



CHINA CARE FUND LIMITED
(培苗行動有限公司)
(incorporated in Hong Kong as a company limited by guarantee)

**Directors' Report and
Financial Statements
For the year ended 30 June 2019**

CHINA CARE FUND LIMITED
(培苗行動有限公司)
DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Association is a charitable organisation and is engaged in propagating education in the People's Republic of China and in Hong Kong.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Association for the year ended 30 June 2019 and the financial position of the Association as at 30 June 2019 are set out in the financial statements on pages 5 to 21.

DIRECTORS

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

Sister Agnes LAW Yuen Ming
Mr. Arthur TSO Yeung
Mr. WONG Kwan Yiu

In accordance with Article 45 of the Association's Articles of Association, Sister Agnes Law Yuen Ming shall retire from office by rotation and being eligible offers herself for re-election.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Association a party to any arrangement to enable the Association's directors to acquire benefits by means of the acquisition of shares in, or debentures of any body corporate.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Association to re-appoint BDO Limited as auditor of the Association.

By order of the directors



Mr. Arthur TSO Yeung
Director

Hong Kong, 31 MAR 2020



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA CARE FUND LIMITED
(培苗行動有限公司)**
(incorporated in Hong Kong as a company limited by guarantee)

Opinion

We have audited the financial statements of China Care Fund Limited (the "Association") set out on pages 5 to 21, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in total funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 30 June 2019 and of its financial performance and its 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 ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Association 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.

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA CARE FUND LIMITED
(培苗行動有限公司)**

(incorporated in Hong Kong as a company limited by guarantee)

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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 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 Association'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 CHINA CARE FUND LIMITED**
(培苗行動有限公司)

(incorporated in Hong Kong as a company limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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

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

BDO Limited
Certified Public Accountants
Tam Kwok Yiu
Practising Certificate Number P02575

Hong Kong, **31 MAR 2020**

CHINA CARE FUND LIMITED
(**培苗行動有限公司**)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019			2018		
		Special purpose funds HK\$	General fund HK\$	Total HK\$	Special purpose funds HK\$	General fund HK\$	Total HK\$
Income							
Donations		14,403,741	4,958,436	19,362,177	14,640,553	4,114,686	18,755,239
Exchange gain		-	104,121	104,121	-	-	-
Interest income		-	22,511	22,511	-	6,505	6,505
		<u>14,403,741</u>	<u>5,085,068</u>	<u>19,488,809</u>	<u>14,640,553</u>	<u>4,121,191</u>	<u>18,761,744</u>
Expenditure							
Function expenditure		-	(2,510,160)	(2,510,160)	-	(1,867,653)	(1,867,653)
Administrative expenditure		-	(1,338,600)	(1,338,600)	-	(1,495,529)	(1,495,529)
Sponsorship expenditure		(15,436,916)	-	(15,436,916)	(14,149,215)	-	(14,149,215)
		<u>(15,436,916)</u>	<u>(3,848,760)</u>	<u>(19,285,676)</u>	<u>(14,149,215)</u>	<u>(3,363,182)</u>	<u>(17,512,397)</u>
Surplus/(Deficit) and total comprehensive income for the year							
	5	<u>(1,033,175)</u>	<u>1,236,308</u>	<u>203,133</u>	<u>491,338</u>	<u>758,009</u>	<u>1,249,347</u>

CHINA CARE FUND LIMITED
(**培苗行動有限公司**)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 HK\$	2018 HK\$
Non-current assets			
Property, plant and equipment	9	<u>64,496</u>	<u>55,743</u>
Current assets			
Deposit and prepayments		-	2,748
Cash and bank balances		<u>17,491,624</u>	<u>15,071,996</u>
		<u>17,491,624</u>	<u>15,074,744</u>
Total assets		<u>17,556,120</u>	<u>15,130,487</u>
Current liabilities			
Sponsorship fees payable		8,355,537	5,802,776
Other accounts payable and accrued charges		<u>125,104</u>	<u>274,002</u>
Total current liabilities		<u>8,480,641</u>	<u>6,076,778</u>
Net current assets		<u>9,010,983</u>	<u>8,997,966</u>
Total assets less current liabilities		9,075,479	9,053,709
Non-current liabilities			
Sponsorship fees payable		<u>2,553,022</u>	<u>2,734,385</u>
Net assets		<u>6,522,457</u>	<u>6,319,324</u>
Representing:			
General fund		5,132,113	3,895,805
Special purpose funds	10	<u>1,390,344</u>	<u>2,423,519</u>
Total funds		<u>6,522,457</u>	<u>6,319,324</u>

On behalf of the directors



Mr. Arthur TSO Yeung
Director



Sister Agnes LAW Yuen Ming
Director

CHINA CARE FUND LIMITED
(培苗行動有限公司)
STATEMENT OF CHANGES IN TOTAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2019

	General fund HK\$	Special purpose funds HK\$	Total funds HK\$
Balance at 1 July 2017	3,137,796	1,932,181	5,069,977
Surplus and total comprehensive income for the year	<u>758,009</u>	<u>491,338</u>	<u>1,249,347</u>
Balance at 30 June 2018 and 1 July 2018	3,895,805	2,423,519	6,319,324
Surplus/(Deficit) and total comprehensive income for the year	<u>1,236,308</u>	<u>(1,033,175)</u>	<u>203,133</u>
Balance at 30 June 2019	<u><u>5,132,113</u></u>	<u><u>1,390,344</u></u>	<u><u>6,522,457</u></u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	HK\$	HK\$
Cash flows from operating activities		
Surplus for the year	203,133	1,249,347
Adjustments for:		
Depreciation of property, plant and equipment	46,129	81,929
Interest expense	519,455	406,531
Interest income	<u>(22,511)</u>	<u>(6,505)</u>
Operating cash flows before working capital changes	746,206	1,731,302
Decrease in deposit and prepayments	2,748	-
Increase/(decrease) in sponsorship fees payable	1,851,943	(539,148)
(Decrease)/increase in other accounts payable	<u>(148,898)</u>	<u>178,730</u>
Net cash from operating activities	<u>2,451,999</u>	<u>1,370,884</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(54,882)	(22,808)
Interest received	<u>22,511</u>	<u>6,505</u>
Net cash used in investing activities	<u>(32,371)</u>	<u>(16,303)</u>
Net increase in cash and cash equivalents	2,419,628	1,354,581
Cash and cash equivalents at beginning of the year	<u>15,071,996</u>	<u>13,717,415</u>
Cash and cash equivalents at end of the year	<u>17,491,624</u>	<u>15,071,996</u>
Analysis of cash and cash equivalent:		
Cash and bank balances	<u>17,491,624</u>	<u>15,071,996</u>

CHINA CARE FUND LIMITED
(**培苗行動有限公司**)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

1. GENERAL

China Care Fund Limited (“the Association”) was incorporated in Hong Kong as a company limited by guarantee and does not have share capital.

The Association is a charitable organisation and is engaged in propagating education in the People’s Republic of China and in Hong Kong. The address of its registered office and principal place of business is located at Unit A, 20/F, Loyong Court Commercial Building, 212-220 Lockhart Road, Wan Chai, Hong Kong.

In the event of winding up, each member is liable to contribute not exceeding HK\$100 and, if there remains, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Association, but shall be given or transferred to some other institution or institutions, having similar objects of the Association and which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Association under or by virtue of Clause 5 of the Memorandum of Association, such institution or institutions to be determined by the members of the Association at or before the time of dissolution and in default thereof by a Judge of the High Court of the Hong Kong Special Administrative Region having the jurisdiction in regards to charitable funds, and if and so far as effect cannot be given to the aforesaid provision then to some charitable objects.

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

(a) Adoption of new/revised HKFRSs - Effective 1 July 2018

The Association has adopted the following applicable new HKFRS issued by the Hong Kong Institute of Certified Public Accountants that is effective for the current reporting period.

HKFRS 9 - Financial Instruments (“HKFRS 9”)

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018.

The Association has applied HKFRS 9 to items that existed at 1 July 2018 in accordance with the transition requirements set out in HKFRS 9 and comparative information has not been restated.

The financial assets which were classified as loans and receivables before 1 July 2018 were reclassified as financial assets at amortised cost. As at 1 July 2018, the Association considered that there is no material difference between the previous carrying amounts and that under the new classification.

There is no material impact on adopting the “expected credit loss” model of impairment of financial assets to replace the “impaired loss” model.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

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

The following new HKFRS, potentially relevant to the Association’s financial statements, has been issued, but is not yet effective and has not been early adopted by the Association. The Association’s current intention is to apply these changes it on 1 July 2019.

HKFRS 16	Leases
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The Association has already commenced an assessment of the impact of adopting the above standard. The Association is not yet in a position to state whether the new standard will result in substantial changes to the Association’s accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereafter collectively referred to as the “HKFRSs”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Association.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(a) Property, plant and equipment - Continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the profit or loss.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful life is as follows:

Furniture and fixtures	5 years
Leasehold improvements	5 years
Office equipment	2 years

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss on disposal.

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

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

(b) Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial assets at amortised cost (accounting policies applied from 1 July 2018)

Financial assets at amortised cost are initially measured at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less any identified impairment losses.

Interest income, foreign exchange gains and losses, impairment, gain or loss on derecognition are recognised in profit or loss.

The Company recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

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

The Company considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Company in full; or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(d) Loan and receivables (accounting policies applied until 30 June 2018)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(e) Financial liabilities at amortised cost

Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred and 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.

(f) Income recognition

Donations are recognised as income when the right to receive payment is established.

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

(g) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in the statement of comprehensive income when the services are rendered by the employees.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(g) Employee benefits - Continued

(ii) Employee entitlements

Employee entitlements to annual leave and statutory long service payments due on retirement or termination are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long-service payments as a result of services rendered by employees up to the end of the reporting period. The estimated liability is calculated net of expected reduction from benefits available from the Mandatory Provident Fund.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably 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.

5. SURPLUS FOR THE YEAR

Surplus for the year is arrived at after charging/(crediting):

	2019	2018
	HK\$	HK\$
Auditors' remuneration	-	-
Depreciation of property, plant and equipment	46,129	81,929
Exchange (gain)/loss, net	(104,121)	154,265
Interest on financial liabilities repayable within five years	519,455	406,531

CHINA CARE FUND LIMITED
(**培苗行動有限公司**)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

6. STAFF COSTS

	2019 HK\$	2018 HK\$
Staff costs comprise:		
Salaries	2,361,435	2,079,640
Contributions to defined contribution retirement plan	<u>100,754</u>	<u>83,798</u>
	<u><u>2,462,189</u></u>	<u><u>2,163,438</u></u>

7. DIRECTORS' EMOLUMENTS

There were no directors' fees or emoluments pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year ended 30 June 2019 and 2018.

8. INCOME TAX EXPENSE

The Association is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost				
At 1 July 2018	71,221	284,424	40,048	395,693
Additions	<u>-</u>	<u>-</u>	<u>54,882</u>	<u>54,882</u>
At 30 June 2019	<u><u>71,221</u></u>	<u><u>284,424</u></u>	<u><u>94,930</u></u>	<u><u>450,575</u></u>
Depreciation				
At 1 July 2018	42,750	272,555	24,645	339,950
Depreciation	<u>14,244</u>	<u>6,685</u>	<u>25,200</u>	<u>46,129</u>
At 30 June 2019	<u><u>56,994</u></u>	<u><u>279,240</u></u>	<u><u>49,845</u></u>	<u><u>386,079</u></u>
Cost				
At 1 July 2017	71,221	284,424	17,240	372,885
Additions	<u>-</u>	<u>-</u>	<u>22,808</u>	<u>22,808</u>
At 30 June 2018	<u><u>71,221</u></u>	<u><u>284,424</u></u>	<u><u>40,048</u></u>	<u><u>395,693</u></u>
Depreciation				
At 1 July 2017	28,506	215,669	13,846	258,021
Depreciation	<u>14,244</u>	<u>56,886</u>	<u>10,799</u>	<u>81,929</u>
At 30 June 2018	<u><u>42,750</u></u>	<u><u>272,555</u></u>	<u><u>24,645</u></u>	<u><u>339,950</u></u>
Net book value				
At 30 June 2019	<u><u>14,227</u></u>	<u><u>5,184</u></u>	<u><u>45,085</u></u>	<u><u>64,496</u></u>
At 30 June 2018	<u><u>28,471</u></u>	<u><u>11,869</u></u>	<u><u>15,403</u></u>	<u><u>55,743</u></u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

10. SPECIAL PURPOSE FUNDS

Details of surplus/(deficit) of Special Purpose Funds are as follows:

	Note	2019		Surplus/ (deficit) HK\$
		Donations received HK\$	Sponsorship expenditure HK\$	
Learning Fee Fund		174,934	(174,934)	-
Subject Project Fund (Gui Zhou)	a	-	(362)	(362)
Subject Project Fund (Ru Yuen)	a	588,975	(901,760)	(312,785)
Subject Project Fund (Hu Zhu)	a	179,069	(55,604)	123,465
Subject Project Fund (Teng Xian)	a	3,975,520	(4,473,676)	(498,156)
Subject Project Fund (Min He)	a	2,963,221	(3,352,287)	(389,066)
Subject Project Fund (Le Du)	a	-	(105)	(105)
Subject Project Fund (Teng Chong)	a	1,504,531	(1,771,394)	(266,863)
Subject Project Fund (Wei Yuan)	a	3,103,967	(2,472,578)	631,389
Subject Project Fund (Ping An)	a	157,560	(250,530)	(92,920)
Subject Project Fund (Hui Hing)	a	657,265	(846,011)	(188,746)
Subject Project Fund (De Hong)	a	948,600	(869,939)	78,661
Emergency Relief Fund		-	(100,694)	(100,694)
施連君's Scholarship		60,000	(57,600)	2,400
Alison Chow's Scholarship		5,760	(46,080)	(40,320)
China Care Fund Scholarship		84,339	(63,362)	20,977
Total		<u>14,403,741</u>	<u>(15,436,916)</u>	<u>(1,033,175)</u>

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10. SPECIAL PURPOSE FUNDS - Continued

	Note	2018		
		Donations received HK\$	Sponsorship expenditure HK\$	Surplus/ (deficit) HK\$
Learning Fee Fund		194,570	(194,570)	-
Subject Project Fund (Gui Zhou)	a	65,988	(11,241)	54,747
Subject Project Fund (Ru Yuen)	a	635,263	(242,387)	392,876
Subject Project Fund (Hu Zhu)	a	1,252,099	(989,159)	262,940
Subject Project Fund (Teng Xian)	a	5,339,670	(5,079,502)	260,168
Subject Project Fund (Min He)	a	2,978,448	(3,027,855)	(49,407)
Subject Project Fund (Le Du)	a	108,739	75,752	184,491
Subject Project Fund (Teng Chong)	a	926,717	(1,144,043)	(217,326)
Subject Project Fund (Wei Yuan)	a	2,395,559	(2,762,105)	(366,546)
Subject Project Fund (Ping An)	a	612,840	(520,252)	92,588
Emergency Relief Fund		41,520	(109,822)	(68,302)
施連君's Scholarship		48,000	(45,729)	2,271
Alison Chow's Scholarship		-	(40,026)	(40,026)
China Care Fund Scholarship		41,140	(58,276)	(17,136)
Total		<u>14,640,553</u>	<u>(14,149,215)</u>	<u>491,338</u>

Note a:

Under the Subject Project Fund, the Association has entered into agreements with various schools and the relevant local authorities in the Mainland committing to pay for the 3-year tuition fees and other study related costs ("Sponsorship Fees") of certain numbers of students in those schools ("Sponsored Students"). The total Sponsorship Fees are payable by the Association over three academic years, and the amounts outstanding at the end of the reporting period are included in the statement of financial position as sponsorship fees payable.

The Association has secured the commitment from donors ("Sponsors") to sponsor all the Sponsored Students for their three year studies. Sponsors have the option to pay the donations annually over three years or as a lump sum upfront. Committed donations not yet received by the Association at the end of the reporting period amounted to HK\$5,124,662 (2018: HK\$7,272,337).

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10. SPECIAL PURPOSE FUNDS - Continued

Details of movement of Special Purpose Funds:

Leasing Fee Fund HK\$	Subject Project Fund (Ru Yuen) HK\$		Subject Project Fund (HuZhu) HK\$		Subject Project Fund (Rong Shui) HK\$		Subject Project Fund (Teng Xian) HK\$		Subject Project Fund (Min He) HK\$		Subject Project Fund (Le Du) HK\$		Subject Project Fund (Teng Chong) HK\$		Subject Project Fund (Wei Yuan) HK\$		Subject Project Fund (Ping An) HK\$		Subject Project Fund (Hui Ning) HK\$		Subject Project Fund (De Hong) HK\$		Emergency Relief Fund HK\$		施耀君's Scholarship HK\$		K. F. Foundation Fund HK\$		Allson Chow's Scholarship HK\$		China Care Fund Scholarship HK\$		Total HK\$
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 30 June 2017	40,652	12,400	(239,083)	87,887	100,831	429,285	(36,004)	(333,704)	(22,798)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	377,374	1,288	1,010,326	439,852	63,875	1,932,181				
Surplus/(deficit) for the year	54,747	392,876	262,940	-	260,168	(49,407)	184,491	(217,326)	92,588	-	-	-	(68,302)	2,271	-	-	-	-	-	-	-	-	(68,302)	2,271	-	(40,026)	(17,136)	491,338					
At 30 June 2018	95,399	405,276	23,857	87,887	360,999	379,878	148,487	(700,250)	69,790	-	-	-	-	-	-	-	-	-	-	-	-	-	309,072	3,559	1,010,326	399,826	46,739	2,423,519					
Surplus/(deficit) for the year	(362)	(312,785)	123,465	-	(498,156)	(389,066)	(105)	(256,863)	(92,970)	(188,746)	(188,746)	(100,694)	2,400	-	-	-	-	-	-	-	-	-	(100,694)	2,400	-	(40,320)	20,977	(1,033,175)					
At 30 June 2019	95,037	92,491	147,322	87,887	(137,157)	(9,188)	148,382	(68,861)	(23,180)	(188,746)	(188,746)	208,378	5,959	-	-	-	-	-	-	-	-	-	208,378	5,959	1,010,326	359,506	67,716	1,390,344					

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11. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Association is exposed through its operations to the following risks from its use of financial instruments:

- Interest rate risk
- Foreign exchange risk
- Liquidity risk

Policy for managing these risks is set by management of the Association. The policy for each of the above risks is described in more detail below.

Interest rate risk

At the end of the reporting period, the Association had cash at bank which is exposed to market interest rate risk. The association has no other significant third party interest-bearing assets or liabilities.

The following table indicates the approximate changes in surplus in response to reasonably possible changes in interest rate to which the Association has significant exposure at the end of the reporting period.

	2019	2018
	HK\$	HK\$
Increase by 25 (2018: 25) basis points	43,224	37,019
Decrease by 25 (2018: 25) basis points	(43,224)	(37,019)

Foreign exchange risk

Foreign exchange risk arises when the Association enters into transactions denominated in currencies other than its functional currency (HK\$).

The Association's foreign exchange risk arises mainly from the cash at bank and sponsorship fees payable. The carrying amounts of the Association's financial assets/liabilities denominated in foreign currencies at 30 June were analysed in the table below.

	Liabilities		Assets	
	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$
Renminbi	10,908,559	8,537,160	5,177,793	674,371

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11. FINANCIAL INSTRUMENTS - RISK MANAGEMENT - Continued

The following table indicates the approximate change in the Association's surplus in response to reasonably possible change in Renminbi to which the Association had significant exposure.

	<u>Effect on surplus</u>	
	2019 HK\$	2018 HK\$
<i>Renminbi to HKD</i>		
Appreciates by 3%	(171,923)	(235,884)
Depreciates by 3%	171,923	235,884

Liquidity risk

The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its requirements in the short and longer term. In particular, the Association has invited donors to sponsor the subject projects in order to fulfil the upcoming contractual payments of HK\$10,908,559 (2018: HK\$8,537,161). At the end of the reporting period, sponsorship amounting to HK\$5,124,662 (2018: HK\$7,272,337) has been committed by donors.

The following table details the contractual maturities of financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows and the earliest date the Association can be required to pay:

	2019 HK\$	2018 HK\$
Within 1 year or on demand	8,355,537	5,802,776
More than 1 year but less than 2 years	<u>2,680,673</u>	<u>2,871,104</u>
Total contractual undiscounted cash flows	<u>11,036,210</u>	<u>8,673,880</u>
Carrying amount	<u>10,908,559</u>	<u>8,537,161</u>

12. LEASES

The Company leases its office under operating leases. The lease payments recognised as expenses are as follows:

	2019 HK\$	2018 HK\$
Minimum lease payments	<u>28,149</u>	<u>39,420</u>

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12. LEASES - Continued

The total future minimum lease payments are due as follows:

	2019 HK\$	2018 HK\$
Not later than one year	20,508	2,089
Later than one year but not later than five years	<u>5,127</u>	<u>1</u>
	<u><u>25,635</u></u>	<u><u>2,090</u></u>

13. CAPITAL MANAGEMENT

The directors regard the total funds as capital of the Association. Its objective when managing capital is to safeguard its ability to continue as a going concern. It manages capital by regularly monitoring its current and expected liquidity requirements.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on
31 MAR 2020