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

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

樂群慈善基金有限公司
（於香港註冊成立的擔保有限公司）

報告書及財務報表

截至二零一八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
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SHARE-HAPPINESS BENEVOLENT FUND LIMITED

EXECUTIVE COMMITTEES’ REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The executive committees present their report and the audited financial statements of the Company for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is engaged in fund raising to sponsor school teachers to receive vocational training on student psychology and on the management of students’ mental health and to promote traditional Chinese value, Chinese ethics and culture.

RESULTS

The surplus of the Company for the year ended 31 March 2018 are set out in the statement of comprehensive income and expenditure on page 6.

FUNDS

Details of movements in funds are set out in the statement of changes in funds on page 7.

DEBENTURES

No debenture was issued during the year.

EQUITY-LINKED ARRANGEMENTS

The Company did not enter into any equity-linked agreements during the year and no equity-linked agreements subsisted at the year end.

CHARITABLE DONATIONS

Charitable donations made by Company during the year amounted to HK$70,678 (2017: HK$ 23,502).

EXECUTIVE COMMITTEES

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

Mr. SIU Chong
Ms. CHEUNG Pui Ni
Mr. LIU Wing Sun
Mr. CHENG Tat Keung, Albert (Resigned on 6 September 2018)

In accordance with Article 39 of the Company’s Articles of Association, the executive committees’ term of office shall be 3 years. One fourth of the executive committees or the number of executive committees elected by the resolution of the Board of Executive committees shall retire in the third Annual General Meeting, subsequently in every third Annual General Meeting.
EXECUTIVE COMMITTEES' INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which an executive committee 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 CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

At no time during the year and up to the date of this Executive Committees' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the executive committee of the Company.

BUSINESS REVIEW

The Company falls within the reporting exemption for the year. Accordingly, the Company is exempted from preparing a business review.

AUDITORS

Messrs. Raymond S. W. Ho & Co., Certified Public Accountants (Practising) retire and a resolution for appointment of auditors of the company will be proposed at the forthcoming general meeting.

By order of the Board
承管理委員會命

Mr. Siu Chong 蕭莊先生
Chairman 為會
Date: 9 September 2018
日期：二零一八年九月九日
INDEPENDENT HONORARY AUDITOR’S REPORT

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

Opinion

We have audited the financial statements of Share-Happiness Benevolent Fund Limited (“the Company”) set out on pages 6 to 14, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income and expenditure, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Honorary Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

Information Other than the Financial Statements and Auditor’s Report Thereon

The executive committees are responsible for the other information. The other information comprises the information included in the executive committees’ 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.
Responsibilities of Executive Committees and Those Charged with Governance for the Financial Statements

The executive committees 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 executive committees 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 executive committees are responsible for assessing the Company’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 executive committees either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Honorary 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 content of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKASs 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 HKASs, 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committees.

管理委員及管治層需於財務報告表中承擔的責任

管理委員須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》擬備真實及公允的財務報告，並對其認為為使財務報告的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責任。

在擬備財務報告時，管理委員負責評估貴公司持續經營的能力，並在適用情況下披露與持續經營有關的要項。使用持續經營為會計基礎，除非管理委員有合理證設貴公司無法持續經營，或別無其他實際的替代方案。

管治層須負責監督貴公司的財務報告過程。

義務核數師就審計財務報告承擔的責任

我們的目標，是對財務報告整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述進行合理確認。出具包括我們意見的核數師報告。我們的責任是根據我們的審計對該等財務報告作出意見並按香港《公司條例》第四百零五條頒發給相關報告。除此之外報告遙無其他目的。我們不會就報告內容向任何其他人員負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們間接或延遲可能影響財務報告使用者依賴財務報告所作的經濟決定，則有關的錯誤陳述可被視為重大。

在香港《審計準則》進行審計的過程中，我們進行了專業判斷，保持了專業懷疑態度，我們亦：

- 識別和評估由於欺詐或錯誤而導致財務報告表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充分和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及半製、偽造、蓄意遺漏、虛假陳述，或凌遲於內部控制之上，因此可能未能發現因欺詐而導致的重大錯誤陳述的風險。未能發現因錯誤而導致的重大錯誤陳述的風險。
- 理解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴公司內部控制的有效性發表意見。
- 評價管理委員所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
Conclude on the appropriateness of the executive committees’ 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 Company’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 Company 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 those charged with governance 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.

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
Room 805, 8/F., Tower 2, Lippo Centre,
89 Queensway, Hong Kong
香港金鐘道89號
力寶中心2座8樓805室

9 September 2018
二零一八年九月九日

對管理委員採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴公司的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴公司不能持續經營。

評價財務報表的整體列報方式、結構和內容，包括披露，以及財務報表是否中肯反映交易和事項。

除其他事項外，我們與管理層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。
**SHARE-HAPPINESS BENEVOLENT FUND LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**

**FOR THE YEAR ENDED 31 MARCH 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations received</td>
<td>1,549,805</td>
<td>1,199,545</td>
</tr>
<tr>
<td><strong>LESS: DIRECT EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donation</td>
<td>70,678</td>
<td>23,502</td>
</tr>
<tr>
<td>Sponsoring scholarship to poor and outstanding village students</td>
<td>-</td>
<td>150,164</td>
</tr>
<tr>
<td>Sponsoring for the teacher training</td>
<td>235,282</td>
<td>359,618</td>
</tr>
<tr>
<td>Establish traditional Wisdom Advocacy Centres and promote Chinese ethics and culture</td>
<td>367,655</td>
<td>808,843</td>
</tr>
<tr>
<td>Printing expenses</td>
<td>37,943</td>
<td>31,727</td>
</tr>
<tr>
<td></td>
<td>711,558</td>
<td>1,373,854</td>
</tr>
<tr>
<td><strong>ADD: OTHER INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank interest income</td>
<td>57,517</td>
<td>73,839</td>
</tr>
<tr>
<td></td>
<td>895,764</td>
<td>(100,470)</td>
</tr>
<tr>
<td><strong>LESS: OTHER EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>115</td>
<td>35</td>
</tr>
<tr>
<td>Overseas traveling</td>
<td>22,406</td>
<td>28,254</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>5,021</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>27,542</td>
<td>28,289</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE YEAR</strong></td>
<td>868,222</td>
<td>(128,759)</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>364,658</td>
<td>(282,656)</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME / (EXPENSES) FOR THE YEAR</strong></td>
<td>1,232,880</td>
<td>(411,415)</td>
</tr>
</tbody>
</table>
SHARE-HAPPINESS BENEVOLENT FUND LIMITED  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 MARCH 2018  

<table>
<thead>
<tr>
<th></th>
<th>The promotion of traditional Chinese value, ethics and culture fund</th>
<th>The sponsoring for teacher’s training fund</th>
<th>The sponsoring scholarship fund</th>
<th>Currency translation reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
<td>HK$</td>
<td>HK$</td>
<td>HK$</td>
<td>HK$</td>
</tr>
<tr>
<td>At 1 April 2016</td>
<td>-</td>
<td>284,700</td>
<td>2,450,712</td>
<td>350,223</td>
<td>3,085,635</td>
</tr>
<tr>
<td>Surplus / (deficit)</td>
<td>本年度盈餘(赤字)</td>
<td>201,023</td>
<td>(179,618)</td>
<td>(150,164)</td>
<td>(128,759)</td>
</tr>
<tr>
<td>for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation</td>
<td>匯兌差額</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(282,656)</td>
</tr>
<tr>
<td>differences</td>
<td>At 31 March 2017 and 1 April 2017</td>
<td>201,023</td>
<td>105,082</td>
<td>2,300,548</td>
<td>2,674,220</td>
</tr>
<tr>
<td>Surplus / (deficit)</td>
<td>本年度盈餘(赤字)</td>
<td></td>
<td></td>
<td>67,567</td>
<td></td>
</tr>
<tr>
<td>for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>868,222</td>
</tr>
<tr>
<td>Currency translation</td>
<td>匯兌差額</td>
<td></td>
<td>-</td>
<td>-</td>
<td>364,658</td>
</tr>
<tr>
<td>differences</td>
<td>At 31 March 2018</td>
<td>1,174,327</td>
<td>2,300,548</td>
<td>432,225</td>
<td>3,907,100</td>
</tr>
</tbody>
</table>

樂群慈善基金有限公司
基金變動表
截至二零一八年三月三十一日止年度
SHARE-HAPPINESS BENEVOLENT FUND LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
<td>HK$</td>
</tr>
<tr>
<td></td>
<td>流動資產</td>
<td></td>
</tr>
<tr>
<td></td>
<td>應收銀行利息收入</td>
<td>18,511</td>
</tr>
<tr>
<td></td>
<td>現金及銀行結餘</td>
<td>3,888,589</td>
</tr>
<tr>
<td></td>
<td>淨資產</td>
<td>3,907,100</td>
</tr>
</tbody>
</table>

Financed by:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$</td>
<td>HK$</td>
</tr>
<tr>
<td></td>
<td>經費</td>
<td></td>
</tr>
<tr>
<td></td>
<td>基金</td>
<td>(6) 3,907,100</td>
</tr>
</tbody>
</table>

Approved by the Board of Executive Committees on 9 September 2018
管理委員會於二零一八年九月九日核准。

Mr. SIU Chong 蕭莊先生
Executive Committee 管理委員

Ms. CHEUNG Pui Ni 張珮妮女士
Executive Committee 管理委員

The accompanying notes form an integral part of these financial statements.
所有附註乃為本財務報表之一部份。
<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus / (deficit) for the year</td>
<td>868,222</td>
<td>(128,759)</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank interest income</td>
<td>(57,517)</td>
<td>(73,839)</td>
</tr>
<tr>
<td>Surplus / (deficit) from operations before movements in working capital</td>
<td>810,705</td>
<td>(202,598)</td>
</tr>
<tr>
<td>Decrease in prepayment</td>
<td></td>
<td>120,241</td>
</tr>
<tr>
<td>Net cash generated from / (used in) operating activities</td>
<td>810,705</td>
<td>(82,357)</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank interest income received</td>
<td>39,006</td>
<td>88,460</td>
</tr>
<tr>
<td>Fixed deposit withdraw</td>
<td></td>
<td>1,540,193</td>
</tr>
<tr>
<td>Net cash generated from investing activities</td>
<td>39,006</td>
<td>1,628,653</td>
</tr>
<tr>
<td>Cash flows from financing activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>364,658</td>
<td>(282,656)</td>
</tr>
<tr>
<td>Net cash generated from / (used in) financing activity</td>
<td>364,658</td>
<td>(282,656)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,214,369</td>
<td>1,263,640</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,674,220</td>
<td>1,410,580</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,888,589</td>
<td>2,674,220</td>
</tr>
<tr>
<td>Analysis of the balance of cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>3,888,589</td>
<td>2,674,220</td>
</tr>
</tbody>
</table>
SHARE-HAPPINESS BENEVOLENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. STATUS AND PRINCIPAL ACTIVITIES
OF THE COMPANY

The Company is incorporated in Hong Kong and limited by
guarantee.

The address of its registered office is Room 805, 8/F., Tower 2,
Lippo Centre, 89 Queensway, Hong Kong.

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 sponsor school
teachers to receive vocational training on student psychology
and on the management of students’ mental health and to
promote traditional Chinese value, Chinese ethics and culture.

These financial statements are presented in units of Hong Kong
Dollars (HK$), unless otherwise stated. These financial
statements have been approved for issue by the Board of
Executive committees on 9 September 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies adopted in the
preparation of these financial statements are set out below.
These policies have been consistently applied to all the year
presented, unless otherwise stated.

The financial statements have been prepared in accordance
with new and revised Hong Kong Financial Reporting
Standards ("HKFRSs"), Hong Kong Accounting Standards
("HKASs") and Interpretations ("HK (SIC)-Ints")
(collectively the "new HKFRSs") issued by the Hong Kong
Institute of Certified Public Accountants. They have been
prepared under the historical cost convention.

The adoption of new HKFRSs

In 2018, the Company adopted the new standards of
HKFRS below, which are relevant to its operations.
SHARE-HAPPINESS BENEVOLENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (continued)

HKAS 7 (Amendment) Disclosure Initiative
Recognition of Deferred Tax
Assets for Unrealised
Losses

HKAS 12 (Amendment) Disclosure Initiative
(Statement of Cash Flows)
Recognition of Deferred Tax
Assets for Unrealised
Losses

The application of new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

The Company has not early applied the following new/revised HKFRSs that have been issued but are not yet effective, in these financial statements. These HKFRSs are effective for annual periods beginning on or after 1 April 2018:

HKFRS 9 (1) Financial Instruments
HKFRS 15 (1) Revenue from Contracts
with Customers
HKFRS 2 (Amendment) (1) Share-based payment:
Classification and measurement of
share-based payment
transactions
HKFRS 4 (Amendment) (1) Insurance contracts:
Applying HKFRS 9
Financial Instruments with
HKFRS 4 Insurance
Contracts
HK(IFRIC) 22 (1) Foreign currency
transactions and advance
consideration
HKFRS 16(2) Leases
HK(IFRIC) 23 (2) Uncertainty over income tax
treatments
HKFRS 17 (3) Insurance contracts
SHARE-HAPPINESS BENEVOLENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (continued)

(1) Effective for annual period beginning on or after 1 January 2018
(2) Effective for annual period beginning on or after 1 January 2019
(3) Effective for annual period beginning on or after 1 January 2021

(b) 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.

(c) Foreign currency transaction

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is Renminbi. The financial statements are presented in HK Dollars, which is the Company’s presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at each reporting date are recognised in the statement of comprehensive income and expenditure, except when deferred in equity as qualifying cash flow hedges or through net investment hedges.

As the functional currency is different from the presentation currency (none of which is currency under a hyperinflationary economy) the results and financial position of the Company are translated into the presentation currency as follows:

- assets and liabilities for the statement of financial position presented are translated at the closing rate at the each reporting date;
- income and expenses for the statement of comprehensive income and expenditure are translated at average exchange rates; and
- all resulting exchange difference are recognised as a separate component of equity.

樂群慈善基金有限公司
財務報表附註
截至二零一八年三月三十一日止年度

2. 主要會計政策 (續)

(a) 編製基準 (續)

(1) 於二零一八年一月一日或其後開始的年度期間生效
(2) 於二零一九年一月一日或其後開始的年度期間生效
(3) 於二零二一年一月一日或其後開始的年度期間生效

(b) 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。

(c) 外幣匯兌

(i) 功能和列賬貨幣

本財務報表所列項目均以本公司營運所在
的主要經濟環境的貨幣計量（"功能貨幣"）。財
務報告以港幣呈報，港幣為本公司列賬貨幣。
人民幣則為本公司的功能貨幣。

(ii) 交易及結餘

外幣交易按交易當日的匯率兌換為功能貨幣。
除了符合在權益中遞延入賬之現金流量對沖和
淨投資對沖外，因結算交易及按結算日匯率換
算外幣資產及負債所產生之外幣匯兌差額均於
全面收入與支出賬表確認。

由於功能貨幣與列賬貨幣不同，當中沒有嚴重
過賬貨幣，本公司的業績和財務狀況按下列方
法換算為列賬貨幣：

- 呈報的財務狀況表內的資產和負債按各報
告期末日的市場匯率換算；
- 全面收入與支出賬表的收入和費用按交
易日期的平均匯率換算；及
- 所有由此產生的匯兌差額確認為權益的獨
立組成項目。
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

(e) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(f) The sponsoring scholarship fund

The main purpose of the sponsoring scholarship fund is to sponsor the school fee to the poor and outstanding students in the People’s Republic of China.

(g) The sponsoring teacher’s training fund

The main purpose of the sponsoring teacher’s training fund is to sponsor the school teacher’s training on mental health and education.

(h) The promotion of traditional Chinese value, ethics and culture fund

The main purpose of the promotion of traditional Chinese value, ethics and culture fund is to promote traditional Chinese value, Chinese ethics and culture.
3. FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks: currency risk and liquidity risk.

(a) Currency risk

The Company’s monetary assets and transactions are principally denominated in Hong Kong Dollars (“HKD”) and Renminbi (“RMB”). The Company is exposed to foreign exchange risk arising from movement in the exchange rate between HKD and RMB. The Company manages its foreign currency risk by closely monitoring the movement of the foreign currency rate. Nevertheless, the exchange rate of RMB to foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial liabilities. As the Company maintains sufficient liquid fund, the liquidity risk is considered limited.

4. FAIR VALUE ESTIMATION

Current asset is included prepayment, bank interest income receivable and cash and bank balances only, the carrying amounts of current asset approximates their fair values.

5. EXECUTIVE COMMITTEES’ EMOLOMENT

Emolument of the executive committees disclosed pursuant to Section 383 of the Companies Ordinance is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Other emoluments</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

6. FUNDS

Details of movements in funds are set out in the statement of changes in funds on page 7.