SHARE-HAPPINESS BENEVOLENT FUND LIMITED
(Incorporated in Hong Kong as a limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

樂群慈善基金有限公司
（於香港註冊成立無股本的擔保有限公司）

報告書及財務報表

截至二零零五年三月三十一日止年度

RAYMOND S. W. HO & CO.
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

何成偉會計師事務所
香港執業會計師
<table>
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<th>CONTENTS</th>
<th>目錄</th>
<th>頁數</th>
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</thead>
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<td>Honorary auditors' report</td>
<td>義務核數師報告書</td>
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<td>4</td>
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<td>5 - 6</td>
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SHARE-HAPPINESS BENEVOLENT FUND LIMITED

DIRECTORS’ REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The Company is engaged in fund raising to support the operations of digging wells and providing water pipes for the needed; helping the desperate ones; providing free lunch for the aged in the poor areas and villages of the People’s Republic of China and rebuilding collapsing school in the People’s Republic of China.

RESULTS

The surplus of the Company for the year ended 31 March 2005 are set out in the income and expenditure account on page 3.

DIRECTORS

The directors who held office during the year and up to the date of this report were:-

Mr. SIU Chong
Mr. ZHANG Shi Bing
Mr. CHENG Tat Keung, Albert
Mr. LIU Wing Sun

In accordance with Article 39 of the Company’s Articles of Association, the director’s term of office shall be 3 years. One fourth of the directors or the number of directors elected by the resolution of the Board of Directors shall retire in the third Annual General Meeting, subsequently in every third Annual General Meeting.

DIRECTORS’ INTERESTS IN CONTRACTS

No contracts 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.

AUDITORS

Messrs. Raymond S. W. Ho & Co., Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Raymond S. W. Ho & Co., Certified Public Accountants (Practising) as honorary auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Chairman
Date: 10 June 2005
HONORARY AUDITORS’ REPORT

TO THE MEMBERS OF SHARE-HAPPINESS
BENEVOLENT FUND LIMITED
(Incorporated in Hong Kong as a limited by guarantee)

We have audited the financial statements set out on pages 3 to 6
which have been prepared in accordance with accounting principles
generally accepted in Hong Kong.

Respective responsibilities of directors and honorary auditors

The Companies Ordinance requires the directors to prepare financial
statements which give a true and fair view. In preparing financial
statements which give a true and fair view it is fundamental that the
appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our
audit, on those statements and to report our opinion solely to you, as
a body, in accordance with section 141 of the Companies Ordinance,
and for no other purpose. We do not assume responsibility towards
or accept liability to any other person for contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing
Standards issued by the Hong Kong Institute of Certified Public
Accountants. An audit includes examination, on a test basis, of
evidence relevant to the amounts and disclosures in the financial
statements. It also includes an assessment of the significant
estimates and judgments made by the directors in the preparation of
the financial statements, and of whether the accounting policies are
appropriate to the circumstances of the Company, consistently
applied and adequately disclosed.

We planned and performed our audit so as to obtain all the
information and explanations which we considered necessary in
order to provide us with sufficient evidence to give reasonable
assurance as to whether the financial statements are free from
material misstatement. In forming our opinion we also evaluated
the overall adequacy of the presentation of information in the
financial statements. We believe that our audit provides a
reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of
the state of affairs of the Company as at 31 March 2005 and its
surplus for the year then ended and have been properly prepared in
accordance with the Companies Ordinance.

RAYMOND S. W. HO & CO.
Certified Public Accountants (Practising)

Hong Kong, 10 June 2005

RAYMOND S. W. HO & CO.
Certified Public Accountants (Practising)

Hong Kong, 10 June 2005
## SHARE-HAPPINESS BENEVOLENT FUND LIMITED

### INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

<table>
<thead>
<tr>
<th></th>
<th>15/1/2003-31/3/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
</tr>
<tr>
<td></td>
<td>HK$</td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>Donations received</td>
<td>1,269,028</td>
</tr>
<tr>
<td>Membership fee received</td>
<td>1,358,284</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>LESS: DIRECT EXPENDITURE</strong></td>
<td></td>
</tr>
<tr>
<td>Digging well engineering</td>
<td>240,175</td>
</tr>
<tr>
<td>Helping the desperate ones</td>
<td>95,660</td>
</tr>
<tr>
<td>Free lunch for the aged</td>
<td>157,823</td>
</tr>
<tr>
<td>Children education program</td>
<td>3,868</td>
</tr>
<tr>
<td>Rebuilding collapsing school project</td>
<td>282,507</td>
</tr>
<tr>
<td></td>
<td>780,033</td>
</tr>
<tr>
<td></td>
<td>692,144</td>
</tr>
<tr>
<td><strong>ADD: OTHER INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>Bank interest income</td>
<td>4,158</td>
</tr>
<tr>
<td></td>
<td>3,111</td>
</tr>
<tr>
<td></td>
<td>493,153</td>
</tr>
<tr>
<td></td>
<td>670,251</td>
</tr>
<tr>
<td><strong>LESS: OTHER EXPENDITURE</strong></td>
<td></td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>327</td>
</tr>
<tr>
<td>Business registration fee</td>
<td>-</td>
</tr>
<tr>
<td>Messing</td>
<td>600</td>
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<tr>
<td>Overseas travelling</td>
<td>6,671</td>
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<tr>
<td>Printing and stationery</td>
<td>1,337</td>
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<tr>
<td>Road repair</td>
<td>-</td>
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<tr>
<td>Salaries</td>
<td>6,547</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>1,231</td>
</tr>
<tr>
<td>Telephone</td>
<td>-</td>
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<tr>
<td></td>
<td>16,113</td>
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<tr>
<td></td>
<td>13,825</td>
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<tr>
<td><strong>SURPLUS FOR THE YEAR/PERIOD</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>477,040</td>
</tr>
<tr>
<td></td>
<td>656,426</td>
</tr>
</tbody>
</table>

Transferred to

|                      |                     |
|                      | HK$                 |
|                      | HK$                 |
| The drinking water and assistance fund | 95,408           |
| The collapsing school re-construction fund | 381,632          |
|                      | -                   |
|                      | 477,040             |
|                      | 656,426             |
SHARE-HAPINESS BENEVOLENT FUND LIMITED

BALANCE SHEET

AT 31 MARCH 2005

<table>
<thead>
<tr>
<th>Note</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
<td>HK$</td>
</tr>
<tr>
<td>附註</td>
<td>港幣</td>
<td>港幣</td>
</tr>
</tbody>
</table>

Current assets
Cash and bank balances

流動資產
現金及銀行結餘

|      | 1,144,204 | 656,426 |

Current liabilities
Accrued expenses

流動負債
應計費用

|      | 10,738    | -       |

Net current assets

淨流動資產

|      | 1,133,466 | 656,426 |

Financed by:

財政來源

The drinking water and assistance fund
食水及困難戶基金

(4) 751,834

656,426

The collapsing school re-construction fund
危校重建工程基金

(5) 381,632

1,133,466

656,426

Approved by the Board of Directors on 10 June 2005.
董事會於二零零五年六月十日核准。

Director
董 事

Director
董 事

The accompanying notes form an integral part of these financial statements.
所有附註乃為本財務報表之部份。
SHARE-HAPPINESS BENEVOLENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATUS AND PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated on 15 January 2003 as a company limited by guarantee and not having a share capital under the Hong Kong Companies Ordinance.

Every member of the Company undertakes to contribute to the assets of the Company in the event of the same being wound up during the time he or she is a member or within one year after he or she ceases to be a member, for payment of the debts and liabilities of the Company contracted before the time at which he or she ceases to be a member and of the costs, charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding HK$100.

The Company is engaged in fund raising to support the operations of digging wells and providing water pipes for the needed, helping the desperate ones; providing free lunch for the aged in the poor areas and villages of the People’s Republic of China and rebuilding collapsing school in the People’s Republic of China.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. The significant accounting policies adopted by the Company in arriving at the financial information included in the report are set out below.

(a) Basis of preparation of the financial statements

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

(b) Revenue recognition

Donations and contributions received from fund raising activities are recognised in the accounts on a cash basis and includes all sums received up to the balance sheet date.

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

(c) Taxation

The Company is exempted under Section 88 of The Inland Revenue Ordinance from any tax levied in Hong Kong by reason of being a charitable institution.

(d) Translation of foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the approximate rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. All exchange differences are dealt with in the income and expenditure account.

樂群慈善基金有限公司
財務報表附註

1. 公司狀況及主要業務

本公司於二零零三年一月十五日根据香港（公司
c條例）註冊成立為無股本的慈善有限公司。

公司每名成員均承諾於公司在其身為成員期間
或不再是成員之後一年內，一旦清算，分撥提供
不超過港幣一百元的所屬款額予公司的資產，以
用於償付公司於其仍為成員期間所訂約承擔的
債項及債務，支付清算的費用、收費和開支以及
用於調整分配後彼此之間的權利。

本公司主要宗旨為籌募捐款幫助中國貧困地區
村民改善飲水、農業及鋪設水管之問題；幫助國
內貧困人士；為長者提供免費午餐及為弱勢危急
進行重建工程。

2. 主要會計政策

本財務報表根據香港普通採納之會計原則及香
g會計師公會頒佈之會計實務準則編製。於編製
本財務報表時採納之主要會計政策列載如下。

(a) 財務報表的編製基準

本財務報表是以歷史成本作編製基準。

(b) 收入確認

認捐之款項以現金實收之款項計算，並包括所有
截至結算日所收到之數目。

利息收入是根據未償還之本金金額及適用利率
按時間比例確認入賬。

(c) 稅項

根據香港（稅務條例）第八十八條，本公司作
為慈善機構可豁免香港稅項。

(d) 外幣換算

以外幣進行交易，按交易日適用的匯率換算為港
幣。於結算日，以外幣計值的貨幣資產及負債乃
按資產負債表結算日之匯率換算為港幣並計入
賬目內，在該等情況下所引致之匯兌差額乃撥入
收支賬目表內處理。
SHARE-HAPPINESS BENEVOLENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
   (e) The drinking water and assistance fund
   The main purposes of the drinking water and assistance fund is to provide clean drinking water by digging wells and providing water pipes in the poor villages, and to offer financial help to the desperate and needed ones in the People's Republic of China.

   (f) The collapsing school re-construction fund
   The main purposes of the collapsing school re-construction fund is to rebuild the collapsing school in the People's Republic of China.

3. DIRECTORS' REMUNERATION
   No any remuneration was paid or payable to the directors of the Company for the year ended 31 March 2005 (Period ended 31 March 2004: Nil).

4. THE DRINKING WATER AND ASSISTANCE FUND
<table>
<thead>
<tr>
<th>15/1/2003-</th>
<th>31/3/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
</tr>
<tr>
<td>Balance brought forward</td>
<td></td>
</tr>
<tr>
<td>Transferred from surplus for the year/period</td>
<td>95,408</td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>751,834</td>
</tr>
</tbody>
</table>

5. THE COLLAPSING SCHOOL RE-CONSTRUCTION FUND
<table>
<thead>
<tr>
<th>15/1/2003-</th>
<th>31/3/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
</tr>
<tr>
<td>Transferred from surplus for the year/period</td>
<td>381,632</td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>381,632</td>
</tr>
</tbody>
</table>

2. 主要會計政策 (續)
   (e) 飲水及困難戶基金
   本基金主要目的是協助中國貧困地區改善村民飲水，掘井及鋪設水管之問題，並為貧困人仕提供經濟能援助。

   (f) 危校重建工程基金
   本基金主要目的是為國內危校進行重建工程。

3. 董事之酬金
   截至二零零五年三月三十一日止年度，本公司並沒有任何已支付或未支付董事酬金(截至二零零四年三月三十一日止期間: 無)。

4. 飲水及困難戶基金

5. 危校重建工程基金