

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司

**REPORTS
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



霍陳梁溫會計師行有限公司
FOK CHAN LEUNG WAN CPA LTD.
Certified Public Accountants (Practising)

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

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SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2020

The board of directors submit herewith their report together with the audited financial statements of Sunbeam Children's Foundation Limited ("the Foundation") for the year ended 31 December 2020.

Principal Activity

The principal activity of the Foundation is to promote and encourage charitable work for children of need in China.

Accounts

The results and cash flows of the Foundation for the year ended 31 December 2020 and its financial position as at that date are set out on pages 6 to 26 of the financial statements.

Board of Directors

The members of the Foundation's Board of Directors during the year and up to the date of this report are as follows :-

Maureen Foreman
Lau Hon Wai Lam Selina
Anthony Rebert Wilson
Daren Durkin
Jane Frances Wakeman
Patrick George Budden (resigned on 30 September 2020)
Kevin Douglas Harrison (appointed on 14 January 2020, resigned on 30 September 2020)
Rebecca Francine Boss (appointed on 14 January 2020)
Pauleen Lesley Fernandez (appointed on 30 September 2020)

In accordance with the Article 33 of the Foundation's Articles of Association, all directors of the Board shall hold office for a term of one year and shall be eligible for the re-election upon expiry of the term of office.

Business Review

The Foundation qualifies for the reporting exemption as a small guarantee company. Accordingly, the Foundation is exempted from preparing a business review under section 388(3)(a) of the Hong Kong Companies Ordinance.

Management Contracts

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

Auditors

Fok Chan Leung Wan CPA Limited retire and being eligible, offer themselves for re-appointment for the coming year.

Other Matters

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

For and on behalf of the Board


x _____
Lau Hon Wai Lam Selina
Director
Hong Kong
13 AUG 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SUNBEAM CHILDREN'S FOUNDATION LIMITED**
陽光兒童基金有限公司
(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Sunbeam Children's Foundation Limited ("the Foundation") set out on pages 6 to 26, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 Foundation as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Foundation in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 report of the directors set out on pages 1 to 2.

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
SUNBEAM CHILDREN'S FOUNDATION LIMITED**

陽光兒童基金有限公司

(Incorporated in Hong Kong with limited liability by guarantee)

Continued

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with HKSAAs, 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 Foundation'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
SUNBEAM CHILDREN'S FOUNDATION LIMITED**

陽光兒童基金有限公司

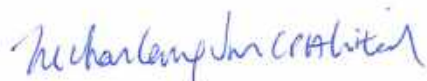
(Incorporated in Hong Kong with limited liability by guarantee)

Continued

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

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

We communicate with the board of 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.



Fok Chan Leung Wan CPA Limited
Certified Public Accountants (Practising)

Hong Kong

13 AUG 2021


Ng Wai Hong

Practising Certificate No. P04638

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
<u>Non-Current Assets</u>			
Property, plant and equipment	4	3,468,122	3,290,406
Financial assets at fair value through profit or loss	5	<u>139,079</u>	<u>177,951</u>
		<u>3,607,201</u>	<u>3,468,357</u>
<u>Current Assets</u>			
Utility and other deposits		10,642	10,642
Prepayment		26,753	126,410
Fixed deposit at bank		534,327	534,002
Cash and bank balances		<u>6,281,703</u>	<u>6,264,610</u>
		<u>6,853,425</u>	<u>6,935,664</u>
<u>Current Liabilities</u>			
Accrued expenses		31,277	9,000
Receipt in advance on 20th Anniversary Dinner		<u>-</u>	<u>1,049,748</u>
		<u>31,277</u>	<u>1,058,748</u>
<u>Net Current Assets</u>		<u>6,822,148</u>	<u>5,876,916</u>
<u>Net Assets</u>		<u>10,429,349</u>	<u>9,345,273</u>
Represented by:			
Accumulated Surplus	6	<u>10,429,349</u>	<u>9,345,273</u>
<u>Total Equity</u>		<u>10,429,349</u>	<u>9,345,273</u>

The financial statements were approved by the Board of Directors on **13 AUG 2021** and are signed on its behalf by:

x 
 Lau Hon Wai Lam Selina
 Director

x 
 Rebecca Francine Boss
 Director

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED

陽光兒童基金有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Income			
Donations received		1,715,852	2,679,791
Surplus on fund raising activities	9	<u>2,315,125</u>	<u>-</u>
		<u>4,030,977</u>	<u>2,679,791</u>
Other gain/(loss) and revenue			
Dividend income		8,273	7,965
Exchange loss		(42,738)	(28,721)
Bank interest received		4,678	10,902
Fair value (loss)/gain of financial assets	5	(38,872)	26,460
Gain on disposal of property, plant and equipment		1,557	-
Sundry income		18,586	12,077
Subsidies from PRC government		568,556	497,352
Employment Support Scheme subsidy from Hong Kong government		<u>54,000</u>	<u>-</u>
		<u>574,040</u>	<u>526,035</u>
		4,605,017	3,205,826
Sunbeam Children's Village, Baiwan expenses	10	(2,701,334)	(3,311,469)
General and administrative expenditure	11	<u>(819,607)</u>	<u>(743,001)</u>
Surplus/(Deficit) and total comprehensive income/(loss) for the year		<u>1,084,076</u>	<u>(848,644)</u>

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2020

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Cash flows from operating activities		
Surplus/(Deficit) for the year	1,084,076	(848,644)
Adjustments for :		
Depreciation	280,810	330,951
Dividend income	(8,273)	(7,965)
Fair value loss/(gain) of financial assets	38,872	(26,460)
Interest income	(4,678)	(10,902)
Gain on disposal of property, plant and equipment	(1,557)	-
Operating surplus/(deficit) before working capital changes	<u>1,389,250</u>	<u>(563,020)</u>
Increase in utility and other deposits	-	(300)
Decrease/(increase) in prepayment	99,657	(101,049)
Increase in accrued expenses	22,277	-
(Decrease)/increase in receipt in advance on 20th Anniversary Dinner	(1,049,748)	1,049,748
Cash generated from operations	<u>461,436</u>	<u>385,379</u>
Interest received	4,678	10,902
Net cash generated from operating activities	<u>466,114</u>	<u>396,281</u>
Cash flows from investing activities		
Dividend received	8,273	7,965
Additions of property, plant and equipment	(458,526)	(105,894)
Proceeds from disposal of property, plant and equipment	1,557	-
Net cash used in investing activities	<u>(448,696)</u>	<u>(97,929)</u>
Increase in cash and cash equivalents	17,418	298,352
Cash and cash equivalents at beginning of the year	<u>6,798,612</u>	<u>6,500,260</u>
Cash and cash equivalents at end of the year	<u>6,816,030</u>	<u>6,798,612</u>
Analysis of balances of cash and cash equivalents		
Fixed deposit at bank	534,327	534,002
Cash at bank	6,185,201	6,233,289
Cash on hand	96,502	31,321
	<u>6,816,030</u>	<u>6,798,612</u>

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2020

	<u>Accumulated</u> <u>surplus</u> <u>HK\$</u>	<u>Total</u> <u>equity</u> <u>HK\$</u>
At 1 January 2019	10,193,917	10,193,917
Deficit and total comprehensive loss for the year	<u>(848,644)</u>	<u>(848,644)</u>
At 31 December 2019 and 1 January 2020	9,345,273	9,345,273
Surplus and total comprehensive income for the year	<u>1,084,076</u>	<u>1,084,076</u>
At 31 December 2020	<u><u>10,429,349</u></u>	<u><u>10,429,349</u></u>

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED

陽光兒童基金有限公司

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. General Information

(a) Domicile and Registered Office

Sunbeam Children's Foundation Limited (the "Foundation") is a limited company by guarantee and not having a share capital incorporated in Hong Kong. Its registered office is located at Room 904-908, 9/F., Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong.

(b) Principal Activity

The principal activity of the Foundation is to promote and encourage charitable work for children of need in China.

(c) Liabilities of the Foundation's Members

In accordance with the Foundation's Articles of Association, every member shall, in the event of the Foundation being wound up, contributed such amount as may be required to meet the liabilities of the Foundation but not exceeding HK\$10 per member.

2. Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

These 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 Hong Kong Companies Ordinance.

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

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

None of these developments have had a material effect on how the Foundation's results and financial position for the current or prior periods have been prepared or presented.

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

2. Significant Accounting Policies - Continued

(b) Measurement Basis

The measurement basis used in the preparation of these financial statements is under the historical cost convention, except the financial assets at fair value through profit or loss which are stated at fair value.

(c) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less allowance for depreciation as set out in note 4 to the financial statements.

Cost comprises of acquisition costs and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Construction in progress represents leasehold improvement works that are in progress, which is stated at cost less any impairment losses, and is not depreciated. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(e) Depreciation

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum :-

<u>Classification</u>	<u>Rate per annum</u>
Building portion	2%
Furniture and fixtures	20%
Leasehold improvement	6 2/3%
Motor vehicles	20%
Office equipment	33 1/3%

2. Significant Accounting Policies - Continued

(f) Impairment of Non-Financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

(g) Investments in Equity and Debt Securities

Investments in equity securities held for trading and long term investment purposes are classified as current assets and non-current assets as appropriate, and are initially stated at fair value. At each of the end of reporting date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

Debt instruments are measured at fair value through other comprehensive income if the assets' contractual cash flows represent solely payments of principal and interest and the assets are held for collection of contractual cash flows and for selling the financial assets. Such financial assets are subsequently measured at fair value with any gains or losses from changes in fair value recognised in other comprehensive income, except for impairment losses and reversal, foreign exchange gains and losses and interest calculated using the effective interest rate method which are recognised in the statement of profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the statement of profit or loss when the financial asset is derecognised.

2. **Significant Accounting Policies - Continued**

(g) Investments in Equity and Debt Securities - Continued

Debt instruments that do not meet the criteria for amortised cost or as financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. Interest income for these financial assets is included in finance income.

(h) Accounts Receivable

A receivable is recognised when the Foundation's right to consideration is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2k).

(i) Accounts Payable

Accounts payable are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are payable on demand and form an integral part of the Foundation's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Impairment of Assets

Impairment of investment and other financial assets

The Foundation recognises loss allowances for expected credit loss on the financial instruments that are not measured at fair value through profit or loss. The Foundation considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Foundation considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognised in profit or loss. The receivable is written off against the receivable impairment charges account when the Foundation has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of expected credit losses decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognised in profit or loss.

SUNBEAM CHILDREN'S FOUNDATION LIMITED

陽光兒童基金有限公司

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2. Significant Accounting Policies - Continued

(k) Impairment of Assets - Continued

Impairment of other assets

At each reporting date, the Foundation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the statement of profit or loss and other comprehensive income except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

(l) Revenue Recognition

- (i) Donations and subsidies received are recognised on receipt basis.
- (ii) Surplus on fund raising activity is recognised upon completion or conclusion of the activity.
- (iii) Interest income from bank deposits is recognised on a time-apportioned basis by reference to the principal outstanding and rate applicable.
- (iv) Dividend income is recognised when the Foundation's right to receive payment is established.
- (v) Other income is recognised on an accrual basis.

(m) Employee Benefits

(i) Employee Leave Entitlements

Employee entitlements to annual leave, sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement Benefit Costs

The Foundation contributes to a defined contribution MPF Retirement Scheme(s) for all qualifying Hong Kong employees. Contributions to the scheme by the Foundation are expensed as incurred. The retirement benefit scheme costs charged to the statement of comprehensive income represent contributions payable by the Foundation to the fund. The Foundation's employer contributions vest fully with the employees when contributed into MPF Scheme. The assets of the MPF Scheme are held separately from those of the Foundation in an independently administered fund.

For employees in the Mainland China, the Foundation contributes to the local municipal government retirement scheme in Chinese mainland are expensed as incurred while the local municipal government undertakes to assume the retirement benefit obligations of the qualified employees in Chinese mainland.

SUNBEAM CHILDREN'S FOUNDATION LIMITED
陽光兒童基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

2. Significant Accounting Policies - Continued

(n) Related Parties

A party is considered to be related to the Foundation if:

- (a) the party is a person, or a close member of that person's family and that person:
- (i) has control or joint control over the Foundation;
 - (ii) has significant influence over the Foundation; or
 - (iii) is a member of the key management personnel of the Foundation or of a parent of the Foundation;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Foundation are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Foundation 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 party;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation;
 - (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 the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of the Foundation of which it is a part, provides key management personnel services to the Foundation or to the parent of the Foundation.

(o) Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Foundation has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest rate benchmark reform - Phase 2</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵
Amendment to HKFRS 16	<i>COVID-19 - Related Rent Concessions</i> ¹
HKFRS 17	<i>Insurance Contracts</i> ⁴
Amendments to HKFRS 17	<i>Insurance Contracts</i> ^{4,7}
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ^{4,6}
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ³
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i> ³
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ³

2. Significant Accounting Policies - Continued

(o) Issued But Not Yet Effective Hong Kong Financial Reporting Standards - Continued

- ¹ Effective for annual periods beginning on or after 1 June 2020
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ Effective for annual periods beginning on or after 1 January 2022
- ⁴ Effective for annual periods beginning on or after 1 January 2023
- ⁵ No mandatory effective date yet determined but available for adoption
- ⁶ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion.
- ⁷ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Foundation is in the process of making an assessment of what the impact of these new issues or amendments is expected to be in the period of initial application. So far, the Foundation considers that the adoption of them is unlikely to have a significant impact on the Foundation's financial statements.

3. Significant Accounting Estimates and Judgements

In the process of applying the Foundation's accounting policies, management has made certain key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may 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.

(a) Assessment of useful economic lives for depreciation of property, plant and equipment

In assessing the estimated useful lives of property, plant and equipment, management takes into account factors such as the expected usage of the asset by the Foundation based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Foundation.

Management reviews the useful lives of property, plant and equipment annually, and if expectation are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation rate for the future periods will be adjusted accordingly.

(b) Assessment of impairment of non-current assets

Management assesses the recoverable amount of each asset based on its value in use (using relevant rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the asset. Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows.

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<u>4. Property, Plant and Equipment</u>	<u>Leasehold land and building</u> <u>HK\$</u>	<u>Furniture and fixtures</u> <u>HK\$</u>	<u>Leasehold improvement</u> <u>HK\$</u>	<u>Motor vehicles</u> <u>HK\$</u>	<u>Office equipment</u> <u>HK\$</u>	<u>Construction in progress</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
<u>At Cost</u>							
At 1 January 2020	3,144,227	277,577	2,975,821	340,977	676,726	-	7,415,328
Additions	-	-	35,444	-	6,949	416,133	458,526
Disposal	-	-	-	-	(2,106)	-	(2,106)
At 31 December 2020	<u>3,144,227</u>	<u>277,577</u>	<u>3,011,265</u>	<u>340,977</u>	<u>681,569</u>	<u>416,133</u>	<u>7,871,748</u>
<u>Accumulated Depreciation</u>							
At 1 January 2020	1,294,757	235,707	1,654,453	284,010	655,995	-	4,124,922
Provisions	62,884	25,044	158,624	18,989	15,269	-	280,810
Written back	-	-	-	-	(2,106)	-	(2,106)
At 31 December 2020	<u>1,357,641</u>	<u>260,751</u>	<u>1,813,077</u>	<u>302,999</u>	<u>669,158</u>	<u>-</u>	<u>4,403,626</u>
<u>Net Book Value</u>							
At 31 December 2020	<u>1,786,586</u>	<u>16,826</u>	<u>1,198,188</u>	<u>37,978</u>	<u>12,411</u>	<u>416,133</u>	<u>3,468,122</u>
At 31 December 2019	<u>1,849,470</u>	<u>41,870</u>	<u>1,321,368</u>	<u>56,967</u>	<u>20,731</u>	<u>-</u>	<u>3,290,406</u>

The land portion of the leasehold land and building is a piece of land granted by the 清新縣人民政府 at free in Bai Wan Guangdong Province as the site for a children's home named as "Sunbeam Children's Village". The Foundation raised funds to build and furnish the "Sunbeam Children's Village" and the title deed was obtained on 23 April 1999.

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4. Property, Plant and Equipment - Continued

<u>At Cost</u>	<u>Leasehold land and building HK\$</u>	<u>Furniture and fixtures HK\$</u>	<u>Leasehold improvement HK\$</u>	<u>Motor vehicles HK\$</u>	<u>Office equipment HK\$</u>	<u>Total HK\$</u>
At 1 January 2019	3,144,227	274,868	2,895,971	340,977	664,505	7,320,548
Additions	-	2,709	79,850	-	23,335	105,894
Written off	-	-	-	-	(11,114)	(11,114)
At 31 December 2019	<u>3,144,227</u>	<u>277,577</u>	<u>2,975,821</u>	<u>340,977</u>	<u>676,726</u>	<u>7,415,328</u>
<u>Accumulated Depreciation</u>						
At 1 January 2019	1,231,873	208,128	1,498,207	240,078	626,799	3,805,085
Provisions	62,884	27,579	156,246	43,932	40,310	330,951
Written back	-	-	-	-	(11,114)	(11,114)
At 31 December 2019	<u>1,294,757</u>	<u>235,707</u>	<u>1,654,453</u>	<u>284,010</u>	<u>655,995</u>	<u>4,124,922</u>
<u>Net Book Value</u>						
At 31 December 2019	<u>1,849,470</u>	<u>41,870</u>	<u>1,321,368</u>	<u>56,967</u>	<u>20,731</u>	<u>3,290,406</u>
At 31 December 2018	<u>1,912,354</u>	<u>66,740</u>	<u>1,397,764</u>	<u>100,899</u>	<u>37,706</u>	<u>3,515,463</u>

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	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
5. <u>Financial Assets at Fair Value Through Profit or Loss</u>		
(a) Listed equity securities in Hong Kong 11,000 shares of Henderson Investment Limited		
At 1 January	6,820	7,260
Fair value loss	<u>(3,080)</u>	<u>(440)</u>
At 31 December	<u>3,740</u>	<u>6,820</u>
(b) Listed equity securities in Hong Kong 4,474 shares of Henderson Land Development Limited ("HLD")		
At 1 January	171,131	144,231
Fair value (loss)/gain	<u>(35,792)</u>	<u>26,900</u>
At 31 December	<u>135,339</u>	<u>171,131</u>
Total fair value	<u>139,079</u>	<u>177,951</u>
Classified as :-		
Non-current assets	139,079	177,951
Current assets	<u>-</u>	<u>-</u>
	<u>139,079</u>	<u>177,951</u>
6. <u>Accumulated Surplus</u>		
At the beginning of the year	9,345,273	10,193,917
Surplus/(Deficit) and total comprehensive income/(loss) for the year	<u>1,084,076</u>	<u>(848,644)</u>
At the end of the year	<u>10,429,349</u>	<u>9,345,273</u>
7. <u>Income Tax</u>		

No provision for Hong Kong profits tax has been made in the financial statements as Section 88 of the Inland Revenue Ordinance applied. No deferred tax has been provided in the financial statements as the directors are of the opinion that there are no taxable or deductible temporary differences.

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8. Directors' Remuneration

The directors of the Foundation represented the key management personnel of the Foundation. The directors did not draw any remuneration during the year (2019 : Nil).

9. Surplus on Fund Raising Activities

	<u>HK\$</u>	<u>HK\$</u>
<u>Year 2020</u>		
(a) Lottery event held on 22 February 2020 :-		
<u>Income</u>		
Sales of raffle tickets		200,000
<u>Expenditure</u>		
Advertisements of draw results	1,563	
Printing and photocopying	2,000	3,563
<u>Surplus</u>		<u>196,437</u>
(b) 20th Anniversary Gala Dinner (Note) :-		
<u>Income</u>		
Donation	2,195,788	
Sales of tickets	17,900	2,213,688
<u>Expenditure</u>		
Banquet expenses	72,000	
Layout fee	3,000	
Printing and photocopying	10,000	
Music performance	10,000	95,000
<u>Surplus</u>		<u>2,118,688</u>
Total Surplus		<u><u>2,315,125</u></u>

Note: The event was cancelled during the year due to the social distancing requirements arising from COVID-19 Coronavirus. The relevant receipts and payments have been recognised as income and expenditure during the year ended 31 December 2020.

Year 2019

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10. Sunbeam Children's Village, Baiwan expenses

"白灣陽光兒童村"

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Book and magazine	-	10,979
Children's activity expenses	42,458	177,549
Cleaning expenses	60,292	62,095
Electricity	58,769	73,304
Gas	15,188	41,045
Insurance	121,356	148,036
Linen, towels and clothing materials	20,259	15,345
Meals for children's village	416,495	522,341
Medical expenses	5,362	33,327
Miscellaneous equipment and consumable stores	22,097	602
Motor vehicles expenses	26,248	48,077
Office supplies	-	20,682
Postage	996	950
Repairs and maintenance	50,345	46,270
Retirement benefit costs for PRC employees	118,060	167,060
Salaries, wages and allowance for children's village	1,378,604	1,524,608
Staff welfare	10,690	23,088
Stationary	3,772	6,197
Subsidised school fee	311,640	349,900
Sundry expenses	11,847	1,221
Telephone charges	12,373	12,556
Travelling expenses	12,326	20,466
Water	2,157	5,771
	<u>2,701,334</u>	<u>3,311,469</u>

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	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
11. <u>General and Administrative Expenditure</u>		
Accountancy fee	77,705	60,000
Advertising	1,198	-
Audit fee	9,500	9,000
Bank charges	13,252	7,306
Business registration fee	-	105
Depreciation	280,810	330,951
Insurance	7,862	3,508
Legal fee	-	20,050
Mandatory provided fund contribution	16,010	12,555
Postage	4,941	1,183
Stationery	9,127	758
Staff salaries	371,200	251,097
Storage fee	17,549	16,589
Sundry expenses	7,668	24,730
Telephone charges	548	1,460
Travelling expenses	2,237	3,709
	<u>819,607</u>	<u>743,001</u>

12. Financial Risk Management

The Foundation is exposed to various kinds of risks in its operation and financial instruments. The Foundation's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Foundation by closely monitoring the individual exposure as follow:-

(a) Credit risk

The Foundation has no significant concentration of credit risk. Hence it does not have any specific policies in this regard. The Foundation's principal financial assets are its bank balances. The credit risk on liquid funds is limited because the counterparties are authorised financial institutions regulated under the Hong Kong Banking Ordinance or PRC Banking Regulation Law.

(b) Liquidity risk

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

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12. Financial Risk Management - Continued

(c) Interest rate risk

The Foundation is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits. Since the bank deposits are all short-term in nature, any future variation in interest rate will not have a significant impact on the results of the Foundation.

(d) Foreign exchange rate risk

The Foundation's exposure to risk resulting from changes in foreign currency exchange rates is considered not significant and hence no hedging instrument is employed to hedge against the risk.

(e) Price risk

Price risk represents the possibilities of changes in fair value of future cash flows due to changes in market prices. The Foundation is exposed to equity security price risk through its investments held classified as financial assets at fair value through profit or loss. The Foundation is not exposed to commodity price risk. Management constantly reviews the investments held by the Foundation in order to minimise the price risk.

Summary quantitative data

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Financial assets at fair value through profit and loss	<u>139,079</u>	<u>177,951</u>

Sensitivity analysis

A 10% increase/decrease in market value at 31 December 2020 with all other variables held constant would increase/decrease the Foundation's surplus for the year by HK\$13,908 (2019 : HK\$17,795), assuming the change in equity price had occurred at the end of reporting date and had been applied to the exposure to equity price risk for the relevant financial instruments in existence at that date. The changes in equity price represent management of a reasonably possible change in equity price at that date over the period until the end of the next annual reporting period.

The analysis is prepared on the same basis for 2019.

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13. Fair Value and Fair Value Hierarchy of Financial Instruments

The Foundation use the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair value measured using quoted prices in active markets for identical financial assets or liabilities;
- Level 2: fair value measured using inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3: fair value measured using inputs for the financial asset or liability that are not based on observable market data.

The Foundation's financial instruments carried at fair value at the end of the reporting period are financial assets at fair value through profit or loss. Their fair values are measured using quoted prices in the active markets for identical financial instruments that is Level 1 of the fair value hierarchy. During the year ended 31 December 2020, there were no transfers of fair value measurements between levels.

The carrying amounts and fair values of the Foundation's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Financial assets at fair value through profit or loss	<u>139,079</u>	<u>177,951</u>	<u>139,079</u>	<u>177,951</u>

Management has assessed that the fair values of the Foundation's financial assets included in utility and other deposits, prepayments, fixed deposit at bank, cash and bank balances, financial liabilities included in accrued expenses and donations received in advance approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount a which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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13. **Fair Value and Fair Value Hierarchy of Financial Instruments - Continued**

The following tables illustrate the fair value measurement hierarchy of the Foundation's financial instruments:

	<u>Level 1</u> <u>HK\$</u>
<u>2020</u>	
Financial assets at fair value through profit or loss	<u>139,079</u>
<u>2019</u>	
Financial assets at fair value through profit or loss	<u>177,951</u>

14. **Financial Instrument by Category**

Other than certain financial assets being classified as financial assets at fair value through profit or loss as disclosed in note 5 to the financial statements, all financial assets and liabilities of the Foundation as at 2020 and 2019 are loans and receivables, and financial liabilities stated at amortised cost, respectively.

15. **Capital Management**

Capital comprises of accumulated surplus stated on the statement of financial position. The Foundation's objectives when managing capital are:-

- (a) To safeguard the Foundation's ability to continue as a going concern, so it continues to provide services for members and benefits for other stakeholders;
- (b) To support the Foundation's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Foundation's risk management capability.

The Foundation actively and regularly reviews and manages its capital in order to ensure sufficient fund is available for maintaining the quality and quantity of services to be provided to members and other stakeholders, taking into consideration the future capital requirements of the Foundation, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

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16. Capital Commitments

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Capital commitments outstanding at the end of the reporting period:		
Contracted but not provided for	<u>277,021</u>	<u>-</u>

17. COVID-19 Coronavirus

The outbreak of COVID-19 coronavirus ("COVID-19") in early 2020 has posed a significant threat to the society and global economy. The Foundation will continue to closely monitor the development of the COVID-19 outbreak and take all necessary measures to mitigate the impact on the Foundation's operations.

-END OF NOTES-