Directors' Report
Audited Financial Statements

Habitat For Humanity Hong Kong Limited

30 June 2019

Habitat For Humanity Hong Kong Limited

Directors' Report

The directors submit herewith their report and audited consolidated financial statements of Habitat For Humanity Hong Kong Limited (the "Association") for the year ended 30 June 2019.

Principal activities
The principal activities of the Association are developing communities with people in need by building and renovating houses, as well as promoting and developing specific regional programmes towards elimination of sub-standard housing and homelessness in the region. The activities of its subsidiaries are set out in note 7 to the consolidated financial statements.

Results and dividends
The results of the Association and its subsidiaries (together the "Group") for the year ended 30 June 2019 are set out in the consolidated statement of comprehensive income on page 6.

Directors
The directors who held office during the year or during the period from the end of the year to the date of this report were:

As a director of the Association and its subsidiaries

Lai Kam Cheung, Michael
Yam Tak Fai, Ronald
Richard Kevin Hathaway
Chen Darwin
Szeto Wing Fu Ricky
Wong Olivia Ka Ying
Castro Garcia Fernando Ernesto (resigned on 1 February 2019)

In accordance with the Association's Articles of Association, all directors will retire and being eligible, will offer themselves for re-election.

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

Equity-linked agreements
No equity-linked agreements into which the Company entered subsisted at any time during the year.

Permitted indemnity provisions
No permitted indemnity provision was in force during the year or is in force at the date of this report, for the benefit of a then director or a director of the Company (whether made by the Company or otherwise) or a then director or a director of its headquarter or subsidiary (if made by the Company).

Auditor
A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited, *Certified Public Accountants,* as the auditor of the Association.

Approved by the Board of Directors and signed on its behalf by

Director
Richard Kevin Hathaway

- 5 DEC 2019

MAZARS

Independent Auditor's Report

To the members of
Habitat For Humanity Hong Kong Limited
(incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

Opinion

We have audited the consolidated financial statements of Habitat For Humanity Hong Kong Limited (the "Association") and its subsidiaries (together the "Group") set out on pages 6 to 32, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and 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 (the "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 Consolidated Financial Statements*" section of our report. We are independent of the Group 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 of the Association are responsible for the other information. The other information comprises the directors' report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

MAZARS CPA LIMITED
中審眾環(香港)會計師事務所有限公司

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Independent Auditor's Report

To the members of
Habitat For Humanity Hong Kong Limited
(incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

Responsibilities of Directors for the Consolidated Financial Statements
The directors of the Association are responsible for the preparation of the consolidated 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 directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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. 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

MAZARS

Independent Auditor's Report

To the members of
Habitat For Humanity Hong Kong Limited
(incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

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

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, - 5 DEC 2019

The engagement director on the audit resulting in this independent auditor's report is:
Fung Shiu Hang
Practising Certificate number: P04793

Habitat For Humanity Hong Kong Limited

Consolidated Statement Comprehensive Income

Year ended 30 June 2019

	Note	**2019** ***HK$***	2018 *HK$*
Revenue	*2*	**26,403,095**	26,472,944
Other revenue	*2*	**83,919**	62,556
Other income	*3*	**1,460,329**	1,105,958
Administrative expenses		**(2,115,751)**	(1,784,059)
Fund raising expenses		**(3,878,775)**	(2,850,598)
Programme expenses		**(17,482,165)**	(21,135,429)
Surplus before tax	*4*	**4,470,652**	1,871,372
Income tax expense	*5*	**(11,808)**	(111,167)
Surplus and other comprehensive income for the year		**4,458,844**	1,760,205

Habitat For Humanity Hong Kong Limited

Consolidated Statement of Changes in Equity
Year ended 30 June 2019

	General fund *HK$*
At 1 July 2017	6,254,482
Surplus for the year and total comprehensive income for the year	1,760,205
At 30 June 2018 and 1 July 2018	8,014,687
Surplus and total comprehensive income for the year	4,458,844
At 30 June 2019	**12,473,531**

Habitat For Humanity Hong Kong Limited

Consolidated Statement of Financial Position
At 30 June 2019

	Note	2019 HK$	2018 HK$
Non-current assets			
Property, plant and equipment	*6*	**127,620**	170,873
Current assets			
Accounts and other receivables	*8*	**5,791,407**	5,476,760
Amount due from affiliate offices	*9*	**411,442**	158,662
Tax recoverable		**7,012**	-
Bank balances and cash		**9,027,607**	5,916,181
		15,237,468	11,551,603
Current liabilities			
Accounts and other payables	*10*	**2,352,068**	3,170,689
Amount due to headquarter office	*9*	**123,138**	97,193
Amount due to affiliate offices	*9*	**416,351**	439,907
		2,891,557	3,707,789
Net current assets		**12,345,911**	7,843,814
NET ASSETS		**12,473,531**	8,014,687
Reserves			
General fund		**12,473,531**	8,014,687
TOTAL EQUITY		**12,473,531**	8,014,687

These consolidated financial statements on pages 6 to 32 were approved and authorised for issue by the Board of Directors on - 5 DEC 2019 *and signed on its behalf by*

Director
Richard Kevin Hathaway

Director
Yam Tak Fai, Ronald

Habitat For Humanity Hong Kong Limited

Consolidated Statement of Cash Flows
Year ended 30 June 2019

	2019 *HK$*	2018 *HK$*
OPERATING ACTIVITIES		
Surplus before tax	**4,470,652**	1,871,372
Depreciation	**60,024**	68,568
Interest income	**(83,919)**	(62,556)
Impairment loss on revolving loan receivables	**-**	533,387
Changes in working capital:		
Accounts and other receivables	**(567,427)**	(1,494,540)
Accounts and other payables	**(816,232)**	336,848
Cash generated from operations	**3,063,098**	1,253,079
Tax paid	**(18,820)**	(111,167)
Net cash generated from operating activities	**3,044,278**	1,141,912
INVESTING ACTIVITIES		
Interest received	**83,919**	62,556
Purchase of property, plant and equipment	**(16,771)**	(16,311)
Net cash from investing activities	**67,148**	46,245
Net increase in cash and cash equivalents	**3,111,426**	1,188,157
Cash and cash equivalents at beginning of year	**5,916,181**	4,728,024
Cash and cash equivalents at end of year, represented by bank balances and cash	**9,027,607**	5,916,181

CORPORATE INFORMATION

Habitat For Humanity Hong Kong Limited (the "Association") is a private company limited by guarantee and incorporated in Hong Kong. The Association's registered office is located at 23/F, Congregation House, No. 119, Leighton Road, Causeway Bay, Hong Kong.

Every member of the Association undertakes to contribute to the assets of the Association, in the event of its being wound up while he/she is a member, or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Association contracted before he/she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required but not exceeding the sum of one hundred dollars.

The principal activities of the Association are developing communities with people in need by building and renovating houses, as well as promoting and developing specific regional programmes towards elimination of sub-standard housing and homelessness in the region, and the principal activities of its subsidiaries are detailed in note 7 to the consolidated financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation
These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2018 consolidated financial statements. The adoption of the new / revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of the new / revised HKFRSs
HK(IFRIC)-Int 22: Foreign Currency Transactions and Advance Consideration
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration. The adoption of the Interpretation does not have any significant impact on the consolidated financial statements.

HKFRS 9: Financial instruments
HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new / revised HKFRSs (Continued)
HKFRS 9: Financial instruments (Continued)
In accordance with the transitional provisions in HKFRS 9, comparative information has not been restated and the Group has applied HKFRS 9 retrospectively to financial instruments that existed at 1 July 2018 (i.e. the date of initial application), except as described below:

(a) At the date of initial application, the assessments of the determination of the business model within which a financial asset is held is made on the basis of facts and circumstances that existed at the date of initial application.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument is low credit risk at a reporting date.

Classification and measurement of financial assets and financial liabilities
The adoption of HKFRS 9 has no significant effect on the classification and measurement of the Group's financial liabilities.

The Group's financial assets, include accounts and other receivables, amount due from an affiliate office and bank balances and cash, continued to be measured at amortised cost because, at the date of initial application, the Group's business model is to hold these assets to collect the contractual cash flows and the cash flows represent solely payments of principal and interest on the principal amount outstanding. Impairment based on expected credit loss model on these financial assets has no significant financial impacts.

Expected credit loss ("ECL")
The ECL model under HKFRS 9 requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Impairment based on ECL model on these financial assets upon the adoption of HKFRS 9 has no significant financial impact to the financial statements.

The adoption of HKFRS 9 has no significant impact to the measurement of the Group's financial assets and classification and measurement of the Group's financial liabilities as at 1 July 2018.

HKFRS 15: Revenue from Contracts with Customers
HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. HKFRS 15 establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of HKFRS 15 does not have impact on the Group's revenue recognition.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Association and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Association using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Subsidiaries
A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Association's statement of financial position, which is presented within these notes, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiary are accounted for by the Association on the basis of dividends received and receivable.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. When parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and is depreciated separately:

Leasehold improvement	Over the unexpired term of lease
Furniture, fixtures and office equipment	5 years
Computer equipment	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Classification and measurement - applicable from 1 July 2018

Financial assets (except for accounts receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Such accounts receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt instruments measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity instruments designated as at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "reclassification date").

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets are measured at amortised cost include accounts and other receivables, amount due from affiliate offices and bank balances and cash.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Financial assets (Continued)
Classification and measurement - applicable before 1 July 2018
Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

Loans and receivables
Loans and receivables including deposits and prepayment, amount due from an affiliate office and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Financial liabilities
Recognition and derecognition
Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement
Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include accounts and other payables, amounts due to headquarter office and affiliate offices. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9
Applicable from 1 July 2018
The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Impairment of financial assets and other items under HKFRS 9 (Continued)
Applicable from 1 July 2018 (Continued)
Measurement of ECL
ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information
(ii) nature of instrument
(iii) nature of collateral
(iv) industry of debtors
(v) geographical location of debtors
(vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Impairment of financial assets and other items under HKFRS 9 (Continued)
Applicable from 1 July 2018 (Continued)
Assessment of significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group 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 in the assessment:

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk
A financial instrument 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.

As detailed in note 12(b) to the consolidated financial statements, accounts and other receivables, amount due from affiliate offices and bank balances and cash are determined to have low credit risk.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Impairment of financial assets and other items under HKFRS 9 (Continued)
Applicable from 1 July 2018 (Continued)
Credit-impaired financial asset
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.
(b) a breach of contract, such as a default or past due event.
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
(e) the disappearance of an active market for that financial asset because of financial difficulties.
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off
The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 1 year past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery made is recognised in profit or loss.

Applicable before 1 July 2018
At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss 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.

Cash equivalents
For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Applicable from 1 July 2018

Subsidy income is recognised when the Group's right to receive payment is established.

Fund raising income for general administration and designated project and administrative income for Project Global Village is recognised when the Group's right to receive payment is established.

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

Applicable before 1 July 2018

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Subsidy income is recognised when the Group's right to receive payment is established.

Fund raising income for general administration and designated project and administrative income for Project Global Village is recognised when the Group's right to receive payment is established.

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

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Association's functional currency.

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 profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)
Defined contribution plans
The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Long service payments
The Association's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Taxation
The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Related parties
A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:
   (i) has control or joint control over the Group;
   (ii) has significant influence over the Group; or
   (iii) is a member of the key management personnel of the Group or of the parent of the Group.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members 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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (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 Group or to the parent of the Group.

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 and include:
(a) that person's children and spouse or domestic partner;
(b) children of that person's spouse or domestic partner; and
(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

<u>Key sources of estimation uncertainty:</u>

Loss allowance for ECL

The Group's management estimates the loss allowance for accounts and other receivables and amount due from an affiliate office by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of loans to subsidiaries and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in notes 8(a) and 12(b) to the consolidated financial statements.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Future changes in HKFRSs
At the date of authorisation of these financial statements, the HKICPA has issued a number of new / revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

The directors are of the opinion that except for HKFRS 16 which is explained below, the adoption of the new / reviewed HKFRSs will not have any material impact on the consolidated financial statements of the Group.

HKFRS 16: Leases
HKFRS 16 significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties by the Company which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a material impact on the future financial position, financial performance and cash flows of the Company upon adoption.

As set out in Note 14 to the consolidated financial statements, at 30 June 2019, the total future minimum lease payments under non-cancellable operating leases of the Company in respect of the office premise amounted to approximately HK$970,645. The management of the Company does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Company's financial performance but it is expected that the Company has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of use assets, and that certain portion of the future minimum lease payments under the Company's operating leases will be required to be recognised in the Company's statements of financial position as right-of-use assets and lease liabilities. The Company will also be required to re-measure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the re-measurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Company's statements of cash flows.

2. REVENUE

	2019 *HK$*	2018 *HK$*
Subsidy income	**799,500**	1,187,732
Fund raising income	**22,464,045**	21,403,612
Income from Project Global Village	**3,139,550**	3,881,600
	26,403,095	26,472,944
Interest revenue calculated using the effective interest method:		
- bank interest income	**53,589**	62,556
- other interest income	**30,330**	-
	83,919	62,556
Total revenue	**26,487,014**	26,535,500

3. OTHER INCOME

	2019 *HK$*	2018 *HK$*
Exchange gain, net	**279,968**	74,973
Project construction cost recovery	**699,254**	770,061
Project construction cost recovery (revolving loan)	**431,048**	177,954
Sundry income	**50,059**	82,970
	1,460,329	1,105,958

4. SURPLUS BEFORE TAX

This is stated after charging:

	2019 *HK$*	2018 *HK$*
Staff cost by nature:		
Salaries and allowances	**7,052,785**	6,315,374
Contributions to defined contribution plans	**1,037,110**	960,807
	8,089,895	7,276,181
Staff cost by function:		
Administrative expenses	**1,424,031**	1,216,969
Fund raising expense	**2,625,503**	2,122,798
Programme expenses	**4,040,361**	3,936,414
	8,089,895	7,276,181

4. SURPLUS BEFORE TAX (CONTINUED)

	2019 HK$	2018 HK$
Auditor's remuneration	**86,000**	83,400
Construction costs	**5,420,451**	3,230,391
Depreciation	**60,024**	68,568
Operating lease payments on premises	**1,219,613**	1,469,921
Impairment loss on revolving loan receivables *(Note 8(a))*	**260,801**	711,341

5. TAXATION

Hong Kong Profit Tax has not been provided as the Association is an approved charitable institution and is exempted from Hong Kong Tax under section 88 of the Hong Kong Inland Revenue Ordinance.

Hong Kong Profits Tax has not been provided as the Group's Hong Kong subsidiary incurred a loss for taxation purposes *(2018: Hong Kong Profits Tax has not been provided as the Group's Hong Kong subsidiary had no assessable profits for the year).*

The income tax provision in respect of operations in Mainland China was calculated at the applicable tax rates at 25% on the estimated assessable profits of the Group's operations arising from Mainland China calculated by means of the expenditure-plus method for the year based on existing legislation interpretations and practices in respect thereof.

	2019 HK$	2018 HK$
Hong Kong Profits Tax		
Current year	**-**	-
Under provision in prior year	**954**	-
Mainland China Enterprise Income Tax		
Current year	**10,854**	111,167
Total tax charge for the year	**11,808**	111,167

5. TAXATION (CONTINUED)

Reconciliation of tax expense	**2019** **HK$**	2018 HK$
Surplus before tax	**4,470,652**	1,871,372
Income tax at applicable tax rate of 8.25% *(2018: 8.25%)*	**368,829**	154,388
Tax exempt revenue	**(367,984)**	(154,275)
Unrecognised temporary differences	**220**	(398)
Unrecognised tax losses	**-**	285
Under provision in prior year	**954**	-
Others	**(1,065)**	-
Mainland China Enterprise Income Tax	**10,854**	111,167
Tax expense for the year	**11,808**	111,167

Deferred taxation has not been provided in the consolidated financial statements as the amount involved is insignificant at the end of the reporting period.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	**Furniture, and fixtures** *HK$*	**Computer equipment** *HK$*	**Total** *HK$*
Reconciliation of carrying amount – year ended 30 June 2018				
At 1 July 2018	172,500	13,142	37,488	223,130
Addition	-	-	16,311	16,311
Depreciation	(46,000)	(4,078)	(18,490)	(68,568)
At 30 June 2018	126,500	9,064	35,309	170,873
Reconciliation of carrying amount – year ended 30 June 2019				
At 1 July 2019	126,500	9,064	35,309	170,873
Addition	-	-	16,771	16,771
Depreciation	(46,000)	(3,102)	(10,922)	(60,024)
At 30 June 2019	**80,500**	**5,962**	**41,158**	**127,620**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvement *HK$*	Furniture, and fixtures *HK$*	Computer equipment *HK$*	Total *HK$*
At 30 June 2018				
Cost	230,000	63,965	268,738	562,703
Accumulated depreciation	(103,500)	(54,901)	(233,429)	(391,830)
Net carrying amount	126,500	9,064	35,309	170,873
At 30 June 2019				
Cost	230,000	63,965	285,509	579,474
Accumulated depreciation	(149,500)	(58,003)	(244,351)	(451,854)
Net carrying amount	**80,500**	**5,962**	**41,158**	**127,620**

7. INTERESTS IN A SUBSIDIARY

	2019 ***HK$***	2018 *HK$*
Unlisted shares, at cost	1	1

Details of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal place of business and place of incorporation	Class of shares held	Proportion of value of capital held by the Association *Directly*	*Indirectly*	Principal activities
Habitat For Humanity Consultants Limited	People's Republic of China ("PRC") / Hong Kong	Ordinary share	100%	-	Providing consultancy and supportive services to the Group
援建房信息咨詢(上海)有限公司	PRC	Registered capital	-	100%	Not yet commenced business

The subsidiary, 援建房信息咨詢(上海)有限公司, was incorporated on 23 July 2015. The registered capital will be fully paid up within 5 years from the date of incorporation. At the end of reporting period, no investment cost was paid and the Group had capital commitment of US$350,000 for capital injection into the PRC subsidiary.

8. ACCOUNTS AND OTHER RECEIVABLES

	Note	**2019** *HK$*	2018 *HK$*
Accounts receivables		**5,463,434**	5,097,634
Revolving loan receivables (Construction cost receivables)	*8(a)*	**1,750,847**	1,921,094
Less: Loss allowance for revolving loan receivables	*8(a)*	**(1,750,847)**	(1,921,094)
		-	-
Deposits and prepayment		**327,973**	379,126
		5,791,407	5,476,760

There were no past due nor impaired accounts receivables at the end of the reporting date. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired related to donors for whom there was no history of default and the management believes that the amounts are recoverable.

8(a) Revolving loan receivables (Construction cost receivables)

Revolving loans are made to village families located in rural areas with an aim to improve their living standard. They are unsecured and contained repayment terms that might be repayable after more than one year.

Revolving loans are made to selected low-income rural families at no-profit, no-interest and/or inflation-adjusted terms with an aim to improve their housing conditions. These are funds for the construction cost of new houses, homeowners are required to repay such construction cost in 5 years, and the money so recovered will go to help build still more houses for needy families. As the loans are for poverty alleviation purpose and are unsecured, the Association adopted a policy to critically assess the impairment at initial recognition and recorded a full impairment loss whenever appropriate and, on this basis, the funds are expensed in the year of spend, any recovery in later years from the homeowners will be shown under "Project Construction Cost Recovery" (classified as Other Income in the Financial Statements).

Revolving loan movement

	2019 *HK$*	2018 *HK$*
Balance at beginning of year	**1,921,094**	1,051,625
Increase during the year	**260,801**	711,341
Increase in prior years	**-**	336,082
Repayment	**(431,048)**	(177,954)
	1,750,847	1,921,094

8. ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

8(a) Revolving loan receivables (Construction cost receivables) (Continued)

Under HKFRS 9, such revolving loans should have been recognised at amortised cost using the effective interest method and should be stated at fair value at the end of reporting period, and classified under non-current assets or current assets accordingly. Imputed interest should also be calculated and recorded in the accounts while the carrying amount would be subject to impairment assessment periodically. The Association adopted a policy to critically assess the impairment at initial recognition and recorded a full impairment loss whenever appropriate and, on this basis, the financial impact on calculating the amortised cost and imputed interest in accordance with HKFRS 9 would be minimal.

During the year, revolving loans amounting to HK$260,801 were lent to the borrowers. Accordingly, the impairment for revolving loan receivables has been increased by HK$260,801 *(2018: increased by HK$711,341).*

Impairment for revolving loan receivables

	2019	2018
	HK$	*HK$*
Balance at beginning of year	**1,921,094**	1,051,625
Increase in impairment	**260,801**	711,341
Under-recorded impairment of prior years	**-**	336,082
Amount recovered	**(431,048)**	(177,954)
	1,750,847	1,921,094

9. AMOUNT DUE FROM (TO) HEADQUARTER OFFICE / AFFILIATE OFFICES

The amounts due are unsecured, interest-free and have no fixed repayment term.

10. ACCOUNTS AND OTHER PAYABLES

	2019	2018
	HK$	*HK$*
Accounts payables	**40,707**	244,272
Accrued charges	**115,549**	235,174
Other payables	**2,195,812**	2,691,243
	2,352,068	3,170,689

11. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Group had the following significant transactions with its related parties.

Related party relationship	**Nature of transaction**	**2019** *HK$*	2018 *HK$*
Headquarter of the Group	Subsidy income	**799,500**	1,187,732
	Administrative income for Project Global Village	**-**	238,251
	Fund raising income for designated project	**2,884,862**	2,169,752
	Management fee expenses	**683,279**	675,792
Other affiliate offices of the Group	Subsidy paid	**6,169,966**	9,815,000

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as accounts and other receivables and accounts and other payables, which arise directly from its business activities.

The main risk arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

a) Foreign currency risk
The Group's foreign currency exposures arise mainly from the exchange rate movement of United States Dollar ("US Dollar") and Renminbi ("RMB").

The Group considers the risk exposure to foreign currency fluctuation in US Dollar would be minimal as long as the Hong Kong dollar remains pegged to the US Dollar.

At the end of the reporting period, HK$3,855,605 *(2018: HK$4,381,455)* of accounts receivable and HK$1,679,763 *(2018: HK$1,587,848)* of bank balance were denominated in RMB. As at 30 June 2019, if the currency had strengthened/weakened by 5% *(2018: 5%)* against RMB with all other variables held constant, the Group's net surplus for the year would have been HK$276,768 *(2018: HK$298,465)* lower/higher, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated other receivables, bank balances and cash, and other payables and accrued charges.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Foreign currency risk (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. the analysis is performed on the same basis for 2019.

b) Credit risk
The carrying amount of financial assets recognised on the statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Account receivable and amount due from affiliate offices
The Group considers that the account receivable and amount due from affiliate offices have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on account receivable and amount due from an affiliate office is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the year.

Bank balances and cash
All of the Group's bank balances were deposited with creditworthy financial institutions in Hong Kong and PRC which the directors consider they do not have significant credit risk.

c) Liquidity risk
The Group manages to maintain its liquidity position at a prudent and adequate level. The directors monitor the cash flows daily to ensure sufficient funds available.

The remaining undiscounted contractual maturity profile of the Group's non-derivative financial liabilities at the end of reporting period, based on the earliest date on which the Group is required to settle are within one year or repayable on demand.

13. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern for its charitable objectives. The Group principally relies on funding from donation received. No changes were made in the objectives, policies or processes during the year ended 30 June 2019 and 2018.

14. COMMITMENTS

Commitments under operating leases
The Group leases a number of properties under operating leases, which typically run for an initial period of 1 to 2 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	2019	2018
	HK$	*HK$*
Within one year	**918,661**	1,181,749
In the second to fifth years inclusive	**51,984**	758,921
	970,645	1,940,670

15. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

The following disclosures are presented pursuant to section 383 of the Ordinance.

(a) Directors' emoluments

There is no directors' remuneration for the year *(2018: nil).*

(b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Association or headquarter that were entered into or subsisted during the year (2018: *nil*).

16. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION

Pursuant to the Hong Kong Companies Ordinance, the statement of financial position of the Association and the movements in its reserves are set out below:

	Note	2019 HK$	2018 HK$
Non-current assets			
Property, plant and equipment		**119,810**	160,273
Investment in a subsidiary	7	**1**	1
		119,811	160,274
Current assets			
Accounts and other receivables		**5,745,524**	5,432,863
Amount due from an affiliate office		**411,442**	158,662
Amount due from a subsidiary		**9,833**	9,833
Bank balances and cash		**8,964,389**	5,829,615
		15,131,188	11,430,973
Current liabilities			
Accounts and other payables		**1,982,995**	2,744,403
Amount due to headquarter office		**123,138**	97,193
Amount due to affiliate offices		**416,351**	439,907
		2,522,484	3,281,503
Net current assets		**12,608,704**	8,149,470
NET ASSETS		**12,728,515**	8,309,744
Capital and reserves			
General funds		**12,728,515**	8,309,744
TOTAL EQUITY		**12,728,515**	8,309,744

These financial statements were approved and authorised for issue by the Board of Directors on - 5 DEC 2019 *and signed on its behalf by*

Director
Richard Kevin Hathaway

Director
Yam Tak Fai, Ronald

16. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION (CONTINUED)

(a) Movements of reserves

	2019 *HK$*	2018 *HK$*
At beginning of the reporting period	**8,309,744**	6,378,571
Surplus for the year and total comprehensive income for the year	**4,418,771**	1,931,173
At end of the reporting period	**12,728,515**	8,309,744