SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
(incorporated in Hong Kong and limited by guarantee)

Executive Committee's Report and Financial Statements For the year ended 31 August 2019

BDO

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
EXECUTIVE COMMITTEE'S REPORT

The members of the Executive Committee have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 August 2019.

PRINCIPAL ACTIVITY

The Company is a charitable institution and its principal activity is provision of free English language education to under-privileged children.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended 31 August 2019 and the financial position of the Company as at that date are set out in the financial statements on pages 6 to 34.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 7 to the financial statements.

MEMBERS OF THE EXECUTIVE COMMITTEE

The members of the Executive Committee during the year and up to the date of this report were:

James Patrick CUNNINGHAM
Belinda Margaret GREER
Yoon Ping Sally KONG
Ning LI
Stephen David LOGGIE
Allen G. SING
Randall Theodore STEVENS
Yok Sing Jasper TSANG
Hoi Sze Alice WONG
Leo Clark ZEN
Tin Ming LAU (appointed on 4 November 2019)

In accordance with article 37 of the Company's articles of association, all members of the Executive Committee at the date of this report shall retire from the Executive Committee and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
EXECUTIVE COMMITTEE'S REPORT

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company was a party and in which a member of the Executive Committee of the Company or an entity connected with a member of the Executive Committee is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

BUSINESS REVIEW

No business review report has been prepared as the Company falls within the reporting exemption for the financial year and is accordingly exempt from preparing such a report under section 388(3)(a) of the Hong Kong Companies Ordinance.

MANAGEMENT CONTRACTS

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

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint the honorary auditor, BDO Limited.

On behalf of the Executive Committee

Chairman

Hong Kong, 27 MAY 2020

BDO

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INDEPENDENT HONORARY AUDITOR'S REPORT TO THE MEMBERS OF SUMMERBRIDGE HONG KONG LIMITED (夏橋有限公司)

(incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

OPINION

We have audited the financial statements of Summerbridge Hong Kong Limited (the "Company") set out on pages 6 to 34, which comprise the statement of financial position as at 31 August 2019, and the statement of comprehensive income, the statement of changes in fund and the 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 August 2019, 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 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.

OTHER INFORMATION

The members of the Executive Committee are responsible for the other information. The other information comprises the information included in the Executive Committee's 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.

INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE MEMBERS OF SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

(incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

MEMBERS OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The members of the Executive Committee 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 members of the Executive Committee 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 members of the Executive Committee 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 members of the Executive Committee either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The members of the Executive Committee are responsible for overseeing the Company'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. Misstatement 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

- 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 members of the Executive Committee.

- Conclude on the appropriateness of the members of the Executive Committee's 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 the members of the Executive Committee 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.

BDO Limited
Certified Public Accountants
Shiu Hong NG
Practising Certificate number: P03752

Hong Kong, 27 MAY 2020

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 HK$	2018 HK$
Revenue			
Corporate donations		2,785,813	3,604,236
Other donations		110,200	17,970
Lunch fees		92,800	101,450
Monthly giving project donations		84,573	90,395
Exchange gains, net		23,960	-
Bank interest income		7,496	267
Charity event		-	16,140
Others		-	1,000
		3,104,842	**3,831,458**
Expenditure			
Summer programs		2,284,553	2,228,170
School year programs		1,052,130	1,059,393
Administrative salaries and benefits		404,543	411,235
Office expenses		379,055	322,970
Monthly giving project		145,800	234,099
Development and public relations		23,872	162,555
Bank charges		9,997	4,304
		(4,299,950)	**(4,422,726)**
Deficit and total comprehensive income for the year	5	**(1,195,108)**	**(591,268)**

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	Note	2019 HK$	2018 HK$
ASSETS			
Non-current asset			
Property, plant and equipment	7	-	-
Current assets			
Other receivables, deposits and prepayments		78,117	547,207
Cash at bank and in hand		4,857,211	5,585,415
		4,935,328	6,132,622
Current liabilities			
Accruals		1,455	3,641
Net current assets		**4,933,873**	**6,128,981**
Net assets		**4,933,873**	**6,128,981**
Representing:			
Accumulated surplus		**4,933,873**	**6,128,981**

Signed on behalf of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 AUGUST 2019

	Accumulated fund HK$
Balance at 1 September 2017	**6,720,249**
Deficit and total comprehensive income for the year	(591,268)
Balance at 31 August 2018	**6,128,981**
Deficit and total comprehensive income for the year	(1,195,108)
Balance at 31 August 2019	**4,933,873**

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	2019 HK$	2018 HK$
Cash flows from operating activities		
Deficit from operations for the year	(1,195,108)	(591,268)
Adjustment for:		
Bank interest income	(7,496)	(267)
Operating cash flows before working capital changes	(1,202,604)	(591,535)
Decrease/(increase) in other receivables, deposits and prepayments	469,090	(497,883)
Decrease in accruals	(2,186)	(45,346)
Net cash used in operating activities	**(735,700)**	**(1,134,764)**
Cash flows from an investing activity		
Bank interest received	**7,496**	**267**
Net decrease in cash and cash equivalents	**(728,204)**	**(1,134,497)**
Cash and cash equivalents at the beginning of year	**5,585,415**	**6,719,912**
Cash and cash equivalents at the end of year	**4,857,211**	**5,585,415**

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2019

1. ORGANISATION AND OPERATIONS

Summerbridge Hong Kong Limited (the "Company") is a charitable organsiation limited by guarantee. Its registered office and principal place of business are located at Offices A&B, 20/F., Kam Chung Commercial Building, 19-21 Hennessy Road, Wanchai, Hong Kong. It was incorporated in Hong Kong under the Hong Kong Companies Ordinance without a share capital on 26 November 2001, and is limited by guarantee. In the event of the Company being wound up, each member may be required to contribute a sum not exceeding HK$100. The number of members as at 31 August 2019 was 10 (2018: 10).

The financial statements are presented in Hong Kong dollar which is also the functional currency of the Company.

The Company's main objectives are:

(a) To improve the educational trajectories of low-income students by providing them with tuition-free, quality English education and life skills development.

(b) To foster cross-cultural exchange and a sense of civic duty among young people.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs - effective 1 September 2018

The Company has applied all the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Company's financial year beginning on 1 September 2018.

Based on the assessment performed by the members of the Executive Committee, the adoption of these new and revised HKFRSs that are effective from 1 September 2018 has no material impact on the results and financial position of the Company, except that the adoption of HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") and HKFRS 9 Financial Instruments ("HKFFRS 9") have resulted in changes in Company's accounting policies (see Note 3(e) and 3(j) for details). However, adoption of these two standards do not have material impact on the results and financial position of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 September 2018 - Continued

A. HKFRS 9 Financial Instruments ("HKFRS 9") - Continued

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") for annual periods beginning on or after 1 September 2018, bringing together all four aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting and (4) transition. The adoption of HKFRS 9 from 1 September 2018 has resulted in changes of the Company's accounting policies and the amounts presented on the Company's financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Company's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Company's classification and measurement of financial assets is set out below.

(i) Classification and measurement of financial instruments

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 September 2018 - Continued

A. HKFRS 9 Financial Instruments ("HKFRS 9") - Continued

(i) Classification and measurement of financial instruments - Continued

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Company could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 September 2018 - Continued

A. HKFRS 9 Financial Instruments ("HKFRS 9") - Continued

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Company's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Company to recognise ECLs for financial assets at amortised cost earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current financial year.

Under HKFRS 9, the loss allowances are measured on either of the following basis: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

<u>Measurement of ECLs</u>

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For the Company's financial assets at amortised cost, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The following information is also taken into account when assessing whether credit risk has increased significantly since initial recognition:

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 September 2018 - Continued

A. HKFRS 9 Financial Instruments ("HKFRS 9") - Continued

(ii) Impairment of financial assets - Continued

<u>Measurement of ECLs - Continued</u>

- failure to make payments of principal and/or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial asset's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The Company assumes the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if: (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Upon the transition of HKFRS 9 as of 1 September 2018, no adjustment was made on the opening balance of accumulated fund because the estimated loss allowances on financial assets are immaterial.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 September 2018 - Continued

A. HKFRS 9 Financial Instruments ("HKFRS 9") - Continued

(ii) Impairment of financial assets - Continued

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment of other receivables and deposits

Loss allowances for other receivables and deposits are measured on 12-month ECLs basis and there had been no significant increase in credit risk since initial recognition. No loss allowance was recognised upon the transition to HKFRS 9 as at 1 September 2018 and during the year because the estimated ECLs are immaterial after taken into account of historical loss rate and financial background of those counterparties, with the adjustment of forward-looking economic environment.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Company as the Company does not have any hedging relationships.

(iv) Transition

The Company has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating the comparative information. The reclassification and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 August 2018, but are recognised in the statement of financial position on 1 September 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated fund as at 1 September 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The determination of the business model within which a financial asset is held have been assessed on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 September 2018 - Continued

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

HKFRS 15 applies to the contracts with customers for revenue arise from donations, functions and sale of lunch boxes. Interest income is accounted for in accordance with HKFRS 9 "Financial Instruments".

The Company has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 September 2018. Any difference at the date of initial application is recognised in the opening balance of accumulated fund (or other components in equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Company can elect to apply the standard using the full retrospective method with certain practical expedients that most of the contracts begin and end within the same annual reporting period and/or completed at the beginning of the earliest period presented. For completed contracts that have variable consideration, the Company had used the transaction price at the date when the contract was completed.

HKFRS 15 introduces a five-steps model when recognising revenue:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Based on the Company's assessment, the adoption of HKFRS 15 from 1 September 2018 has resulted in changes of the Company's accounting policies; however, it does not have a significant impact on timing and amount of revenue to be recognised by the Company and no adjustment has been made to the opening balance of accumulated fund as at 1 September 2018.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company. The Company's current intention is to apply these changes on the date when they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[3]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]

1 Effective for annual periods beginning on or after 1 September 2019
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 September 2020
3 Effective for annual periods beginning on or after 1 September 2020

HKFRS 16 - Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Specifically, under HKFRS 16, a lease is generally required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective - Continued

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 August 2019, the Company was in a lessee position under a leasing arrangement for leasing an office premises with a lease term of two years as disclosed in Note 8 to the financial statements.

In respect of this leasing arrangement, a preliminary assessment has been performed by the members of the Executive Committee indicates that this arrangement will continue to meet the definition of leases under HKFRS 16 for accounting period beginning on 1 September 2019; hence, the Company will recognise both right-of-use assets and lease liabilities on statement of financial position as at 31 August 2020, unless certain arrangement with a lease term ends within 12 months since date of initial application of HKFRS 16 on 1 September 2019, which qualify low value or short-term lease.

The management plans to use modified retrospective approach for the initial adoption of HKFRS 16 on 1 September 2019 and will recognise cumulative effect of initial application as an adjustment to opening balance of accumulated fund and will not restate the comparative information. In addition, the application of new requirements of HKFRS 16 may result in changes of measurement, presentation and disclosure for leasing arrangement arise from changes of the Company's accounting policies on 1 September 2019.

Other than the impact of HKFRS 16 as explained, the Company is in process of making assessments of potential impact of remaining new or revised HKFRSs will be adopted on effective date of pronouncement and the members of the Executive Committee are not yet in a position to quantify possible impact on the Company's financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) Basis of preparation of financial statements

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

(c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss when it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset.

Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives on a straight line method. The useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes is accounted for on a prospective basis. Computer equipment is depreciated over 3 years.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Any item of property, plant and equipment is written down immediately to its recoverable amount as if its carrying amount is higher than its estimated recoverable amount.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(d) Impairment of assets (other than financial assets)

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, including property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant assert is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Financial instruments

For the accounting policies applied from 1 September 2018

Financial assets and financial liabilities are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

The Company classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. The Company's financial assets are classified as amortised cost only. All regular purchases or sales of financial assets are recognised or derecognised on the trade date basis, i.e. the date when the Company commits to purchase or sell the asset. A regular way purchases or sales is purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The only measurement category on the Company's financial assets is at amortised cost.

The Company's financial assets at amortised cost include other receivables, deposits, cash at bank and in hand. These assets are non-derivative financial assets not quoted in an active market that are held for collection of contractual cash flows in a fixed or determinable manner where those cash flows represent solely payments of principal and interest are measured at amortised cost. They arise principally through sales of goods or services to customers and also incorporate other types of contractual monetary assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest rate method, less any identified impairment loss (see accounting policy on "impairment loss on financial assets" as defined below).

3. **PRINCIPAL ACCOUNTING POLICIES - Continued**

(e) **Financial instruments - Continued**

For the accounting policies applied from 1 September 2018 - Continued

(i) **Financial assets - Continued**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) **Impairment loss on financial assets**

The Company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For the Company's financial assets at amortised cost, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the loss allowances will be based on the lifetime ECLs.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Financial instruments - Continued

For the accounting policies applied from 1 September 2018 - Continued

(ii) Impairment loss on financial assets - Continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information specific to the debtor and the economic environment. Details of the ECLs model and its measurement are set out in Note 2(a)A(ii).

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Company assumes the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if: (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowances) of the financial assets. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

3. **PRINCIPAL ACCOUNTING POLICIES - Continued**

(e) **Financial instruments - Continued**

For the accounting policies applied from 1 September 2018 - Continued

(iii) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred. Equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities at amortised cost

The Company classifies its financial liabilities at initial recognition, depending on the purpose for which the liabilities were incurred. Financial liability at amortised cost including accruals only is subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The related interest expense is recognised in profit or loss on an effective interest basis.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. **PRINCIPAL ACCOUNTING POLICIES - Continued**

(e) **Financial instruments - Continued**

For the accounting policies applied from 1 September 2018 - Continued

(iv) **Derecognition**

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial assets expire or when the financial assets has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

For the accounting policies applied until 31 August 2018

(i) **Financial assets**

Loans and receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

3. **PRINCIPAL ACCOUNTING POLICIES - Continued**

(e) **Financial instruments - Continued**

For the accounting policies applied until 31 August 2018 - Continued

(ii) **Impairment loss on financial assets**

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Company assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) **Financial instruments - Continued**

For the accounting policies applied until 31 August 2018 - Continued

(iii) **Financial liabilities**

Financial liabilities at amortised cost including accruals are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) **Derecognition**

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(g) **Leasing**

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

(h) **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, which it is probable to result in an outflow of economic benefits that can be reasonably estimated.

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, the existence of which 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.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(i) **Translation of foreign currencies**

In preparing the financial statements of the Company, foreign currency transactions are translated into Hong Kong dollars, being the functional currency, at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any component of that gain or loss arising from the exchange differences is also recognised directly in other comprehensive income.

(j) **Revenue recognition**

<u>For the accounting policies applied from 1 September 2018</u>

Revenue from contracts with customers is recognised when control of goods or services are transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Company's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Company performs; or
- does not create an asset with an alternative use to the Company and the Company has an enforceable right for payment of performance completed to date.

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(j) Revenue recognition - Continued

For the accounting policies applied from 1 September 2018 - Continued

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at the contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Company, revenue is recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effect of a significant financing component, using the practical expedient in HKFRS 15.

Further details of the Company's revenue recognition policies are as follows:

(i) Revenue from donations are recognised according to the terms of the agreement.

(ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

For the accounting policies applied until 31 August 2018

(i) Revenue from donations are recognised according to the terms of the agreement.

(ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There is no significant risk of key assumptions concerning the future and other key sources of estimation at end of the reporting period which will cause an adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the financial statements arising from the judgement or estimates used by management.

5. DEFICIT FOR THE YEAR

	2019 HK$	2018 HK$
Deficit for the year is arrived at after charging:-		
Members of the Executive Committee's remuneration	-	-
Honorary Auditor's remuneration	-	-
Staff costs:-		
- Salaries and allowances:		
- Administration	388,621	395,776
- Education and learning programs	2,392,145	2,273,186
- Monthly giving project	138,857	222,400
	2,919,623	2,891,362
- Contributions to Mandatory Pension Fund:		
- Administration	15,922	15,459
- Education and learning programs	38,700	41,355
- Monthly giving project	6,943	11,120
	61,565	67,934

6. TAXATION

The Company is a charitable institution of a public character, which is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

7. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$
Cost:	
At 31 August 2018 and 2019	199,257
Accumulated depreciation:	
At 31 August 2018 and 2019	199,257
Net carrying amount:	
At 31 August 2019	-
At 31 August 2018	-

The Hongkong Bank Foundation had generously sponsored the purchase of laptops and printers for the Summerbridge Summer Program and School Year Program held by the Company. The laptops and printers are used by teachers and students for a variety of tasks, such as teaching activities, lesson planning and preparation, student assessment and administrative work.

8. OPERATING LEASE COMMITMENTS

	2019 HK$	2018 HK$
Minimum lease payments under an operating lease recognised as expenses during the year	272,240	264,000

As at 31 August 2019 and 2018, the Company had outstanding minimum commitments under a non-cancellable operating lease, which fall due as follows:-

	2019 HK$	2018 HK$
Within one year	324,480	44,000
In the second to fifth years inclusive	162,240	-
	486,720	44,000

Operating lease payments represent rentals payable by the Company for its leased office premises. The lease is negotiated for a term of two years (2018: two years) at fixed rental.

9. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide funding to carry out its principal activity. The Company's overall objective remains unchanged from prior year. The source of capital of the Company is its accumulated fund.

10. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The main risks arising from the Company's financial instruments in the normal course of the Company's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Company's financial management policies and practices on a timely and effective manner which is described below:

(i) Credit risk

The Company has no significant concentrations of credit risk except for cash at bank. The carrying amount of the cash at bank included in the statement of financial position represents the maximum exposure to credit risk in relation to the financial assets. The credit risk of cash at bank balance is limited because it is deposited with a reputable bank with a sounded credit rating.

(ii) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All the Company's financial liabilities are less than one year at the end of reporting period.

(iii) Interest rate risk

Interest-bearing financial instrument is bank balances with short-term maturity only. Therefore, any future variations in interest rates may impact on the income and operating cash flows of the Company.

10. FINANCIAL RISK MANAGEMENT - Continued

(a) Financial risk factors - Continued

(iv) Currency risk

The Company is exposed to currency risk primarily through holding of bank balances denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars. Management closely monitors the currency risk on a regular basis. Considering that the exchange rate between Hong Kong dollars and United States dollars is pegged, they believe that the Company's exposure on the currency risk is normal.

(b) Fair value estimation

The fair values of the Company's financial instruments are not materially different from their carrying amounts as at 31 August 2019 and 2018.

11. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Company's financial assets and financial liabilities as at 31 August 2019 and 2018 was categorised as follows:

	2019 HK$	2018 HK$
Financial assets		
At amortised cost	4,914,391	-
Loans and receivables	-	6,103,708
Financial liabilities		
At amortised cost	1,455	3,641

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Executive Committee on 27 MAY 2020.