

**HAO XUE ACTION LIMITED**  
**好學計劃有限公司**

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**巫江峰會計師事務所**  
**K. F. MO & CO.**

**CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)**

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HAOXUE ACTION LIMITED  
好學計劃有限公司

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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HAOXUE ACTION LIMITED

好學計劃有限公司

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 10/F., Wong's Factory Building, 268-270 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

PRINCIPAL ACTIVITY

The Company is engaged in fund raising for the provision of financial assistance and maintenance of persons who are in need of assistance for their maintenance and education.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 March 2014 are set out in the statement of comprehensive income and expenditure on page 4.

DIRECTORS

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

CHIU, Pit Hong Alan  
HENG, Keith Kai Neng  
LAU, Ka Lung  
CHIOE, Wai Shing  
LUK, Yin Wang  
WU, Hiu Fung  
LI, Chun Luen  
KWAN, Sui Cheong Joe  
CHAN, Chun Hin Antonio Phoebus  
YIP, Ching James

In accordance with Article (32) of the Company's Article of Association, one-third of the directors shall retire from office and being eligible, may offer themselves for re-election at the Annual General Meeting.

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DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT


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

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint the auditor Messrs. K. F. Mo & Co. as auditor of the Company.

On Behalf of the Board

  
Director

  
Director

Hong Kong: 15 July 2014

# 巫江峰會計師事務所

## K. F. MO & CO.

Certified Public Accountants (Practising)

香港北角渣華道 8 號威邦商業中心 11 樓 1113 室

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAO XUE ACTION LIMITED

#### 好學計劃有限公司

(Incorporated in Hong Kong as a Company Limited by Guarantee)

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hao Xue Action Limited ("the Company") set out on pages 4 to 13, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income and expenditure, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### DIRECTORS' RESPONSIBILITY 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 Hong Kong Institute of Certified Public Accountants 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.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2014, and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



K. F. Mo & Co.  
Certified Public Accountants  
Hong Kong: 15 July 2014

HAO XUE ACTION LIMITED  
好學計劃有限公司

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Notes</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
Income	4	<u>26,897</u>	<u>46,089</u>
<u>Less:</u> Expenditure			
Charity projects expenditure		58,256	46,611
Fund raising expenses		770	1,091
Administration costs		<u>3,025</u>	<u>2,195</u>
		<u>62,051</u>	<u>49,897</u>
Deficit for the year	6	<u>(35,154)</u>	<u>(3,808)</u>

HAOXUE ACTION LIMITED

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STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2014

	<u>2014</u> HK\$	<u>2013</u> HK\$
Current assets		
Other receivables	520	-
Bank balances	<u>257,839</u>	<u>292,770</u>
	<u>258,359</u>	<u>292,770</u>
Current liabilities		
Accruals	<u>43,658</u>	<u>42,915</u>
Net assets	<u>214,701</u>	<u>249,855</u>
Reserves		
Funds	<u>214,701</u>	<u>249,855</u>

Approved by the Board of Directors on 15 July 2014

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR

HAO XUE ACTION LIMITED  
好學計劃有限公司

STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 MARCH 2014

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	Project fund HK\$	Administration fund HK\$	Total HK\$
At 1 April 2012	244,269	9,394	253,663
(Deficit)/Surplus for the year	<u>(11,613)</u>	<u>7,805</u>	<u>(3,808)</u>
At 31 March 2013	232,656	17,199	249,855
Deficit for the year	<u>(33,129)</u>	<u>(2,025)</u>	<u>(35,154)</u>
At 31 March 2014	<u>199,527</u>	<u>15,174</u>	<u>214,701</u>

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HAO XUE ACTION LIMITED

好學計劃有限公司

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2014

	<u>2014</u> HK\$	<u>2013</u> HK\$
Cash flows from operating activities		
Deficit for the year	(35,154)	(3,808)
Adjustment for:		
Interest income	<u>(479)</u>	<u>(474)</u>
	(35,633)	(4,282)
Movements in working capital		
(Increase)/Decrease in other receivables	(520)	1,100
Increase in accruals	<u>743</u>	<u>41,415</u>
Net cash (used in)/from operating activities	<u>(35,410)</u>	<u>38,233</u>
Cash flows from investing activities		
Interest received	<u>479</u>	<u>474</u>
Net cash from investing activities	<u>479</u>	<u>474</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(34,931)	38,707
Cash and cash equivalents at beginning of the year	<u>292,770</u>	<u>254,063</u>
Cash and cash equivalents at end of the year	<u>257,839</u>	<u>292,770</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>257,839</u>	<u>292,770</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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1. GENERAL INFORMATION

The Company is an approved charitable organisation registered under section 88 of the Inland Revenue Ordinance. The address of the registered office and principal place of business are disclosed in the directors' report.

The objective of the Company is to provide financial assistance for education and maintenance of persons who are in need of assistance for their maintenance and education.

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company has applied all of the new and revised HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2013.

The application of the new and revised HKFRSs in the current year has had no material impact on the Company's financial performance and positions for the current or prior years and/or the disclosures set out in these financial statements.

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective. The directors anticipate that the application of these new and revised HKFRSs will have no material impact on the financial performance and positions of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

Income and expenditure

Income and expenditure is accounted for on an accrual basis, except for donations which are accounted for on a cash basis.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimate to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including accruals) are subsequently measured at amortised cost, using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

Financial instruments – (continued)

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. INCOME

	<u>2014</u> HK\$	<u>2013</u> HK\$
Bank interest income	479	474
Donations	18,180	16,333
Directors' contribution towards administration costs	1,000	10,000
Exchange gain	838	3,282
Income from fund raising events	<u>6,400</u>	<u>16,000</u>
	<u>26,897</u>	<u>46,089</u>

5. TAXATION

The Company is a charitable body and exempted from tax under Section 88 of the Hong Kong Inland Revenue Ordinance. No provision for profits tax has been made in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

6. DEFICIT FOR THE YEAR

Deficit for the year has been arrived at after charging:

	<u>2014</u> HK\$	<u>2013</u> HK\$
Administration costs		
Auditor's remuneration	500	500
Bank charges	700	700
Printing and stationery	220	390
Sundry expenses	605	605
Website maintenance	<u>1,000</u>	<u>-</u>

7. DIRECTORS' EMOLUMENTS

No directors' emolument was paid or payable during the year (2013: Nil).

8. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2014</u> HK\$	<u>2013</u> HK\$
<u>Financial assets:</u>		
Loans and receivables	<u>258,359</u>	<u>292,770</u>
<u>Financial liabilities:</u>		
Amortised cost	<u>43,658</u>	<u>42,915</u>

(b) Financial risk management objectives and policies

The Company is exposed to market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are limited by the Company's financial management policies and practices described below.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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8. FINANCIAL INSTRUMENTS – (continued)

(b) Financial risk management objectives and policies – (continued)

Market risk

Currency risk management

The directors consider the foreign exchange risk is not significant as the operating income and expenses are denominated in Hong Kong dollars.

Interest rate risk management

The Company has no significant interest-bearing assets and its income and operating cash flows are substantially independent of changes in market interest rates.

Price risk management

The Company is not exposed to any equity securities risk or commodity price risk.

Credit risk management

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk management

In management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values.

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