



CENTRE FOR ASIAN PHILANTHROPY AND SOCIETY LIMITED

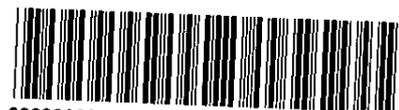
GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2020

林海涵會計師行
H. H. LAM & CO.

Chartered Accountants,
Certified Public Accountants
Hong Kong.



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REPORT OF THE GOVERNORS

The governors submit their report together with the audited financial statements for the year ended 31st December 2020.

PRINCIPAL ACTIVITIES

The principal activities of Centre for Asian Philanthropy and Society Limited (the "Centre") are as follows:

- to conduct research in relation to philanthropy, charities and social problems, and to disseminate the findings to the public in order to assist donors to give to individuals and/or charitable institutions for the relief of poverty, advancement of education and welfare of the youth, elderly, disabled and other underprivileged in Hong Kong, Asia and elsewhere; and
- to promote and build a shared commitment to higher standards of philanthropic practice, transparency, governance, accountability and efficiency of charitable organisations in Hong Kong and Asian civil society for the relief of poverty, advancement of education, the social welfare and community development of Hong Kong community.

RESULTS AND APPROPRIATIONS

The results of the Centre for the year ended 31st December 2020 are set out in the statement of profit or loss and other comprehensive income on page 7.

GOVERNORS

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

Ronnie Chan (Chairman)
Jamshyd Godrej
Ming-Chung Tsai
Elizabeth Eder Zobel De Ayala

In accordance with Articles 39 and 41 of the Centre's Articles of Association, all the governors are appointed for a term of three years. During the year, all current Governors retired but, being eligible, offered 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 Centre were entered into or existed during the year.

REPORT OF THE GOVERNORS (CONTINUED)

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision for the benefit of the governors of the Centre is currently in force and was in force throughout this year.

AUDITORS

The financial statements have been audited by Messrs. H. H. Lam & Co., Certified Public Accountants who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Ronnie Chan', with a small 'x' and 'R' to its left.

Ronnie Chan
Chairman

Hong Kong, 19th May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CENTRE FOR ASIAN PHILANTHROPY AND SOCIETY LIMITED (continued)

(Incorporated in Hong Kong with limited by guarantee)

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. 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

CENTRE FOR ASIAN PHILANTHROPY AND SOCIETY LIMITEDSTATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFOR THE YEAR ENDED 31ST DECEMBER 2020

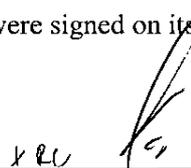
		<u>2020</u>	<u>2019</u>
			<u>(Restated)</u>
	<u>Note</u>	<u>HK\$</u>	<u>HK\$</u>
<u>INCOME</u>			
Revenue	4	15,525,332	15,433,010
Other revenue and income	5	452,822	15,532
		<u>15,978,154</u>	<u>15,448,542</u>
<u>EXPENDITURE</u>			
Project expenses		(8,207,301)	(8,651,838)
General and administrative expenses		(4,851,166)	(5,328,157)
Finance cost	6	(47,426)	(70,502)
		<u>(13,105,893)</u>	<u>(14,050,497)</u>
Surplus and total comprehensive income for the year	7	<u>2,872,261</u>	<u>1,398,045</u>

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITIONAS AT 31ST DECEMBER 2020

		<u>2020</u>	<u>2019</u>
ASSETS	<u>Note</u>	<u>HK\$</u>	<u>HK\$</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	9	41,822	317,251
Right-of-use assets	10(a)	1,007,549	1,497,392
		<u>1,049,371</u>	<u>1,814,643</u>
<u>CURRENT ASSETS</u>			
Other receivables	11	1,019,860	2,071,867
Amount due from a related company	12	-	39,293
Time deposit		8,928,033	360,000
Cash and cash equivalents		3,329,163	7,226,009
		<u>13,277,056</u>	<u>9,697,169</u>
TOTAL ASSETS		<u><u>14,326,427</u></u>	<u><u>11,511,812</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY</u>			
Retained surpluses		<u>9,747,770</u>	<u>6,875,509</u>
<u>LIABILITIES</u>			
<u>NON-CURRENT LIABILITY</u>			
Lease liability	10(b)	<u>248,219</u>	<u>197,475</u>
<u>CURRENT LIABILITIES</u>			
Other payables	13	765,572	2,094,170
Unearned income	14	2,783,602	946,867
Lease liability	10(b)	781,264	1,397,791
		<u>4,330,438</u>	<u>4,438,828</u>
TOTAL LIABILITIES		<u><u>4,578,657</u></u>	<u><u>4,636,303</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>14,326,427</u></u>	<u><u>11,511,812</u></u>

The financial statements on pages 7 to 26 were approved by the Board of Governors on 19th May 2021 and were signed on its behalf by:



 Ronnie Chan
 Governor

 Ming-Chung Tsai
 Governor

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2020

		<u>2020</u>	<u>2019</u>
ASSETS	<u>Note</u>	<u>HK\$</u>	<u>HK\$</u>
<u>NON-CURRENT ASSETS</u>			
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TOTAL EQUITY AND LIABILITIES		<u><u>14,326,427</u></u>	<u><u>11,511,812</u></u>

The financial statements on pages 7 to 26 were approved by the Board of Governors on [date] **9 MAY 2021** and were signed on its behalf by

Ronnie Chan
Governor



Ming-Chung Tsai
Governor

The annexed notes form an integral part of these financial statements.

CENTRE FOR ASIAN PHILANTHROPY AND SOCIETY LIMITEDSTATEMENT OF CHANGES IN EQUITYFOR THE YEAR ENDED 31ST DECEMBER 2020

	<u>Retained surpluses</u>
	<u>HK\$</u>
Balance at 1st January 2019	5,477,464
Surplus and total comprehensive income for the year	<u>1,398,045</u>
Balance at 31st December 2019 and 1st January 2020	6,875,509
Surplus and total comprehensive income for the year	<u>2,872,261</u>
Balance at 31st December 2020	<u><u>9,747,770</u></u>

STATEMENT OF CASH FLOWSFOR THE YEAR ENDED 31ST DECEMBER 2020

		<u>2020</u>	<u>2019</u>
	<u>Note</u>	<u>HK\$</u>	<u>HK\$</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus for the year		2,872,261	1,398,045
Adjustments for:			
- Depreciation on property, plant and equipment		307,432	300,347
- Depreciation on right-of-use assets		1,657,541	1,442,136
- Bank interest income		(31,102)	(52,560)
- Interest on lease liability		47,426	70,502
		<hr/>	<hr/>
Operating surplus before changes in working capital		4,853,558	3,158,470
Decrease/(Increase) in other receivables		1,052,007	(1,278,372)
Decrease/(Increase) in amount due from a related company		39,293	(39,293)
(Decrease)/Increase in other payables		(1,328,598)	1,662,553
Increase/(Decrease) in unearned income		1,836,735	(514,737)
		<hr/>	<hr/>
Net cash generated from operating activities		6,452,995	2,988,621
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		31,102	52,560
Placement of time deposit		(8,568,033)	(360,000)
Payment for the purchase of property, plant and equipment		(32,003)	(582,924)
		<hr/>	<hr/>
Net cash used in investing activities		(8,568,934)	(890,364)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of loan	15	-	(449,656)
Capital element of lease rentals paid	15	(1,733,481)	(1,344,262)
Interest element of lease rentals paid	15	(47,426)	(70,502)
		<hr/>	<hr/>
Net cash used in financing activities		(1,780,907)	(1,864,420)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net (decrease)/increase in cash and cash equivalents		(3,896,846)	233,837
Cash and cash equivalents at beginning for the year		7,226,009	6,992,172
		<hr/>	<hr/>
Cash and cash equivalents at end of the year		3,329,163	7,226,009
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<u>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</u>			
Cash at banks and on hand		3,329,163	7,226,009
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The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Centre for Asian Philanthropy and Society Limited ("the Centre") is a limited by guarantee company incorporated in Hong Kong without share capital. The liability of the members is limited to HK\$100 each. The address of its registered office is Room 2712-13, 27/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Centre are as follows:

- to conduct research in relation to philanthropy, charities and social problems, and to disseminate the findings to the public in order to assist donors to give to individuals and/or charitable institutions for the relief of poverty, advancement of education and welfare of the youth, elderly, disabled and other underprivileged in Hong Kong, Asia and elsewhere; and
- to promote and build a shared commitment to higher standards of philanthropic practice, transparency, governance, accountability and efficiency of charitable organisations in Hong Kong and Asian civil society for the relief of poverty, advancement of education, the social welfare and community development of Hong Kong community.

2) PRINCIPAL 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. The financial statements are presented in Hong Kong dollars ("HK\$") except when otherwise indicated.

2.1 Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Centre is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Centre. Note 2.3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Centre for the current and prior accounting periods reflected in these financial statements.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

2) PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Basis of preparation of the financial statement

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Changes in accounting policies and disclosures

(A) New and amended standards adopted by the Centre

The HKICPA has issued the following HKFRSs that are first effective for the current accounting period of the Centre:

- Amendments to HKFRS 3 (Revised) - Definition of a Business
- Amendments to HKFRS 16, Covid-19-Related Rent Concessions

The application of the amendments in the current year has had no material impact on the Centre's financial performance and positions for the current and prior years.

(B) New standards and interpretations not yet effective

No early adoption of HKAS 16 (Amendments), 37 (Amendments), HKFRS 17 and Annual Improvements to HKFRSs 2018-2020 that have been issued but are not yet effective. The directors of the Centre anticipate that the adoption of such Standards or Interpretations will not have a material impact on the Centre.

2.4 Revenue and other income

Income is classified by the Centre as revenue when it arises from the donations, the provision of consultancy for research services and sale of books in the ordinary course of the Centre's business.

Revenue is recognized when donations are received or receivable, at the amount of promised consideration to which the Centre is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Centre's revenue and other income recognition policies are as follows:

- (a) General donation is recognized when the Centre becomes entitled to the donations and it is probable that they will be received, which is generally upon receipt of cash.
- (b) Designated donation is deferred in the statement of financial position initially when the Centre assessed that they will be received and that the Centre will comply with the condition attached to them. Designated donation is recognized as income in profit or loss on a systematic basis upon fulfillment of the conditions (if any), in the same periods in which the expenses are incurred.

NOTES TO THE FINANCIAL STATEMENTS

2) PRINCIPAL ACCOUNTING POLICIES (continued)

2.4 Revenue and other income (continued)

- (c) Sales of goods are recognized when goods are delivered and titles have been passed.
- (d) Service income is recognized in the period in which such services are rendered.
- (e) Interest income is recognized on a time-proportion basis using effective interest method.
- (f) Other income is recognized on an accrual basis.

2.5 Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Centre will comply with the conditions attaching to them. Grants that compensate the Centre for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalized when it is probable that future economic benefits will flow to the Centre and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives, on a straight-line method, at the following annual rates :-

Leasehold improvement	over the remaining lease terms
Furniture and fixtures	25%
Office equipment	25%

When assets are sold or retired, their cost and aggregate depreciation are eliminated from the financial statements and any gain or loss resulting from their disposal is included in the statement of profit or loss or other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2) PRINCIPAL ACCOUNTING POLICIES (continued)

2.7 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Centre.

Contracts may contain both lease and non-lease components. The Centre allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Centre, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Centre:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Centre is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE FINANCIAL STATEMENTS

2) PRINCIPAL ACCOUNTING POLICIES (continued)

2.8 Credit losses and impairment of assets

(i) Credit losses from financial instruments

At each reporting date, the Centre assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the debtor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- significant changes in the technological market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Centre determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment
- right-of-use assets

If any such indication exists, the asset's recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS2) PRINCIPAL ACCOUNTING POLICIES (continued)2.8 Credit losses and impairment of assets (continued)(ii) Impairment of other non-current assets (continued)

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

2.9 Other receivables

A receivable is recognized when the Centre has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Centre has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses.

2.10 Other payables

Other payables are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

2) PRINCIPAL ACCOUNTING POLICIES (continued)

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand.

2.12 Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses, paid annual leave, 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 values.

(ii) Pension obligations

The Centre pays contributions to a defined contribution retirement scheme under the Mandatory Provident Fund Scheme ("MPF scheme") in Hong Kong. The assets of the schemes are held in separate trustee-administrated funds. The Centre has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Centre can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

2.13 Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

NOTES TO THE FINANCIAL STATEMENTS

2) PRINCIPAL ACCOUNTING POLICIES (continued)

2.14 Related parties

A related party is a person or entity that is related to the Centre in these financial statements, as follows:-

- (a) A person, or a close member of that person's family, is related to the Centre if that person:
 - (i) has control or joint control over the Centre;
 - (ii) has significant influence over the Centre; or
 - (iii) is a member of the key management personnel of the Centre or the Centre's parent.
- (b) An entity is related to the Centre if any of the following conditions applies:
 - (i) The entity and the Centre 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 employees of either the Centre or an entity related to the Centre. If the Centre is itself such a plan, the sponsoring employers are also related to the Centre.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has a significant influence over the entity or is a member of the 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 Centre or to the Centre's parent.

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.

3) FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to currency, interest rate, liquidity and credit risks arises in the normal course of the Centre's business. The exposure to these risks and the financial risk management policies and practices used by the Centre to manage these risks are described below.

(a) Currency risk

The Centre has no significant concentration of currency risk.

(b) Interest rate risk

The Centre has no significant concentration of interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS3) FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS
(continued)(c) Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities.

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

All financial liabilities are due within one year or repayable on demand, except for lease liability of carrying amount of HK\$248,219 (2019: HK\$197,475), which is due after one year but within two years, and their carrying amounts approximate their contractual discounted cash flows at the end of the reporting period.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Centre. The Centre's credit risk is primarily attributable to cash at banks, time deposit and other receivables. The Centre's exposure to credit risk arising from cash and cash equivalents and time deposit is limited because the counterparties are banks and financial institutions, for which the Centre considers to have low credit risk.

The Centre places its cash with creditworthy institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, without taking into account the value of any collateral or other security obtained.

(e) Fair value measurement

All financial instruments are carried at amounts not materially different from their fair values as at 31st December 2020 and 2019.

(f) Offsetting financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	HK\$	HK\$	HK\$
<u>Cash and cash equivalents</u>			
As at 31st December 2020	<u>3,345,190</u>	<u>(16,027)</u>	<u>3,329,163</u>
As at 31st December 2019	<u>7,248,136</u>	<u>(22,127)</u>	<u>7,226,009</u>

NOTES TO THE FINANCIAL STATEMENTS4) REVENUE

Revenue represents the aggregate amounts of donations, book sales and consultancy income during the year.

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Book sales	-	2,000
Consultancy income for research services	271,811	1,233,517
Designated donation	3,072,908	4,865,911
General donation	12,180,613	9,331,582
	<u>15,525,332</u>	<u>15,433,010</u>

5) OTHER REVENUE AND INCOME

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
<u>Other revenue</u>		
Bank interest income	31,102	52,560
Government grants (note i)	486,000	-
	<u>517,102</u>	<u>52,560</u>
<u>Other income</u>		
Other income	2,236	3,936
Loss on exchange difference	(66,516)	(40,964)
	<u>(64,280)</u>	<u>(37,028)</u>
	<u>452,822</u>	<u>15,532</u>

note i: In 2021, the Company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Company is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6) FINANCE COST

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Interest on lease liability	<u>47,426</u>	<u>70,502</u>

NOTES TO THE FINANCIAL STATEMENTS7) SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Surplus for the year is arrived at after charging:-		
Project expenses		
- Consultancy fee	821,460	78,977
- Salaries and allowances	<u>6,789,443</u>	<u>5,776,845</u>
General and administrative expenses		
- Auditors' remuneration	20,000	19,000
- Depreciation on property, plant and equipment	307,432	300,347
- Depreciation on right-of-use assets	1,657,541	1,442,136
- Rent and building management fee	173,130	381,505
- Salaries and allowances	2,025,088	2,170,937
- Mandatory provident fund contributions	<u>162,450</u>	<u>170,902</u>

8) INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the Centre is an approved charitable institution and is exempted from taxation under section 88 of the Hong Kong Inland Revenue Ordinance.

9) PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
At cost				
At 1st January 2019	180,025	62,540	28,450	271,015
Additions	<u>549,270</u>	-	<u>33,654</u>	<u>582,924</u>
At 1st January 2020	729,295	62,540	62,104	853,939
Additions	<u>-</u>	-	<u>32,003</u>	<u>32,003</u>
At 31st December 2020	<u>729,295</u>	<u>62,540</u>	<u>94,107</u>	<u>885,942</u>
Aggregate depreciation				
At 1st January 2019	180,025	32,005	24,311	236,341
Charge for the year	<u>274,635</u>	<u>15,145</u>	<u>10,567</u>	<u>300,347</u>
At 1st January 2020	454,660	47,150	34,878	536,688
Charge for the year	<u>274,635</u>	<u>15,390</u>	<u>17,407</u>	<u>307,432</u>
At 31st December 2020	<u>729,295</u>	<u>62,540</u>	<u>52,285</u>	<u>844,120</u>
Net book value				
At 31st December 2020	<u>-</u>	<u>-</u>	<u>41,822</u>	<u>41,822</u>
At 31st December 2019	<u>274,635</u>	<u>15,390</u>	<u>27,226</u>	<u>317,251</u>

NOTES TO THE FINANCIAL STATEMENTS10) LEASESa) Right-of-use assets

	<u>Leasehold land and buildings</u>
	<u>HK\$</u>
At cost	
At 1st January 2020	2,939,528
Addition	<u>1,167,698</u>
At 31st December 2020	<u>4,107,226</u>
Aggregate depreciation	
At 1st January 2020	1,442,136
Charge for the year	<u>1,657,541</u>
At 31st December 2020	<u>3,099,677</u>
Net book value	
At 31st December 2020	<u>1,007,549</u>
At 31st December 2019	<u>1,497,392</u>

b) Lease liability

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Non-current	248,219	197,475
Current	<u>781,264</u>	<u>1,397,791</u>
	<u>1,029,483</u>	<u>1,595,266</u>

(c) Other information

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
- Expense relating to short-term leases	<u>-</u>	<u>247,120</u>

The total cash outflow for leases in 2020 was HK\$1,780,907 (2019: HK\$1,635,764).

NOTES TO THE FINANCIAL STATEMENTS11) OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Accounts receivables	544,919	1,389,833
Deposit paid	459,000	459,000
Prepayments	15,941	223,034
Financial assets measured at amortized cost	<u>1,019,860</u>	<u>2,071,867</u>

12) AMOUNT DUE FROM A RELATED COMPANY

The amount due is unsecured, interest-free and has no fixed terms of repayment.

13) OTHER PAYABLES

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Accounts payables	98,855	48,266
Accrued expenses	20,000	18,357
Other payables	360,000	360,000
Received in advance	286,717	1,667,547
	<u>765,572</u>	<u>2,094,170</u>

14) UNEARNED INCOME

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
At the beginning of the year	946,867	1,461,604
Addition during the year	3,555,509	3,685,204
Recognized as income during the year	<u>(1,718,774)</u>	<u>(4,199,941)</u>
At the end of the year	<u>2,783,602</u>	<u>946,867</u>

Unearned income represents designated donation received from sponsor for individual projects. Income is recognized in profit or loss when expenses under these projects are incurred.

NOTES TO THE FINANCIAL STATEMENTS15) OTHER CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

	<u>Lease liabilities</u>	
	<u>HK\$</u>	
At 1st January 2020		<u>1,595,266</u>
Changes from financing cash flows:		
Capital element of lease rentals paid		(1,733,481)
Interest element of lease rentals paid		(47,426)
Total changes from financing cash flows		<u>(1,780,907)</u>
Other changes:		
New leases		1,167,698
Interest on lease liability		47,426
Total other changes		<u>1,215,124</u>
At 31st December 2020		<u>1,029,483</u>
	<u>Lease liabilities</u>	<u>Loan from a chief executive of the Centre</u>
	<u>HK\$</u>	<u>HK\$</u>
At 1st January 2019	<u>826,406</u>	<u>449,656</u>
Changes from financing cash flows:		
Repayment of loan	-	(449,656)
Capital element of lease rentals paid	(1,344,262)	-
Interest element of lease rentals paid	(70,502)	-
Total changes from financing cash flows	<u>(1,414,764)</u>	<u>(449,656)</u>
Other changes:		
New leases	2,113,122	-
Interest on lease liability	70,502	-
Total other changes	<u>2,183,624</u>	<u>-</u>
At 31st December 2019	<u>1,595,266</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS16) CAPITAL MANAGEMENT

The Centre's primary objectives when managing capital are to safeguard the Centre's ability to continue as a going concern.

The Centre defines "capital" as including the retained surpluses maintained by the Centre.

The Centre's capital structure is regularly reviewed and managed. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Centre, to the extent that these do not conflict with the governors' fiduciary duties towards the Centre or the requirements of the Hong Kong Companies Ordinance.

The Centre's capital management practices were unchanged as compared to 2019.

17) FINANCIAL INSTRUMENTS BY CATEGORY

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Other receivables excluding prepayments	1,003,919	1,848,833
Amount due from a related company	-	39,293
Time deposit	8,928,033	360,000
Cash and cash equivalents	3,329,163	7,226,009
	<u>13,261,115</u>	<u>9,474,135</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Other payables excluding non-financial liabilities	478,855	426,623
Lease liability	1,029,483	1,595,266
	<u>1,508,338</u>	<u>2,021,889</u>

The Centre's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

NOTES TO THE FINANCIAL STATEMENTS18) RELATED PARTY TRANSACTIONS

Transactions with other related parties

The Centre had the following material transactions with other related parties during the year.

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
INCOME			
<u>General donation received</u>			
Hang Fine Company Limited	(a)	1,430,000	2,000,000
Ming-Chung Tsai	(b)	3,100,048	3,113,931
Jaime Augusto Zobel de Ayala	(c)	-	391,145
		<u>4,530,048</u>	<u>5,505,076</u>
EXPENDITURE			
<u>Lease payment</u>			
Yangli Limited	(a)	-	247,120
AP Success Limited	(a)	1,354,037	949,149
		<u>1,354,037</u>	<u>1,196,269</u>

(a) Ronnie Chan, a governor of the Centre, is a director of this entity.

(b) Governor of the Centre

(c) Elizabeth Eder Zobel De Ayala, a governor of the Centre, is a close member of Jaime Augusto Zobel de Ayala's family.

19) BENEFITS AND INTERESTS OF GOVERNORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP.622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTOR) REGULATION (CAP.622G))**GOVERNORS' EMOLUMENTS**

No governors received, or will receive, any fees or emoluments (2019: Nil) in respect of services to the Centre during the year.