

**LUA FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
MANAGEMENT COMMITTEE'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019**

The management committee has pleasure in submitting its annual report and audited financial statements for year ended 31st December 2019.

PRINCIPAL ACTIVITIES

The Foundation is a non-profit making organization. Its principal activities are to promote and undertake projects and activities for the relief to poverty and suffering from natural calamities, to provide care and help for the aged, sick, disabled and children, to promote and advance the physical well-being of the poor and the needy people and to promote and assist in promoting education, vocational training, culture, science and research.

THE STATE OF THE FOUNDATION'S AFFAIRS

The results of the Foundation for the year ended 31st December 2019 and the state of the Foundation's affairs at that date are set out in the annexed financial statements on pages 6 to 12.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in note 7 to the annexed financial statements.

DONATIONS

Donations received by the Foundation during the year amounted to HK\$1,221,825 (2018: HK\$ HK\$1,861,591). Donations paid by the Foundation during the year amounted to HK\$222,000 (2018: HK\$783,897).

MANAGEMENT COMMITTEE MEMBERS

The management committee members who held office during the year and up to the date of this report were as follows:-

Mak Wing Kwong, Tony	Chairperson
So Yuen May, Teresa	Vice Chairperson
Lau Wai Keung, Kinson	Honorary Secretary
Wong Kam Shing, Matthew	Honorary Treasurer
Ho Shiu Kuen, Frankie	
Law Wing Kin, Kent	
Tse Kwok Po, Lewis	
Lam Kit Ching	
Wong Ying Kit	
Lee Mo Kit, Maggie	
Cheng Hang Yuen, Henry	Appointed on 1st January 2020
Lim Chun Wah, Tommy	Resigned on 31st December 2019
Wong Lily	Resigned on 20th March 2020

(to be continued)

**LUA FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
MANAGEMENT COMMITTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

MANAGEMENT COMMITTEE MEMBERS' INTERESTS

No contracts of significance to which the Foundation was a party and in which a management committee member had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the management committee members of the Foundation is currently in force and was in force throughout this year.

MANAGEMENT COMMITTEE MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT SIGNIFICANT IN RELATION TO THE FOUNDATION'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Foundation's business to which the Foundation was a party and in which a management committee member of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BUSINESS REVIEW

The Foundation does not need to prepare the Business Review according to Section 388(3)(a) of the Hong Kong Companies Ordinance which the Foundation falls within the reporting exemption for the financial year.

AUDITOR

The auditor, Messrs. LKKC C.P.A. Limited, Chartered Accountants, Certified Public Accountants, retires but, being eligible, offers themselves for re-appointment.

FOR AND ON BEHALF OF THE MANAGEMENT COMMITTEE

Mak Wing Kwong, Tony
Chairperson

Hong Kong, 18th May 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LUA FOUNDATION LIMITED
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)**

Opinion

We have audited the financial statements of LUA Foundation Limited ("the Foundation") set out on pages 6 to 12, which comprise the statement of financial position as at 31st December 2019, and the statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Foundation are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance (Cap. 622).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard 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 Foundation 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 management committee members are responsible for the other information. The other information comprises the information included in the management 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

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.

(to be continued)

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF LUA FOUNDATION LIMITED
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)**

Responsibility of management committee members for the financial statements

The management committee members 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 management committee members 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 management committee members are responsible for assessing the Foundation'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 management committee members either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

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 (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee members.

(to be continued)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF LUA FOUNDATION LIMITED
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

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

- Conclude on the appropriateness of the management committee members' 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 Foundation'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 Foundation 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 management committee members 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.

LKKC C.P.A. LIMITED
國信會計師事務所有限公司
Chartered Accountants
Certified Public Accountants
Auditor – Wilson, Chi-Shing Kwok
郭志成執業會計師
Practising certificate number - P01952
Hong Kong, 18th May 2020

L332/DC/B/866

LUA FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2019

	<u>NOTES</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
DONATIONS			
Donations received		1,221,825	1,861,591
Donations paid		(222,000)	(783,897)
		<u>999,825</u>	<u>1,077,694</u>
OTHER INCOME	4	<u>1,701,474</u>	<u>1,157,441</u>
		2,701,299	2,235,135
FUNCTIONS AND ADMINISTRATIVE EXPENSES			
Advertising		157,809	95,250
Amortization of lease premium for land		116,899	116,899
Audit fee		8,500	8,500
Bank charges		12,724	6,278
Building management fee		-	25,542
Depreciation		92,811	92,811
Gift and trophy		4,843	5,770
Guest fee		20,000	-
Licence fee		2,000	-
Local travelling		5,254	701
Lunchon		114,216	57,328
Meeting expenses		309	7,930
Photo and video and Others		105,600	82,000
Postage and courier		1,182	8,023
Printing and stationery		7,918	40,928
Production cost		197,645	43,840
Professional fee		33,850	66,620
Service fee		90,000	-
Sundry expenses		28,086	653
Venue charge		124,300	127,745
		<u>(1,123,946)</u>	<u>(786,818)</u>
Surplus for the year		<u>1,577,353</u>	<u>1,448,317</u>

The notes on pages 10 to 12 form an integral part of these financial statements.

LUA FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019

	<u>NOTES</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	7	5,650,055	5,859,765
		<u>5,650,055</u>	<u>5,859,765</u>
<u>CURRENT ASSETS</u>			
Amount due from an affiliated association	8	333,618	381,977
Utility deposits		32,788	32,788
Prepayments		38,000	24,135
Cash at bank		4,818,784	2,947,227
		<u>5,223,190</u>	<u>3,386,127</u>
<u>CURRENT LIABILITIES</u>			
Accrued expenses		8,500	8,500
Received in advance		50,000	-
		<u>58,500</u>	<u>8,500</u>
<u>NET CURRENT ASSETS</u>		<u>5,164,690</u>	<u>3,377,627</u>
<u>NET ASSETS</u>		<u>10,814,745</u>	<u>9,237,392</u>
<u>RESERVES</u>			
Accumulated fund		<u>10,814,745</u>	<u>9,237,392</u>

APPROVED AND AUTHORISED FOR ISSUE BY THE MANAGEMENT COMMITTEE ON 18TH MAY 2020.

Mak Wing Kwong, Tony
Chairperson

Wong Kam Shing, Matthew
Honorary Treasurer

The notes on pages 10 to 12 form an integral part of these financial statements.

LUA FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	<u>2019</u> HK\$	<u>2018</u> HK\$
OPERATING ACTIVITIES		
Surplus from operation	1,577,353	1,448,317
ADJUSTMENT FOR :-		
Amortisation of lease premium for land	116,899	116,899
Depreciation	92,811	92,811
Interest income	(761)	(231)
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES	<u>1,786,302</u>	<u>1,657,796</u>
Decrease/(increase) in amount due from an affiliated association	48,359	(46,855)
(Increase)/decrease in prepayments	(13,865)	8,000
Increase in accrued expenses	-	1,700
Increase in received in advance	50,000	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,870,796</u>	<u>1,620,641</u>
INVESTING ACTIVITIES		
Interest received	761	231
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>761</u>	<u>231</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,871,557	1,620,872
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,947,227	1,326,355
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>4,818,784</u></u>	<u><u>2,947,227</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	<u><u>4,818,784</u></u>	<u><u>2,947,227</u></u>

The notes on pages 10 to 12 form an integral part of these financial statements.