

CHARITABLE CHOICE LIMITED

擇善坊有限公司

(incorporated in Hong Kong with liability limited by guarantee)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**



陳黃鍾蔡會計師事務所
CWCC *Certified Public Accountants*

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DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

Charitable Choice Limited ("the Entity") is a non-profit-making entity. The Entity promotes the giving of charitable gifts and provides a secure platform for interactive philanthropy.

RESULTS

The results of the Entity for the year ended 31 March 2016 are set out on page 3 of the financial statements.

RESERVES

Details of the movements in reserves are disclosed in the statement of changes in general fund as set out on page 5 of the financial statements.

DIRECTORS

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

Rowena Anne HOY
Kit Shuen NG
Sammy Zhi Yi FANG
John William Peter SKINNER
Cheryl Ann WILSON
Deborah Elizabeth BIBER (resigned on 31 October 2016)

In accordance with Articles 38 and 39 of the Entity's Articles of Association, all directors shall retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for those as disclosed in note 10 to the financial statements, no other transactions, arrangements or contracts of significance in relation to the Entity's business to which the Entity was a party and in which a director of the Entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS IN THE UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

The Entity falls within the reporting exemption for the preparation of a business review. Accordingly, no business review has been prepared.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this directors' report, was or is there, any permitted indemnity provision being in force for the benefit of any of the directors of the Entity.

AUDITOR

The financial statements have been audited by CWCC, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board



Cheryl Ann WILSON
Chairman

HONG KONG, 8 FEB 2017

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
Income			
Donation income from gift cards		833,950	392,500
Donation income received		748,353	183,420
Interest income		56	52
		<u>1,582,394</u>	<u>575,972</u>
Expenditure			
Charitable donations		777,188	368,569
Administrative and other operating expenses		295,571	85,789
		<u>1,072,759</u>	<u>454,358</u>
Surplus before income tax		509,635	121,614
Income tax	5	-	-
Surplus for the year		509,635	121,614
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		509,635	121,614

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
ASSETS			
Non-current assets			
Intangible assets	6	376,646	32,788
Plant and equipment	7	<u>6,363</u>	<u>8,023</u>
		<u>383,009</u>	<u>40,811</u>
Current assets			
Other receivables	8	69,400	50,500
Bank balances		<u>989,356</u>	<u>575,182</u>
		<u>1,058,756</u>	<u>625,682</u>
TOTAL ASSETS		<u>1,441,765</u>	<u>666,493</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		864,494	354,859
Current liabilities			
Other payables	9	<u>577,271</u>	<u>311,634</u>
TOTAL EQUITY AND LIABILITIES		<u>1,441,765</u>	<u>666,493</u>


 Rowena Anne HOY
 Director


 Kit Shuen NG
 Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Accumulated fund HK\$
At 1 April 2014	233,245
Surplus for the year	<u>121,614</u>
At 31 March 2015	<u><u>354,859</u></u>
At 1 April 2015	354,859
Surplus for the year	<u>509,635</u>
At 31 March 2016	<u><u>864,494</u></u>

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2016**

	2016 HK\$	2015 HK\$
Cash flows from operating activities		
Surplus before income tax	509,635	121,614
Adjustments for:		
Amortization	64,795	2,082
Depreciation	1,660	277
Intangible assets written off	32,441	-
Interest income	(56)	(52)
	<u>608,475</u>	<u>123,921</u>
Operating surplus before working capital changes		
Changes in working capital		
- Other receivables	(18,900)	(6,500)
- Other payables	265,637	(57,751)
	<u>855,212</u>	<u>59,670</u>
Interest received	56	52
	<u>855,268</u>	<u>59,722</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Purchase of intangible assets	(441,094)	-
Purchase of plant and equipment	-	(8,300)
	<u>(441,094)</u>	<u>(8,300)</u>
Net cash used in investing activities		
Net increase in cash and cash equivalents	414,174	51,422
Cash and cash equivalents at the beginning of the year	575,182	523,760
Cash and cash equivalents at the end of the year	<u>989,356</u>	<u>575,182</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>989,356</u>	<u>575,182</u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

- (a) Charitable Choice Limited (“the Entity”) is a non-profit-making entity and promotes the giving of charitable gifts and provides a secure platform for interactive philanthropy.
- (b) The Entity is incorporated in Hong Kong with liability limited by guarantee. The address of its registered office is Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong.
- (c) These financial statements are presented in Hong Kong dollars (HK\$).

2 PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation and changes in accounting policies

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. There is no area involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements.

Standards, amendments and interpretations to existing standards that are relevant to the Entity but not yet effective and have not been early adopted by the Entity

Up to the date of this report, a number of new HKFRSs are not yet effective for the year ended 31 March 2016, and have not been applied in preparing these financial statements. None of these will have material effect on the financial statements of the Entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Revenue recognition

(i) Donation income from gift cards

Donation income from gift cards is recognized when cash is received and redeemed, or at the expiry date of the card. The Entity offers Charitable Choice gift cards that a donor can purchase and redeem in exchange for donations to designated charities. Any balance not yet redeemed at the end of the reporting period would be transferred to deferred revenue. At the expiry date of the card, any remaining balance of the related deferred revenue would be donated to a default charity.

(ii) Interest income

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.3 Intangible assets

Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one period, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

2.4 Plant and equipment

Plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit or loss during the financial period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, at annual rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.4 Plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each of the end of the reporting period.

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

2.5 Other receivables

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit or loss.

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.8 Provisions

Provisions are recognized when the Entity has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Related parties

- (a) A person, or a close member of that person's family, is related to the Company if that person:
- (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Company's parent.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (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).

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

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Entity is a non-profit making entity. The Entity's overall risk management programme focuses on minimizing the liquidity risk of the Entity.

The objective of the Entity is only to promote the giving of charitable gifts and provide a secure platform for interactive philanthropy support. Also, the Entity's major financial asset is bank balances in HK\$ kept at banks of major financial institution in Hong Kong only. Accordingly, its financial risk is perceived to be relatively low.

The Entity's objective when managing fund is to safeguard its ability to continue as a going concern. The company manages fund by regularly monitoring its current and expected liquidity requirements.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The directors aim to maintain sufficient funding by closely monitoring the expenditure spent.

Risk management is carried out by the directors under policies approved by the Board of Directors. The Board of Directors provides principles for overall risk management.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 DIRECTORS' REMUNERATION

None of the directors received any emoluments in respect of their services rendered to the Entity during the year. (2015: nil)

5 INCOME TAX

The Entity is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

6 INTANGIBLE ASSETS

	HK\$
Cost	
At 1 April 2014 and at 31 March 2015	41,636
Additions	441,094
Written off	<u>(41,636)</u>
At 31 March 2016	<u>441,094</u>
Accumulated amortization	
At 1 April 2014	6,766
Charge for the year	<u>2,082</u>
At 31 March 2015	8,848
Charge for the year	64,795
Written off	<u>(9,195)</u>
At 31 March 2016	<u>64,448</u>
Net book value	
At 31 March 2016	<u><u>376,646</u></u>
At 31 March 2015	<u><u>32,788</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 PLANT AND EQUIPMENT

	HK\$
Cost	
Additions, at 31 March 2015 and at 31 March 2016	8,300
Accumulated depreciation	
Charge for the year and at 31 March 2015	277
Charge for the year	1,660
At 31 March 2016	1,937
Net book value	
At 31 March 2016	6,363
At 31 March 2015	8,023

8 OTHER RECEIVABLES

	2016 HK\$	2015 HK\$
Other receivables	3,400	500
Prepayments	66,000	50,000
	50,500	50,500

Other receivables mainly represent the donation income received from donor held by the bank.

All of the other receivables are expected to be recovered within one year, and the carrying amounts approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 OTHER PAYABLES

	2016	2015
	HK\$	HK\$
Gift cards not yet redeemed	166,163	194,104
Donations payable	397,108	109,530
Accruals	<u>14,000</u>	<u>8,000</u>
	<u>577,271</u>	<u>311,634</u>

All of the other payables are expected to be settled or recognized as income within one year or are repayable on demand, and the carrying amounts approximate to their fair values.

10 RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Entity entered into the following material related party transactions during the year :

	2016	2015
	HK\$	HK\$
<u>Cheryl Ann WILSON</u>		
Donation income received	<u>87,348</u>	<u>82,578</u>
<u>The Landing Pad Limited</u>		
Rental fee paid to	<u>66,000</u>	<u>-</u>

- (b) Members of key management during the year comprised only of the directors whose remuneration is set out in note 4 to the financial statements.

11 MEMBERS' LIABILITY

Every Member of the Entity undertakes to contribute to the assets of the Entity, in the event of its being wound up while he is a member, or within one year after ceasing to be a member, for payment of the debts and liabilities of the Entity contracted before he ceases to be a Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$5,000.

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 3 to 13 were approved and authorized for issue by the board of directors on **8 FEB 2017**

Partners

DOUG OXLEY, FCPA (Non-practising)
岳恩理 會計師
EDDIE K M CHAN, FCPA (Practising)
陳健文 會計師
THOMAS W S WONG, FCPA (Practising)
黃華榮 會計師
DENNIS C O CHUNG, FCPA (Practising)
鍾傳安 會計師
ROSANNA Y T CHOI, FCPA (Practising)
蔡懿德 會計師
TAMMY S W LIM, FCPA (Non-practising)
林秀華 會計師
Principal
EDDIE W H WONG, CPA
黃偉康 會計師

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
CHARITABLE CHOICE LIMITED

擇善坊有限公司

(incorporated in Hong Kong and limited by guarantee and not having a share capital)

We have audited the financial statements of Charitable Choice Limited ("the Entity") set out on pages 3 to 13, which comprise the statement of financial position as at 31 March 2016, and statement of profit or loss and other comprehensive income, statement of changes in general fund 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 director 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 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. 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.

CWCC

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(continued)

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 financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

CWCC
Certified Public Accountants

HONG KONG, 8 FEB 2017