

**THE EDUCATION FOUNDATION OF THE FEDERATION  
OF THE ALUMNI ASSOCIATIONS OF THE CHINESE  
UNIVERSITY OF HONG KONG LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
2016/17**



**WONG BROTHERS & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**The Education Foundation of The Federation of The Alumni Associations of  
The Chinese University of Hong Kong Limited  
DIRECTORS' REPORT  
For the year ended 30th September, 2017**

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The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30th September, 2017.

**1. PRINCIPAL PLACE OF BUSINESS**

The Education Foundation of The Federation of The Alumni Associations of The Chinese University of Hong Kong Limited ("the Foundation") is a company incorporated in Hong Kong and limited by guarantee. Its registered office and principal place of operation are situated at Office of Alumni Affairs, The Chinese University of Hong Kong, Shatin, N.T., Hong Kong.

**2. PRINCIPAL ACTIVITIES**

The principal activities of the Foundation during the year are establishing non-profit-making schools and promoting education development.

**3. RESULTS**

The Surplus of the Foundation for the year ended 30th September, 2017 and the state of affairs of the Foundation at that date are set out in the financial statements on pages 7 to 9.

**4. DIRECTORS**

The directors during the year and up to the date of this report were as follows:

Chan King Cheung	(appointed on 8 June 2017)
Chan Pik Kiu Michael	(appointed on 8 June 2017)
Chen Gifford	(resigned on 8 June 2017)
Cheung Fuk Ying	(appointed on 8 June 2017)
Cheung Yuet Wah	(appointed on 8 June 2017)
Chung Mei Yee	(resigned on 8 June 2017)
Fung Ying Chee	(resigned on 8 June 2017)
Ho Man Sum	
Hon Miu Kan	(resigned on 8 June 2017)
Kwan Choi Wah	
Lai Suk Tak	(appointed on 8 June 2017)
Lam Cho Wing	(appointed on 8 June 2017)
Lam Chung Ching	(resigned on 8 June 2017)
Lam Hiu Fung	(appointed on 8 June 2017)
Lam Kwan Yat	
Lau Sai Yung	
Lau Siu Ying Patrick	(resigned on 8 June 2017)
Law Irene	(resigned on 8 June 2017)
Lee Kam Chung	
Lee Kim Hung	(appointed on 7 October 2017)
Lee Siu Hok William	
Leung Karen	(resigned on 8 June 2017)
Leung Kwong Lam	



**The Education Foundation of The Federation of The Alumni Associations of  
The Chinese University of Hong Kong Limited**  
**DIRECTORS' REPORT**  
**For the year ended 30th September, 2017**

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**4. DIRECTORS (Cont'd)**

Leung Seung Ming	
Li Kai Ming	
Liu Kam Hong	(appointed on 8 June 2017)
Lo Pik Yu	(appointed on 8 June 2017)
Ng Lai Han Cinnie	
Ng Yuen Hing	
Ngan Lung	
Pak Yiu Charn Patrick	(resigned on 8 June 2017)
Pow Shiu Kwan	(resigned on 8 June 2017)
Tam Tin Lok Timothy	
Tsui Pui Hung	(resigned on 8 June 2017)
Wong Heung Sang Stephen	(appointed on 8 June 2017)
Wong Ho Chiu	
Wong Sai Chiu	(appointed on 8 June 2017)
Wong Ting Yuen	(appointed on 8 June 2017)
Yan Hau Yee Lina	
Yau Ying Sum	(appointed on 8 June 2017)
Yeh Yui Fong Frederick	(resigned on 8 June 2017)
Yeung Choi Ha Eliza	(appointed on 8 June 2017)
Yeung Yu Hung Antonia	(resigned on 8 June 2017)
Yiu Chun Hong	(resigned on 8 June 2017)

In accordance with Articles 29 of the Foundation's Articles of the Association, all the existing directors shall remain in office at the forth coming annual general meeting.

**5. DIRECTORS' INTEREST IN CONTRACT**

There were no contracts of significance, to which the Foundation was a party and in which a director of the Foundation had a material interest, subsisted of the end of the year or at any time during the year.

**6. MANAGEMENT CONTRACTS**

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

**7. PERMITTED INDEMNITY PROVISION**

At no time during the year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Foundation.

**8. EQUITY-LINKED AGREEMENT**

No equity-linked agreements were entered into during the year.

**The Education Foundation of The Federation of The Alumni Associations of  
The Chinese University of Hong Kong Limited  
DIRECTORS' REPORT  
For the year ended 30th September, 2017**

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**9. HON. AUDITOR**

The accompanying financial statements were audited by Wong Brothers & Co Certified Public Accountants who retire and, being eligible, offer themselves for reappointment. Accordingly, a resolution for the reappointment of Wong Brothers & Co Certified Public Accountants as the Hon. Auditor of the Foundation is to be proposed at the forthcoming annual general meeting.

**10. OTHER MATTERS**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements, which would render any amount stated in the financial statements misleading.

**11. BUSINESS REVIEW**

The Foundation falls within the reporting exemption set out in the Hong Kong Companies Ordinance for the year ended 30th September, 2017. Accordingly, the Foundation is exempted from preparing a business review.

On behalf of the Board



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Yan Hau Yee Lina  
Chairman

Hong Kong, 21 JUN 2018





Partners : Charles C L Chow <sup>MH</sup>  
Gordon C P Cheng

S M Kan  
Ricky W P Wong

鄒燦林會計師 榮譽勳章  
鄭松波會計師

簡迅鳴會計師  
黃煒培會計師

Principals : Johnny M S Yuen

Clifford C K Lo

袁明碩會計師

勞鎮乾會計師

**Independent Auditors' Report to the Members of**

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED  
(Incorporated in Hong Kong and limited by guarantee)**

*Opinion*

We have audited the financial statements of The Education Foundation of the Federation of the Alumni Associations of the Chinese University of Hong Kong Limited (the Foundation) set out on pages 7 to 22, which comprise the statement of financial position as at 30 September 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 foundation as at 30 September 2017, 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 Cap 622.

*Basis for opinion*

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Information other than the financial statements and auditors' report thereon*

The directors are responsible for the other information. The other information comprises all the information included in the directors' report, other than the financial statements and our auditors' 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 Auditors' Report to the Members of**

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
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(Incorporated in Hong Kong and limited by guarantee)**

*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 HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance Cap 622, 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 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 directors either intend to liquidate the foundation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the foundation's financial reporting process.

*Auditors' 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 auditors' 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 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. 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 directors.

**Independent Auditors' Report to the Members of**

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
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*Auditors' 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 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 auditors' 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 auditors' 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 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, if any, that we identify during our audit.

Hong Kong, 1 JUN 2018



**Wong Brothers & Co.**  
**Certified Public Accountants**  
**Hon. Auditors**



**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME –  
CHINA EDUCATION DEVELOPMENT FUND**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
<b>Income</b>		
Donations received	1,377,775	567,071
Dividend income	2,269	2,710
Surplus on functions	--	265
Interest income	5,730	18,941
Gain on exchange	20,280	--
Other income	450	600
	<u>1,406,504</u>	<u>589,587</u>
<b>EXPENDITURE ON SCHOOLS AND EDUCATION DEVELOPMENT</b>		
Bursary	465,157	370,318
New buildings	277,383	88,151
Prizes	123,905	68,553
Special support	162,308	142,201
Subsidies and scholarship	10,815	16,737
Teacher's training	18,639	19,811
	<u>(1,058,207)</u>	<u>(705,771)</u>
<b>ADMINISTRATIVE EXPENDITURE</b>		
Bank charges	1,482	300
Depreciation	1,178	1,178
Insurance	--	554
Loss on exchange	--	54,795
Postage	527	974
Printing and stationery	1,342	2,320
Sundry expenses	1,261	2,169
Telephone and fax	4,058	5,511
Travelling expenses	2,926	2,026
Utilities	4,353	5,055
Warm function express	--	81,283
Deficit on functions	30	--
	<u>(17,157)</u>	<u>(156,165)</u>
<b>TOTAL EXPENDITURE</b>	<u>(1,075,364)</u>	<u>(861,936)</u>
<b>Surplus (deficit) for the year</b>	331,140	(272,349)
<b>Other comprehensive income, net of tax</b>		
Fair value gain (loss) on revaluation of available-for-sale financial assets	11,116	(286)
<b>Total comprehensive income for the year</b>	<u>342,256</u>	<u>(272,635)</u>

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**1. GENERAL INFORMATION**

The principal activities of the Foundation are establishing non-profit-making schools and promoting education development.

The Foundation is incorporated in Hong Kong and limited by guarantee. The address of its registered office is Alumni Affairs Office, 3/F., John Fulton Centre, The Chinese University of Hong Kong, Shatin, New Territories, Hong Kong.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of preparation**

**(a) Statement of compliances**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and under the historical cost convention, as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss.

**(b) Impact of new and revised HKFRS**

**(i) Standards, interpretations and amendments effective in 2017**

There are a number of amendments, new/revised standards and new/revised interpretations to HKFRS that are effective for the current financial year of the Foundation. Among these standards, none of them is relevant to preparation of the financial statements of the Foundation for the year ended 30 September 2017.

**(ii) Impact of standards, amendments and interpretations yet to be adopted**

Up to the date of approval of these financial statements, the HKICPA has issued a number of new/revised standards, amendments and new/revised interpretations, which are not yet effective and which have not been early adopted by the Foundation for the year ended 30 September 2017. The directors are in the process of making an assessment and are not yet in a position to determine of what the impact of these new/revised standards, amendments and new/revised interpretations to the results and financial position of the Foundation upon adoption.



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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**2.2 Revenue recognition**

Donation income is recorded on a cash basis.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the Foundation's right to receive payment has been established.

**2.3 Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates ("the functional currency"). The financial statements are presented in HK dollars, which is the Foundation's functional and presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus and deficit, except when deferred in funds as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in funds.

**2.4 Property, plant and equipment**

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost 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 normally charged to the statement of profit or loss and other comprehensive income in the period in which 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 assets. When assets are sold or retired, their cost and aggregate depreciation/impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Depreciation is provided to write off the cost less residual value of each property, plant and equipment over its expected useful life at the following annual rates:-

Furniture, fixtures and equipment - 25% straight line basis



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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**2.5 Investments**

The Foundation classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting year end.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss (including trade and other investments) are acquired principally for the purpose of selling in the short term or so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting year end.

Gains or losses arising from changes in fair value are recognised in surplus or deficit.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Foundation provides money, goods or services directly to schools or other developments to promote education and to nurture youngsters. They are included in current assets, except for maturities greater than 12 months after the reporting year end. These are classified as non-current assets and carried at amortised cost using the effective interest rate method less impairment loss, if any. Loans and receivables are included in other receivables in the statement of financial position.

**(c) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at amortised cost using effective interest rate method less impairment loss if any.

**(d) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting year end.

Available-for-sale financial assets are initially recognized at fair value plus transaction costs and subsequently measured at fair value. Unrealised gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses and foreign exchange gains and losses. When the financial asset is derecognized, the accumulative fair value gain or loss previously recognised in equity are recognised in surplus or deficit.



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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**2.5 Investments (Cont'd)**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Foundation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Foundation assesses at each reporting year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is removed from funds and recognised in surplus or deficit.

Impairment loss is recognized in surplus or deficit when there is objective evidence that the investment is impaired. Impairment losses recognised in surplus or deficit on equity instruments are not reversed through surplus or deficit.

**2.6 Cash and cash equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**3. FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Foundation's activities are exposed to interest rate risk, credit risk, foreign currency risk, price risk and liquidity risk which are closely monitored by the directors. The Foundation's overall risk management programme focuses on the unpredictability and volatility of financial markets and seeks to minimize potential adverse effects on these risks. Derivative financial instruments are used to hedge any exposures of these risks.

**(a) Interest rate risk**

The Foundation's income and operating cash flows are substantially independent of changes in market interest rates. The Foundation has no significant interest bearing assets and liabilities except cash at banks and time deposits at banks, which carry interest at prevailing interest rates. Interest rate risk arises from changes in interest rates of interest bearing assets and liabilities of the Foundation.

As the Foundation's activities exposed to interest rate risk are closely monitored by the directors who considered such exposure is not significant, the interest rate profile and the sensitivity analysis on interest rate risk is not presented.



**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI  
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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**3. FINANCIAL RISK MANAGEMENT (Cont'd)**

**3.1 Financial risk factors (Cont'd)**

**(b) Credit risk**

The Foundation's credit risk mainly arises from cash and short-term deposits at a bank and cash retained with various counterparties. The Foundation has no significant concentration of credit risk other than the cash deposited with a bank. It has policies in place to ensure that the cash retained by various counterparties are made to those with an appropriate credit history. Ongoing credit evaluation is performed by the management to ensure that the Foundation does not have any significant credit risk exposure in respect of the default in repayments.

**(c) Foreign currency risk**

The Foundation does not have any significant exposure to foreign exchange risk. The majority of donation received, receivables and payables are denominated in local currency for the foundation's activities. The sensitivity analysis of foreign currency risk is not presented.

**(d) Price risk**

The Foundation is exposed to equity securities price risk in respect of the listed investments classified in the statement of financial position either as available-for-sale financial assets or financial assets at fair value through profit or loss. The equity price risk exposure arises from changes in the market price of the listed investments. All other unquoted investments held by the Foundation are for long term strategic purposes, of which the performance are assessed by the directors on an ongoing basis.

The directors consider that the Foundation's policy is only to invest the above investments by its surplus funds and its exposure may not have significant impact on the Foundation's financial position and results. Details of the Foundation's listed investments are detailed in notes 8 and 9 to the financial statements.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the listed shares prices had increased/decreased by 5%, with all other variables held constant, the change would have the same impact on the Foundation's surplus or deficit and the accumulated funds in existence at the reporting year end. The changes represent directors' assessment of reasonably possible changes in the relevant stock prices over the period until the next financial year end. The analysis is performed on the same basis for 2016.



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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**3. FINANCIAL RISK MANAGEMENT (Cont'd)**

**3.1 Financial risk factors (Cont'd)**

**(e) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the officer aim to maintain flexibility in funding by keeping committed credit lines available.

As the Foundation maintains sufficient working capital, the liquidity risks and its exposure is considered limited by the directors.

**3.2 Fair value estimation**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting year end. The quoted market price used for financial assets held by the Foundation is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The presentation of financial statements in conforming with HKFRS requires the use of certain critical accounting estimates and judgements in applying the accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**5. DIRECTORS' REMUNERATION**

During the year, none of the directors received any emoluments for their services rendered to the Foundation (2016: Nil).

**6. TAXATION**

No provision for taxation is made in the financial statements as the Foundation is qualified for exemption from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance (2016: Nil).