

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 2018**



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 2018.

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.

BUSINESS REVIEW

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

RESULTS

The results of the Entity for the year ended 31 March 2018 are set out on page 3 of the financial statements.

DONATIONS

During the year, the Entity made other donations amounted to HK\$900,498 (2017: HK\$447,908).

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:

Zhi Yi Sammy FANG

Rowena Anne HOY

Cheryl Ann WILSON

Yu Jen Eugene HSIA

John William Peter SKINNER

Kit Shuen NG

(appointed on 1 September 2018)

(resigned on 31 August 2018)

(resigned on 31 August 2018)

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' REPORT (continued)

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 11 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' 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.

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

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

On behalf of the board



Cheryl Ann WILSON
Chairman

HONG KONG, 30 JAN 2019

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
Income			
Donation income from gift cards and online fundraising		958,105	492,387
Donation income received		709,638	126,085
Interest income		77	63
		<u>1,667,820</u>	<u>618,535</u>
Expenditure			
Charitable donations		900,498	447,908
Administrative and other operating expenses		353,473	368,538
		<u>1,253,971</u>	<u>816,446</u>
Surplus / (Deficit) before income tax		413,849	(197,911)
Income tax	5	-	-
Surplus / (Deficit) for the year		413,849	(197,911)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year, net of tax		413,849	(197,911)

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
ASSETS			
Non-current assets			
Intangible assets	6	285,708	288,427
Plant and equipment	7	<u>3,043</u>	<u>4,703</u>
		<u>288,751</u>	<u>293,130</u>
Current assets			
Other receivables	8	14,050	52,238
Bank balances		<u>1,180,899</u>	<u>703,216</u>
		<u>1,194,949</u>	<u>755,454</u>
TOTAL ASSETS		<u>1,483,700</u>	<u>1,048,584</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		1,080,432	666,583
Current liabilities			
Other payables	9	<u>403,268</u>	<u>382,001</u>
TOTAL EQUITY AND LIABILITIES		<u>1,483,700</u>	<u>1,048,584</u>



Rowena Anne HOY
 Director



Zhi Yi Sammy FANG
 Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Accumulated fund HK\$
At 1 April 2016	864,494
Deficit for the year	<u>(197,911)</u>
At 31 March 2017	<u>666,583</u>
At 1 April 2017	666,583
Surplus for the year	<u>413,849</u>
At 31 March 2018	<u>1,080,432</u>

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2018**

	2018 HK\$	2017 HK\$
Cash flows from operating activities		
Surplus / (Deficit) before income tax	413,849	(197,911)
Adjustments for:		
Amortization	97,719	88,219
Depreciation	1,660	1,660
Interest income	(77)	(63)
	<u>513,151</u>	<u>(108,095)</u>
Operating surplus / (deficit) before working capital changes		
Changes in working capital		
- Other receivables	38,188	17,162
- Other payables	21,267	(195,270)
	<u>572,606</u>	<u>(286,203)</u>
Interest received	77	63
Net cash generated from / (used in) operating activities	572,683	(286,140)
Cash flows from investing activities		
Purchase of intangible assets	(95,000)	-
Net cash used in investing activities	(95,000)	-
Net increase / (decrease) in cash and cash equivalents	477,683	(286,140)
Cash and cash equivalents at the beginning of the year	703,216	989,356
Cash and cash equivalents at the end of the year	<u>1,180,899</u>	<u>703,216</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>1,180,899</u>	<u>703,216</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.

(a) *New and amended standards adopted by the Company*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017.

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to HKAS 12, and;
- Disclosure initiative – amendments to HKAS 7.

(b) *Standards, amendments and interpretations to existing standards that are relevant to the Company but not yet effective and have not been early adopted by the Company*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. The Company’s assessment of the impact of these new standards and interpretations is set out below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and changes in accounting policies

- (b) *Standards, amendments and interpretations to existing standards that are relevant to the Company but not yet effective and have not been early adopted by the Company (continued)*

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

Impact

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company had non-cancellable operating leases commitments of HK\$198,000. The Company estimates that none of these relate to payments for short-term and low value leases which will be recognized on a straight-line basis as an expense in profit or loss.

However, the Company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may effect the Company's profit or loss and classification of cash flows going forward.

Mandatory application date/ Date of adoption by Company

The Mandatory application date for HKFRS 16 is for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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 Entity 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. (2017: 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 2016 and 31 March 2017	441,094
Additions	<u>95,000</u>
At 31 March 2018	<u>536,094</u>
Accumulated amortization	
At 1 April 2016	64,448
Charge for the year	<u>88,219</u>
At 31 March 2017	152,667
Charge for the year	<u>97,719</u>
At 31 March 2018	<u>250,386</u>
Net book value	
At 31 March 2018	<u>285,708</u>
At 31 March 2017	<u>288,427</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 PLANT AND EQUIPMENT

	HK\$
Cost	
At 1 April 2016, at 31 March 2017 and at 31 March 2018	8,300
Accumulated depreciation	
At 1 April 2016	1,937
Charge for the year	1,660
At 31 March 2017	3,597
Charge for the year	1,660
At 31 March 2018	5,257
Net book value	
At 31 March 2018	3,043
At 31 March 2017	4,703

8 OTHER RECEIVABLES

Other receivables mainly represent donations receivable from donors.

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

9 OTHER PAYABLES

	2018 HK\$	2017 HK\$
Gift cards and online fundraising donations not yet redeemed	101,118	152,089
Donations payable	289,082	186,362
Accruals	13,068	43,550
	403,268	382,001

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 OTHER PAYABLES (continued)

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 their fair values.

10 LEASE COMMITMENTS

	2018 HK\$	2017 HK\$
The total future minimum lease payments under non-cancellable operating leases at 31 March are payable as follows :-		
<u>Rented premises</u>		
- within one year	132,000	66,000
- after one year but within five years	66,000	-
	<u>198,000</u>	<u>66,000</u>

11 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 :

	2018 HK\$	2017 HK\$
<u>Cheryl Ann WILSON</u>		
Donation received	<u>6,225</u>	<u>7,776</u>
<u>The Landing Pad Limited</u>		
Rental fee paid to	<u>132,000</u>	<u>132,000</u>

- (b) Members of key management during the year comprised only of the directors who did not receive any remuneration from the Entity.

12 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 COMPARATIVES

Certain comparative figures of last year have been reclassified to conform with current year's presentation.

14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 3 to 15 were approved and authorized for issue by the board of directors on

30 JAN 2019



Partners

黃華榮 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 15, which comprise the statement of financial position as at 31 March 2018, 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 2018, 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 (“HKSAs”) 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 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.

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.

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

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 HKSAs 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 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.



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

A handwritten signature in black ink, appearing to read 'A. Ye'.

CW CPA
Certified Public Accountants

HONG KONG, 30 JAN 2019