

SCMP CHARITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

SCMP CHARITIES LIMITED DIRECTORS' REPORT

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2021.

PRINCIPAL PLACE OF BUSINESS

SCMP Charities Limited is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 19/F., Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was promotion of charities.

BUSINESS REVIEW

As at 31 March 2021, the company satisfied the exemption criteria set out in section 388(3)(a) of the Hong Kong Companies Ordinance (Cap. 622) and therefore it was not required to prepare a business review.

DIRECTORS

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

LAU Che Yin Ian

WANG Lai Yung

LIU Gary

CHEUNG Hoi Sze, Elsie

- appointed on 31 July 2021

- resigned on 31 July 2021

In accordance with Articles 38 to 40 of the company's Articles of Association, LAU Che Yin Ian has retired from office and, being eligible, offered himself for re-election.

PERMITTED INDEMNITY PROVISION

The company's Articles of Association provide that the directors are entitled to be indemnified against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

Alibaba Group Holding Limited, the ultimate holding company of the company, has taken out and maintained the directors' liability insurance throughout the period, which provided appropriate cover for the directors.

SCMP CHARITIES LIMITED DIRECTORS' REPORT (CONT'D)

EQUITY-LINKED ARRANGEMENTS

During the year, the company entered into no equity-linked agreement.

At the end of the year, the company subsisted of no equity-linked agreement.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of acquisition of shares or debentures of the company or any other body corporate.

AUDITORS

Lee, Au & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Lee, Au & Co. as auditors of the company has been proposed at the 2021 Annual General Meeting.

APPROVAL OF DIRECTORS' REPORT

The report was approved by the directors on 24 DEC 2021

On behalf of the board



Director
WANG Lai Yung
Hong Kong



Independent Auditor's Report to the Members of SCMP Charities Limited

(Incorporated in Hong Kong limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of SCMP Charities Limited set out on pages 6 to 21, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in funds and the cash flow statement 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 2021 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 issued by the Hong Kong Institute of Certified Public Accountants. 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 directors are responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors 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.

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 Hong Kong Standards on Auditing 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 Hong Kong Standards on Auditing, we exercise professional judgement 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 directors.



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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.



Lee, AU & Co.
Certified Public Accountants

HONG KONG: 24 DEC 2021

SCMP CHARITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>HK\$</u>	<u>2020</u> <u>HK\$</u>
Income	3	18,253,971	18,048,105
Other income	4	-	25,000
Expenditure		(3,839,974)	(26,635,958)
Surplus/(deficit) for the year	5	<u>14,413,997</u>	<u>(8,562,853)</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

SCMP CHARITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

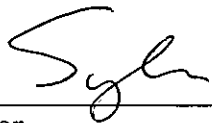
	<u>2021</u> HK\$	<u>2020</u> HK\$
Surplus/(deficit) for the year	14,413,997	(8,562,853)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	<u>14,413,997</u>	<u>(8,562,853)</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

SCMP CHARITIES LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
Current assets			
Bank balances		19,029,299	15,551,261
		-----	-----
Current liabilities			
Amount due to a related company	8	(553,057)	(82,166)
Accruals		(46,859)	(11,453,709)
		-----	-----
		(599,916)	(11,535,875)
		-----	-----
NET ASSETS		<u>18,429,383</u>	<u>4,015,386</u>
		=====	=====
RESERVE			
Accumulated surplus		<u>18,429,383</u>	<u>4,015,386</u>
		=====	=====

Approved and authorised for issue by the board of directors on 24 DEC 2021
and signed on its behalf.



Director
WANG Lai Yung



Director
LAU Che Yin Ian

The notes on pages 11 to 21 form an integral part of these financial statements.

SCMP CHARITIES LIMITED
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2021

	Accumulated surplus/ (deficit) HK\$
Balance at 1 April 2019	12,578,239
Changes in funds for 2020	
Total comprehensive loss for the year	(8,562,853)
Balance at 31 March 2020 and 1 April 2020	4,015,386
Changes in funds for 2021	
Total comprehensive income for the year	14,413,997
Balance at 31 March 2021	<u>18,429,383</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

SCMP CHARITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Cash flows from operating activities		
Surplus/(deficit) for the year	<u>14,413,997</u>	(8,562,853)
Operating surplus/(deficit) before working capital changes	<u>14,413,997</u>	(8,562,853)
(Decrease)/increase in accruals	(11,406,850)	11,407,362
Increase in amount due to a related company	<u>470,891</u>	39,465
Net cash generated from operating activities	<u>3,478,038</u>	2,883,974
Net increase in cash and cash equivalents	<u>3,478,038</u>	2,883,974
Cash and cash equivalents at 1 April	<u>15,551,261</u>	12,667,287
Cash and cash equivalents at 31 March	<u>19,029,299</u>	15,551,261
Analysis of the balance of cash and cash equivalents		
Bank balances	<u>19,029,299</u>	15,551,261

The notes on pages 11 to 21 form an integral part of these financial statements.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statements of compliance

The company qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance. These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the company is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Credit losses from financial instruments

The company recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the company if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the company expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

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

In measuring ECLs, the company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Credit losses from financial instruments (cont'd)

For financial instruments, the company recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the company compares the risk of default occurring on the financial instrument assessed at the date of the statement of financial position with that assessed at the date of initial recognition. In making this reassessment, the company considers that a default event occurs when (i) 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 (ii) the financial asset is 90 days past due. The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument'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.

Depending on the nature of the financial instruments, 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 instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Credit losses from financial instruments (cont'd)

ECLs are remeasured at each date of the statement of financial position to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

At each date of the statement of financial position, the company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. 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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(c).

(f) Employee benefits

Salaries, annual bonuses, paid annual leave, obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, and the cost of non-monetary benefits are recognised as expenses in profit or loss as incurred.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(g) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity is a member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a present 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 at 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.

(i) Translation of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the date of the statement of financial position. Transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the date of the transactions. Profits and losses resulting from the above translation policy are included in profit or loss for the year.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Donation income

Donation income is recognised when received.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the company:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform
- Amendments to HKAS 1 and HKAS 8, Definition of Material

None of these developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented. The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

3. INCOME

The principal activity of the company during the year was promotion of charities. Revenue recognised during the period is as follows:

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Donation income	<u>18,253,971</u>	<u>18,048,105</u>

Including donation income under permit issued by Social Welfare Department:

		<u>Net proceeds</u>	
		<u>2021</u>	<u>2020</u>
Permit no.	Fund-raising purpose	HK\$	HK\$
2019/230/1	Operation Santa Claus 2019	<u>-</u>	<u>9,520</u>

4. OTHER INCOME

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Sundry income	<u>-</u>	<u>25,000</u>

5. SURPLUS/(DEFICIT) FOR THE YEAR

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
The surplus/(deficit) for the year is arrived at after charging:-		
Auditors' remuneration	19,000	26,400
Donations	2,713,901	25,641,307
Staff costs	<u>488,806</u>	<u>583,954</u>

6. DIRECTORS' EMOLUMENTS

During the years ended 31 March 2020 and 2021, no emolument has been paid or is payable to directors of the company.

7. INCOME TAX

No Hong Kong profits tax has been provided in the financial statements as the company is qualified for exemption from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

8. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and repayable on demand.

9. FUND MANAGEMENT

The company's objectives when managing fund are:

- To safeguard the company's ability to continue as a going concern;
- To support the company's stability and growth; and
- To provide fund for the purpose of strengthening the company's risk management capacity.

The company actively and regularly reviews and manages its fund structure to ensure optimal fund structure taking into consideration the future requirements of the company.

10. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The company has classified the following financial assets under the category of "financial assets measured at amortised cost".

	<u>2021</u> HK\$	<u>2020</u> HK\$
Bank balances	<u>19,029,299</u>	<u>15,551,261</u>

The company has classified the following financial liabilities under the category of "financial liabilities at amortised cost".

	<u>2021</u> HK\$	<u>2020</u> HK\$
Amount due to a related company	553,057	82,166
Accruals	46,859	11,453,709
	<u>599,916</u>	<u>11,535,875</u>

The company is exposed to various kinds of risks in its operation and financial instruments. The company's risk management objective and policies mainly focus on minimizing the potential adverse effects of these risks on the company by closely monitoring the individual exposure as follows:-

(a) Foreign currency risk

The company does not have a significant foreign currency risk exposure as most of its income and expenditure are denominated in Hong Kong Dollars. Accordingly, no sensitivity analysis has been prepared.

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

10. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(b) Credit risk

Credit risk refer to the risk that a counterparty will default on its contractual obligation resulting in a financial loss to the company. The company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with credit rating, for which the company considers to have low credit risk.

(c) Liquidity risk

The company regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents to meet its liquidity requirements in the short and longer term.

As at 31 March 2021, the financial liabilities of the company are analysed into relevant maturity brackets based on their contractual maturity in the table below.

2021:

	Up to 3 months HK\$	>3 months to 1 year HK\$	> 1 year HK\$	Not determinable since repayable on demand HK\$	Total HK\$
Amount due to a related company	-	-	-	553,057	553,057
Accruals	-	46,859	-	-	46,859
	-	46,859	-	553,057	599,916

As at 31 March 2020, the financial liabilities of the company are analysed into relevant maturity brackets based on their contractual maturity in the table below.

2020:

	Up to 3 months HK\$	>3 months to 1 year HK\$	> 1 year HK\$	Not determinable since repayable on demand HK\$	Total HK\$
Amount due to a related company	-	-	-	82,166	82,166
Accruals	-	11,453,709	-	-	11,453,709
	-	11,453,709	-	82,166	11,535,875

SCMP CHARITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

10. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(d) Interest rate risk

The company's exposure on fair value interest rate risk mainly arises from its cash at bank and the exposure is considered not significant.

(e) Fair values

Fair values of financial instruments carried at other than fair value.

The carrying amounts of the company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2021 and 2020.

11. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the company had the following transactions with related party:-

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
Expenses paid by related company on behalf of the company	470,891	583,954
Repayment to related company	-	(583,954)

12. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 March 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to HKFRS 3, Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37, Onerous contracts - cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.