-	48,448,700
Charge for the year	-	3,961,895	371,992	3,382	658,417	45,056	1,119,557	6,160,299
Disposal	-	-	-	-	(152,170)	-	-	(152,170)
Write off	-	(437,251)	(46,791)	(38,579)	(39,714)	-	-	(78,293)
Exchange adjustments	-	-	-	(1,148)	(81,462)	(7,926)	2,132	(572,446)
At 31 December 2019 and 1 January 2020	-	33,218,610	3,709,795	7,127,534	8,133,009	495,453	1,121,689	53,806,090
Charge for the year	-	4,142,788	533,648	4,811	721,671	47,996	1,710,386	7,161,300
Disposal	-	-	-	-	-	(165,225)	-	(165,225)
Write off	-	-	-	-	(38,460)	-	-	(38,460)
Exchange adjustments	-	1,362,995	189,272	1,042	194,939	30,345	30,661	1,809,254
At 31 December 2020	-	38,724,393	4,432,715	7,133,387	9,011,159	408,569	2,862,736	62,572,959
Carrying amount:								
At 31 December 2020	589,575	21,736,955	1,617,770	32,462	2,274,042	101,767	1,584,201	27,936,772
At 31 December 2019	210,080	25,178,140	1,892,557	7,799	2,569,965	141,140	2,969,836	32,969,517

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Notes:

- (1) The buildings held by the Group are located outside Hong Kong under medium-term leases.
- (2) The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties leased for own use HK\$	Leasehold land HK\$	Total HK\$
Initial application of HKFRS 16 and as at 1 January 2019	601,224	1,239,868	1,841,092
Additions (Note 16(a))	2,279,817	-	2,279,817
Depreciation	(789,056)	(330,501)	(1,119,557)
Exchange adjustments	(7,844)	(23,672)	(31,516)
As at 31 December 2019	2,084,141	885,695	2,969,836
Additions (Note 16(a))	265,863	-	265,863
Depreciation	(1,358,312)	(352,074)	(1,710,386)
Exchange adjustments	4,850	54,038	58,888
As at 31 December 2020	<u>996,542</u>	<u>587,659</u>	<u>1,584,201</u>

The Group has obtained the right to use properties as its office premises and staff quarters through tenancy arrangements. These leases typical run for initial periods of 2 to 3 years. The Group also leased the land in the PRC as rescue centre with initial lease term of 20 years.

13. INVENTORIES

	2020 HK\$	2019 HK\$
Promotional items	<u>1,106,714</u>	<u>1,279,619</u>

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. INTERESTS IN SUBSIDIARIES

Details of the Foundation's subsidiaries as at 31 December 2020 and 2019 were as follows:

<u>Name of subsidiary</u>	<u>Place of registration and operation</u>	<u>Particulars of registered capital</u>	<u>Percentage of equity attributable to the Foundation</u>	<u>Principal activity</u>
四川龍橋黑熊救護中心 (Sichuan Longqiao Black Bear Rescue Centre)	the PRC	Registered capital of RMB50,000, fully paid up	96%	Bear sanctuary
亞動信息諮詢(深圳)有限公司 (Ya Dong Consultancy (Shenzhen) Co Ltd.)	the PRC	Registered capital of RMB10,900,000 (2019: RMB10,900,000), paid up capital of RMB10,900,000 (2019: RMB9,436,150)	100%	To promote Animals Asia in China

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. LEASE LIABILITIES

The Group has obtained the right to use properties as its office premises and staff quarters through tenancy arrangements. These leases typical run for initial periods of 2 to 3 years. The Group also leased the land in the PRC as rescue centre with initial lease term of 20 years.

Set out below are the carrying amount of the lease liabilities and the movement during the year:

	HK\$
Balance as at 1 January 2019	2,919,763
Additions	2,279,817
Interests	118,486
Lease payments	(1,290,472)
Exchange realignment	<u>(29,160)</u>
Balance as at 31 December 2019 and 1 January 2020	2,919,763
Additions	265,863
Interests	107,665
Lease payments	(1,809,170)
Exchange realignment	<u>61,250</u>
Balance as at 31 December 2020	<u><u>1,545,371</u></u>

Future lease payments are due as follows:

	Minimum lease payments 31 December 2019 HK\$	Future interest 31 December 2019 HK\$	Present value 31 December 2019 HK\$
Not later than one year	1,710,768	70,932	1,639,836
Later than one year and not later than five year	<u>1,343,004</u>	<u>63,077</u>	<u>1,279,927</u>
	<u><u>3,053,772</u></u>	<u><u>134,009</u></u>	<u><u>2,919,763</u></u>

ANIMALS ASIA FOUNDATION LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. LEASE LIABILITIES - CONTINUED

	Minimum lease payments 31 December 2020 HK\$	Future interest 31 December 2020 HK\$	Present value 31 December 2020 HK\$
Not later than one year	1,098,629	13,136	1,085,493
Later than one year and not later than five year	<u>490,365</u>	<u>30,487</u>	<u>459,878</u>
	<u>1,588,994</u>	<u>43,623</u>	<u>1,545,371</u>

The present value of future lease payments are analysed as:

	2020 HK\$	2019 HK\$
Current liabilities	1,155,125	1,639,836
Non-current liabilities	<u>390,246</u>	<u>1,279,927</u>
	<u>1,545,371</u>	<u>2,919,763</u>

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 December 2020, the Group had non-cash additions to right-of-use assets and lease liabilities in the same amount of HK\$265,863 (2019: HK\$2,279,817) in respect of properties leased for own use.

(b) Reconciliation of liabilities arising from financing activities:

	Lease liabilities (Note 15) HK\$
Initial application of HKFRS 16 and at 1 January 2019	1,841,092
Principal repayment of lease liabilities	(1,217,762)
Interest paid on lease liabilities	(72,710)
Total changes from financing cash flows	(1,290,472)
Other changes:	
New lease liabilities	2,279,817
Interest on lease liabilities	118,486
Exchange realignment	(29,160)
At 31 December 2019 and 1 January 2020	2,919,763
Principal repayment of lease liabilities	(1,736,293)
Interest paid on lease liabilities	(72,877)
Total changes from financing cash flows	(1,809,170)
Other changes:	
New lease liabilities	265,863
Interest on lease liabilities	107,665
Exchange realignment	61,250
At 31 December 2020	1,545,371

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. RESERVES OF THE FOUNDATION

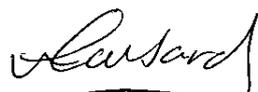
	Accumulated funds HK\$	Foreign exchange reserve HK\$	Total HK\$
At 1 January 2019	79,533,914	(3,879,577)	75,654,337
Deficit for the year	(7,842,985)	-	(7,842,985)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations	-	(148,669)	(148,669)
Total comprehensive income for the year	<u>(7,842,985)</u>	<u>(148,669)</u>	<u>(7,991,654)</u>
At 31 December 2019 and 1 January 2020	71,690,929	(4,028,246)	67,662,683
Surplus for the year	11,395,668	-	11,395,668
Other comprehensive income:			
Exchange differences arising on translation of foreign operations	-	23,068	23,068
Total comprehensive income for the year	<u>11,395,668</u>	<u>23,068</u>	<u>11,418,736</u>
At 31 December 2020	<u>83,086,597</u>	<u>(4,005,178)</u>	<u>79,081,419</u>

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

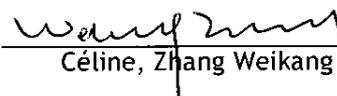
18. STATEMENT OF FINANCIAL POSITION OF THE FOUNDATION

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment		14,138,471	17,419,424
Interests in subsidiaries		<u>12,949,007</u>	<u>11,345,000</u>
Total non-current assets		<u>27,087,478</u>	<u>28,764,424</u>
Current assets			
Inventories		265,249	444,144
Accounts and other receivables		1,136,346	1,925,431
Deposits and prepayments		1,410,317	636,591
Amount due from a subsidiary		392,596	369,819
Cash and bank balances		<u>53,074,302</u>	<u>40,908,181</u>
Total current assets		<u>56,278,810</u>	<u>44,284,166</u>
Total assets		<u>83,366,288</u>	<u>73,048,590</u>
Current liabilities			
Accounts and other payables		110,201	158,391
Accruals		3,446,524	3,175,629
Lease liabilities		643,486	1,284,820
Deferred donation income		-	39,076
Total current liabilities		<u>4,200,211</u>	<u>4,657,916</u>
Net current assets		<u>52,078,599</u>	<u>39,626,250</u>
Non-current liabilities			
Lease liabilities		<u>84,658</u>	<u>727,991</u>
NET ASSETS		<u>79,081,419</u>	<u>67,662,683</u>
Reserves			
Accumulated funds	17	83,086,597	71,690,929
Foreign exchange reserve	17	<u>(4,005,178)</u>	<u>(4,028,246)</u>
TOTAL		<u>79,081,419</u>	<u>67,662,683</u>

On behalf of the directors



Michelle Lombard



Céline, Zhang Weikang

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

19. CAPITAL COMMITMENTS

The Group has no major capital commitments outstanding at the end of the reporting period.

20. RELATED PARTY TRANSACTIONS

- (a) Transactions between the Foundation and its subsidiaries, which is a related party of the Foundation, have been eliminated on consolidation.
- (b) Members of key management during the year comprised only of the directors whose remuneration is set out in Note 9 to the consolidated financial statements.

21. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of operation are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to accounts and other receivables and cash at banks. The Group's exposure to the credit risk from them is limited as it has policies in place to ensure that the counter parties will honour their obligations, and the Group deposited its cash at banks in Hong Kong, the PRC and Vietnam with high credit rating.

The maximum exposure to credit risk in the event that the counter parties fail to perform their obligations at the end of the financial year is the carrying amounts of the respective financial assets.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Group has no financial assets or liabilities bear significant interest. The Group's income and operating cash flow are therefore substantially independent of changes in market interest rates.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21. FINANCIAL RISK MANAGEMENT - CONTINUED

(d) Currency risk

The Group's monetary assets are principally denominated in Hong Kong dollars, Euro dollars ("EUR"), United States dollars ("USD"), Australian dollars ("AUD"), British Pound Sterling ("GBP"), Renminbi ("RMB") and Vietnamese dollars ("VND").

The following table details the Group's significant exposure at the end of reporting period to foreign exchange risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	EUR	USD	GBP	AUD	NZD	RMB	VND
<u>As at 31 December 2020</u>							
Accounts and other receivables	58,567	36,485	1,634	777	373	704,548	-
Deposits and prepayments	-	12,913	28,080	-	-	246,117	161,551,674
Cash and bank balances	1,321,750	760,739	699,999	510,352	104,973	13,851,678	65,262,987
Accounts and other payables	-	-	-	-	-	(1,895,012)	(279,078,460)
Accruals	-	(43,001)	-	-	-	(128,691)	-
Lease liabilities	-	-	-	-	-	(688,497)	(704,482,423)
Net exposure	<u>1,380,317</u>	<u>767,136</u>	<u>729,713</u>	<u>511,129</u>	<u>105,346</u>	<u>12,090,143</u>	<u>(756,746,222)</u>
<u>As at 31 December 2019</u>							
Accounts and other receivables	142,574	33,634	9,866	9,512	-	478,938	-
Deposits and prepayments	-	-	-	-	-	645,161	115,981,271
Cash and bank balances	1,114,186	664,497	690,831	1,420,475	-	7,641,161	98,040,203
Accounts and other payables	-	-	-	-	-	(344,629)	(496,286,784)
Accruals	-	(26,154)	-	(8,818)	-	(182,848)	(6,502,308)
Lease liabilities	-	-	-	-	-	(880,151)	(907,332,487)
Net exposure	<u>1,256,760</u>	<u>671,977</u>	<u>700,697</u>	<u>1,421,169</u>	<u>-</u>	<u>7,357,632</u>	<u>(1,196,100,105)</u>

The following table indicates the approximate change in the Group's deficit or surplus for the year and accumulated funds in response to reasonably possible changes in the foreign exchange rates to which Foundation has significant exposure at the end of reporting period. A positive number below indicates a decrease in deficit or increase in surplus and increase in accumulated funds where the Hong Kong dollars weakens against the relevant currency. For a strengthening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the deficit or surplus for the year and accumulated funds, and the balances below would be negative.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21. FINANCIAL RISK MANAGEMENT - CONTINUED

(d) Currency risk - Continued

	2020		2019	
	Weakening of Hong Kong dollars	Increase/(decrease) in surplus for the year and accumulated funds HK\$	Weakening of Hong Kong dollars	Decrease/(increase) in deficit for the year and accumulated funds HK\$
EUR	10%	1,311,992	10%	1,098,621
USD	10%	594,837	10%	523,229
GBP	10%	771,410	10%	721,243
AUD	10%	306,116	10%	777,221
RMB	10%	1,414,652	10%	822,664
NZD	10%	41,282	10%	-
VND	10%	21,911	10%	(40,156)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group; exposure to foreign currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects of the Group's surplus for the year and accumulated funds measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2019.

(d) Fair values

The fair value of all financial instruments is carried at amounts not materially different from their carrying amounts as at 31 December 2020 and 2019.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2020 and 2019 may be categorised as follows:

	2020 HK\$	2019 HK\$
Financial assets		
Financial assets measured at amortised cost	<u>59,334,918</u>	<u>45,097,230</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>6,138,827</u>	<u>6,843,558</u>

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)
(incorporated in Hong Kong and limited by guarantee)

Detailed income and expenditure statement
For the year ended 31 December 2020

The figures and financial information relating to the year ended 31 December 2020 included in schedules to income and expenditure statement are not the Foundation's statutory financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Foundation is a registered charity, it is required to deliver its statutory financial statements to the Register of Companies by 31 December 2021.

The Foundation's auditor has reported on those statutory consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Schedules	2020 HK\$	2019 HK\$
Revenue		89,077,917	66,743,961
Other income and gains and losses		<u>3,640,818</u>	<u>95,708</u>
		92,718,735	66,839,669
Expenditure			
Donations to a subsidiary	1	22,262,867	24,096,701
Fund raising and marketing expenses		16,999,110	12,159,667
General administrative expenses		5,235,495	5,935,057
Donations to other organisations		78,125	23,454
Construction department of Bear Rescue Centre in Sichuan		1,060,964	1,083,152
Education and external affairs		11,342,314	4,002,803
Projects carried out by the Foundation:			
Moon bear rescue project	2	17,079,411	19,442,977
Captive animal welfare	3	3,756,746	4,298,266
Cat and dog project	4	1,991,047	1,666,107
Doctor dog project	5	934,976	1,189,275
Professor paws	6	<u>582,012</u>	<u>785,195</u>
		<u>81,323,067</u>	<u>74,682,654</u>
Surplus/(deficit) for the year		<u>11,395,668</u>	<u>(7,842,985)</u>

(For management purposes only)

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ANIMALS ASIA FOUNDATION LIMITED

(亞洲動物基金會有限公司)

DETAILED ANALYSIS OF DONATIONS TO A SUBSIDIARY
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020 HK\$	2019 HK\$
Donations to a subsidiary			
In services	Note 1	1,867,580	2,517,493
In funds	Note 2	<u>20,395,287</u>	<u>21,579,208</u>
		<u>22,262,867</u>	<u>24,096,701</u>
Notes:			
(1) Analysis of donations in services:			
Vet staff costs		1,537,518	2,097,705
Vet services and supplies		163,782	218,756
Sundry		118,772	74,810
Legal and professional fees		19,365	50,248
Social insurance		-	30,172
Staff welfare		11,968	18,112
Travelling and transportation		1,000	18,007
Recruitment fee		6,400	4,744
Postage and courier		8,462	2,385
Promotion fee		-	2,241
Membership, subscription and publication		313	313
		<u>1,867,580</u>	<u>2,517,493</u>
(2) Utilisation of funds by subsidiary:			
Opening cash and bank balances		212,755	209,971
Donations received from Animals Asia Fund			
- Hong Kong		20,395,287	21,579,208
Other income		3,420,877	891,896
Operating expenditure	Note 3	(24,371,746)	(22,875,136)
Add back loss on disposal of property, plant and equipment		(536)	10,165
Add back write off on disposal of property, plant and equipment		1,249	-
Add back interest on lease liability		29,933	43,926
Add back depreciation		3,496,170	3,110,170
Capital expenditure	Note 4	(596,982)	(1,239,275)
Proceeds from disposal of property, plant and equipment		536	6,340
Movement in current assets		(988,027)	(102,833)
Movement in current liabilities		351,142	(676,013)
Land lease payment		(376,333)	(353,274)
Foreign exchange movements		<u>765,993</u>	<u>(392,390)</u>
Closing cash and bank balances		<u>2,340,318</u>	<u>212,755</u>

(For management purposes only)

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

DETAILED ANALYSIS OF DONATIONS TO A SUBSIDIARY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Notes:		
(3) Analysis of the subsidiary's operating expenditure:		
Staff costs	12,285,007	11,868,753
Bears costs	4,027,395	3,836,139
Depreciation	3,496,171	3,110,170
Staff welfare	1,049,542	1,115,362
Travelling and transportation	888,337	818,908
Rent and utilities	428,753	462,709
Legal and professional fees	651,364	425,328
Office costs	294,085	256,917
Repairs and maintenance	274,187	243,955
Short-term lease	241,623	230,869
Promotion and education	226,924	130,105
Gifts and entertainment	156,344	125,098
Communication	98,261	80,810
Sundry expenses	140,034	49,179
Merchandise	51,476	46,773
Interest on lease liabilities	29,933	43,926
Audit fee	23,705	11,126
Loss on disposal of property, plant and equipment	-	10,165
Bank charges	8,605	8,844
	24,371,746	22,875,136
(4) Analysis of the subsidiary's capital expenditure:		
Furniture and equipment	261,528	673,980
Bear house	258,670	340,113
Renovation of office	-	123,660
Rehabilitation area	76,784	101,522
	596,982	1,239,275

(For management purposes only)

ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

**DETAILED ANALYSIS OF EXPENDITURE ON PROJECTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 HK\$	2019 HK\$
Moon bear rescue project		
Wages and salaries	8,926,194	9,069,723
Vet services and supplies	3,188,495	4,148,985
Depreciation	2,346,381	2,330,794
Legal and professional fees	90,338	685,610
Rent, rates and management fee	242,710	664,642
Social insurance	458,288	523,013
Travelling and transportation	215,957	410,605
Repairs and maintenance	355,402	324,721
Staff welfare	326,805	234,922
Sundry expenses	247,769	194,991
Utilities	175,774	192,928
Communication expenses	99,165	140,851
General insurance	92,625	91,364
Recruitment	62,269	74,748
MPF contributions	72,018	73,033
Audit fee	34,073	70,375
Bank charges	24,632	57,217
Equipment	44,240	56,807
Interest on lease liabilities	16,475	26,831
Printing and publication	17,972	18,845
Food and beverages	6,597	17,381
Postage and courier	14,193	16,042
Membership fee	20,539	14,610
Stationery	500	3,544
Promotion expenses	-	395
	17,079,411	19,442,977

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

DETAILED ANALYSIS OF EXPENDITURE ON PROJECTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Captive animal welfare		
Wages and salaries	2,075,073	1,815,838
Vet services and supplies	810,866	666,056
Travelling and transportation	79,145	484,186
Staff welfare	410,257	414,698
Legal and professional fees	60,113	286,747
Promotion expenses	111,262	275,266
Sundry expenses	43,051	102,819
Social Insurance	92,257	85,876
Low-value asset lease	-	50,973
Communication expenses	32,036	31,913
Printing and publication	7,358	16,905
Membership fee	9,881	13,230
MPF contributions	7,202	10,310
General insurance	4,402	7,309
Postage and courier	3,493	6,685
Survey	-	6,624
Recruitment	2,173	6,014
Depreciation	2,876	4,677
Equipment	1,265	4,107
Food and beverages	446	2,736
Bank charges	1,408	2,221
Utilities	586	1,566
Repairs and maintenance	1,547	1,156
Stationery	49	354
	3,756,746	4,298,266

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

DETAILED ANALYSIS OF EXPENDITURE ON PROJECTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Cat and dog project		
Promotion expenses	794,985	638,587
Travelling and transportation	131,286	310,541
Wages and salaries	652,351	293,593
Vet supplies	197,480	143,875
Short-term lease	60,456	57,344
Legal and professional fees	11,291	39,373
Survey fee	3,402	30,240
Staff welfare	14,823	27,791
Printing and publication	14,093	26,313
Sundry expenses	58,739	22,114
Postage and courier	6,694	18,512
Communication expenses	15,342	17,856
Recruitment fee	2,444	8,638
General insurance	8,697	8,581
MPF contributions	8,102	7,525
Food and beverages	690	3,681
Bank charges	1,640	2,595
Equipment	2,699	2,431
Depreciation	2,139	2,064
Utilities	659	1,762
Repairs and maintenance	1,738	1,250
Membership fee	1,238	831
Stationery	59	610
	<u>1,991,047</u>	<u>1,666,107</u>

(For management purposes only)

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

DETAILED ANALYSIS OF EXPENDITURE ON PROJECTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Doctor dog project		
Wages and salaries	770,845	800,387
Travelling and transportation	11,966	192,529
Rent, rates and management fee	71,447	82,831
MPF contributions	34,201	34,420
Sundry expenses	9,669	20,664
Food and beverages	2,712	8,965
Staff welfare	11,539	8,545
Communication expenses	9,669	7,819
General insurance	6,632	7,107
Promotion expenses	-	6,257
Equipment	78	5,354
Printing and publication	322	2,875
Depreciation	1,943	2,793
Postage and courier	896	2,538
Legal and professional fees		2,458
Recruitment	543	1,503
Stationery	650	895
Bank charges	356	556
Utilities	146	392
Repairs and maintenance	387	278
Membership fee	975	102
Vet services and supplies	-	7
	<u>934,976</u>	<u>1,189,275</u>

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ANIMALS ASIA FOUNDATION LIMITED
(亞洲動物基金會有限公司)

DETAILED ANALYSIS OF EXPENDITURE ON PROJECTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Professor paws		
Wages and salaries	466,120	585,545
Rent, rates and management fee	71,447	76,459
Promotion expenses	-	53,568
MPF contributions	18,900	19,507
Staff welfare	7,784	19,372
Legal and professional fees	-	12,494
Travelling and transportation	5,562	11,134
Sundry expenses	876	1,924
General insurance	4,849	1,325
Communication expenses	3,105	939
Recruitment fees	272	752
Food and beverages	56	742
Equipment	236	310
Bank charges	241	282
Utilities	73	196
Printing and publication	200	195
Membership	625	154
Repairs and maintenance	193	139
Postage and courier	1,459	110
Stationery	6	44
Depreciation	8	-
Vet services and supplies	-	4
	<u>582,012</u>	<u>785,195</u>

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