

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 2017**



華德會計師事務所

CW CPA 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 2017.

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 2017 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 Entity, 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.

HONORARY AUDITOR

CWCC, Certified Public Accountants acted as auditor of the Entity for the year ended 31 March 2016. Pursuant to a resolution passed on 9 NOV 2017, CW CPA, Certified Public Accountants ("CW CPA") were appointed as honorary auditor for the year ended 31 March 2017. CW CPA, retire and, being eligible, offer themselves for re-appointment.

On behalf of the board



Cheryl Ann WILSON
Chairman


HONG KONG, 15 NOV 2017

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 HK\$	2016 HK\$
Income			
Donation income from gift cards and online fundraising		492,387	833,985
Donation income received		126,085	748,353
Interest income		63	56
		<u>618,535</u>	<u>1,582,394</u>
Expenditure			
Charitable donations		447,908	777,188
Administrative and other operating expenses		368,538	295,571
		<u>816,446</u>	<u>1,072,759</u>
(Deficit) / Surplus before income tax		(197,911)	509,635
Income tax	5	-	-
(Deficit) / Surplus for the year		(197,911)	509,635
Other comprehensive (loss) / income for the year, net of tax		-	-
Total comprehensive (loss) / income for the year, net of tax		<u>(197,911)</u>	<u>509,635</u>

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2017**

	Note	2017 HK\$	2016 HK\$
ASSETS			
Non-current assets			
Intangible assets	6	288,427	376,646
Plant and equipment	7	4,703	6,363
		<u>293,130</u>	<u>383,009</u>
Current assets			
Other receivables	8	52,238	69,400
Bank balances		703,216	989,356
		<u>755,454</u>	<u>1,058,756</u>
TOTAL ASSETS		<u>1,048,584</u>	<u>1,441,765</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		666,583	864,494
Current liabilities			
Other payables	9	382,001	577,271
TOTAL EQUITY AND LIABILITIES		<u>1,048,584</u>	<u>1,441,765</u>



Rowena Anne HOY
 Director



Kit Shuen NG
 Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Accumulated fund HK\$
At 1 April 2015	354,859
Surplus for the year	<u>509,635</u>
At 31 March 2016	<u><u>864,494</u></u>
At 1 April 2016	864,494
Deficit for the year	<u>(197,911)</u>
At 31 March 2017	<u><u>666,583</u></u>

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2017**

	2017 HK\$	2016 HK\$
Cash flows from operating activities		
(Deficit) / Surplus before income tax	(197,911)	509,635
Adjustments for:		
Amortization	88,219	64,795
Depreciation	1,660	1,660
Intangible assets written off	-	32,441
Interest income	(63)	(56)
Operating (deficit) / surplus before working capital changes	(108,095)	608,475
Changes in working capital		
- Other receivables	17,162	(18,900)
- Other payables	(195,270)	265,637
	(286,203)	855,212
Interest received	63	56
Net cash (used in) / generated from operating activities	(286,140)	855,268
Cash flows from investing activities		
Purchase of intangible assets	-	(441,094)
Net cash used in investing activities	-	(441,094)
Net (decrease) / increase in cash and cash equivalents	(286,140)	414,174
Cash and cash equivalents at the beginning of the year	989,356	575,182
Cash and cash equivalents at the end of the year	<u>703,216</u>	<u>989,356</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>703,216</u>	<u>989,356</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”), and the requirements of Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is historical cost.

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

In the current year, the Entity has applied for the first time, a number of new and revised standards, amendments, and interpretations (‘new HKFRSs’) issued by the HKICPA effective for accounting period beginning on or after 1 April 2016. The application of new HKFRSs in the current year has had no material effect on the financial statements of the Entity.

Up to the date of this report, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2017, 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 and online fundraising

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. Donation income from online fundraising pages is recognised when cash is received and redeemed, or at the expiry date of the individual fundraising page. The Entity offers individual website pages for fundraisers to solicit donations from friends and family for up to three charities designated by the fundraiser.

(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. (2016: 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 2015	41,636
Additions	441,094
Written off	<u>(41,636)</u>
At 31 March 2016 and 2017	... 441,094 ...
Accumulated amortization	
At 1 April 2015	8,848
Charge for the year	64,795
Written off	<u>(9,195)</u>
At 31 March 2016	64,448
Charge for the year	<u>88,219</u>
At 31 March 2017	... <u>152,667</u> ...
Net book value	
At 31 March 2017	<u><u>288,427</u></u>
At 31 March 2016	<u><u>376,646</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 PLANT AND EQUIPMENT

	HK\$
Cost	
At 1 April 2015, at 31 March 2016 and at 31 March 2017	8,300
Accumulated depreciation	
At 1 April 2015	277
Charge for the year	1,660
At 31 March 2016	1,937
Charge for the year	1,660
At 31 March 2017	3,597
Net book value	
At 31 March 2017	4,703
At 31 March 2016	6,363

8 OTHER RECEIVABLES

	2017 HK\$	2016 HK\$
Other receivables	52,238	3,400
Prepayments	-	66,000
	52,238	69,400

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

	2017 HK\$	2016 HK\$
Gift cards and online fundraising donations not yet redeemed	152,089	166,163
Donations payable	186,362	397,108
Accruals	<u>43,550</u>	<u>14,000</u>
	<u><u>382,001</u></u>	<u><u>577,271</u></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 :

	2017 HK\$	2016 HK\$
<u>Cheryl Ann WILSON</u> Donation income received	<u>7,776</u>	<u>87,348</u>
<u>The Landing Pad Limited</u> Rental fee paid to	<u>132,000</u>	<u>66,000</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 15 NOV 2017



Partners

黃華燊 執業會計師
THOMAS W S WONG, FCPA (Practising)

蔡懿德 執業會計師
ROSANNA Y T CHOI, FCPA (Practising)

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

擇善坊有限公司

(incorporated in Hong Kong with liability limited by guarantee)

Opinion

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 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Entity as at 31 March 2017, 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 Entity 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 matter

The financial statements of the Entity for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 8 February 2017.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors’ report, but does not include the financial statements and our auditor’s report thereon.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARITABLE CHOICE LIMITED (continued)

Other Information (continued)

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.

Responsibilities of 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 Entity'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 Entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Entity's financial reporting process.

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.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARITABLE CHOICE LIMITED (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

CW CPA

Certified Public Accountants

HONG KONG, 15 NOV 2017