

CYPRESS CHARITABLE TRUST

柏臻慈善信託

Reports and financial statements
for the period from 11 April 2023
(date of establishment) to 29 February 2024

DENNIS MAK CPA LIMITED

Certified Public Accountants

CYPRESS CHARITABLE TRUST

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Expressed in Hong Kong dollars ("HK\$")

CYPRESS CHARITABLE TRUST

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Trustee's report

for the period from 11 April 2023

(date of establishment) to 29 February 2024

TRUSTEE'S REPORT

The trustee submits this report and the first audited financial statements of Cypress Charitable Trust (the "Trust") for the period from 11 April 2023 (date of establishment) to 29 February 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Trust are:

1. For relief of sickness and for advancement of health for the benefit of the Hong Kong community, to promote public awareness and education in the community of Hong Kong of the prevention and treatment of Chronic Lymphocytic Leukemia ("CLL") and/or related diseases by publication of relevant up-to-date information and organizing public seminars;
2. In furtherance of the above Charitable Objects but not otherwise, to collaborate with education institutions, professional bodies and organizations to promote, support, and engage in research and development for solutions to assist CLL patients and/or patients with related diseases, and to disseminate the research findings to the public of Hong Kong;
3. In furtherance of the above Charitable Objects but not otherwise, to provide relief in the form of monetary support for the needs of CLL patients and/or patients with related diseases for which other financial assistance may not be applicable or readily available;
4. To further the Charitable Objects above by providing financial assistance to relevant organizations having objects similar to above Charitable Objects and individuals for the public benefit of the Hong Kong community, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent at least as great is imposed and the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust;
5. To collect and receive funds and donations for the above Charitable Objects;
6. To do all acts, deeds and things as are incidental and conducive to the furtherance of above Charitable Objects;
7. To establish or maintain non-profit making establishments for furthering the Charitable Objects above, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent as least as great as is imposed on the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust;

CYPRESS CHARITABLE TRUST

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Trustee's report (continued)

for the period from 11 April 2023

(date of establishment) to 29 February 2024

PRINCIPAL ACTIVITIES (CONTINUED)

8. To make donations, gift to and provide financial support for such service and/or establishment in accordance with the Charitable Objects of this Trust, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust; and
9. In furtherance of the above Charitable Objects but not otherwise, to promote, organize and provide financial support for any other educational, community and charitable activities as the Trustees may approve, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust.

RESULTS

The surplus of the Trust for the period from 11 April 2023 (date of establishment) to 29 February 2024 and the Trust's financial position at that date are set out in the financial statements on pages 7 to 23.

TRUSTEES

During the year and as of the date of this report, Dr. Cheung Wing Fung has fulfilled the role of Trustee solely. According to the Declaration of Trust, the convening of meetings or the passing of resolutions is not requisite under a sole trustee.

TRUSTEES' INTERESTS

No transactions, arrangements, or contracts in which the Trustee held a material interest - either directly or indirectly - that were significant in relation to the Trust's activities subsisted at the end of the period or at any time during the period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Trust's activities was entered into or existed during the period.

AUDITORS

The financial statements have been audited by Dennis Mak CPA Limited who retire and, being eligible, offer themselves for re-appointment.

CYPRESS CHARITABLE TRUST

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Trustee's report (continued)

for the period from 11 April 2023

(date of establishment) to 29 February 2024

APPROVAL OF TRUSTEE'S REPORT

This trustee's report was approved by the trustee on 20 March 2024.

On behalf of the Board



Sole trustee - CHEUNG Wing Fung
Hong Kong



Independent auditor's report
to the trustee of
CYPRESS CHARITABLE TRUST
(established in Hong Kong as a Trust)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cypress Charitable Trust (the "Trust") set out on pages 7 to 23, which comprise the statement of financial position as at 29 February 2024, the statement of income and expenditure, statement of changes in funds and statement of cash flows for the period from 11 April 2023 (date of establishment) to 29 February 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 29 February 2024, and of its financial performance and its cash flows for the period from 11 April 2023 (date of establishment) to 29 February 2024 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust 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 trustee is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the trustee's report set out on pages 1 to 3, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 auditor's report (continued)

Responsibilities of trustee and those charged with governance for the financial statements

The trustee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the trustee 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 trustee is responsible for assessing the Trust'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 trustee either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.



Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dennis Mak CPA Limited
Certified Public Accountants

MAK Wing Kit
Practising Certificate Number: P06855

Dated: 20 March 2024

CYPRESS CHARITABLE TRUST

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Statement of income and expenditure

for the period from 11 April 2023

(date of establishment) to 29 February 2024

	Notes	From 11.4.2023 to 29.2.2024 HK\$
Income		
Donation income		61,900
Other income		
Bank interest income		67
Administrative expenses		
Auditor's remuneration		(2,500)
Surplus before income tax	6	59,467
Income tax expense	8	-
Surplus for the period and total comprehensive surplus for the period		59,467

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

CYPRESS CHARITABLE TRUST

柏臻慈善信託

Statement of financial position as at 29 February 2024

	Notes	2024 HK\$
ASSETS AND LIABILITIES		
Current assets		
Cash and cash equivalents	9	62,067
Current liabilities		
Accruals		(2,500)
Net current assets and net assets		
		59,567
Fund		
Contribution by Trustee	10	100
Reserves		59,467
Total funds		
		59,567

Approved on behalf of the Trust by:



Sole trustee - CHEUNG Wing Fung

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

CYPRESS CHARITABLE TRUST

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Statement of changes in funds for the period from 11 April 2023 (date of establishment) to 29 February 2024

	Notes	Contribution by Trustee HK\$	Reserves HK\$	Total HK\$
Total funds on 11 April 2023		-	-	-
Fund contributed on 24 January 2024	10	100	-	100
Surplus for the period and total comprehensive surplus for the period		-	59,467	59,467
Total funds as at 29 February 2024		100	59,467	59,567

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

CYPRESS CHARITABLE TRUST

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Statement of cash flows

for the period from 11 April 2023

(date of establishment) to 29 February 2024

	From 11.4.2023 to 29.2.2024 HK\$
Cash flows from operating activities	
Surplus before income tax	59,467
Adjustments for:	
Bank interest income	(67)
	<hr/>
Operating deficit before movements in working capital changes	59,400
Increase in accruals	2,500
	<hr/>
Net cash generated from operating activities	61,900
	<hr/>
Cash flows from investing activities	
Bank interest received	67
	<hr/>
Net cash generated from investing activities	67
	<hr/>
Cash flows from financing activities	
Proceeds from contribution from trustee	100
	<hr/>
Net cash generated from financing activities	100
	<hr/>
Net increase in cash and cash equivalents	62,067
Cash and cash equivalents at beginning of period	-
	<hr/>
Cash and cash equivalents at end of period	62,067
	<hr/> <hr/>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

CYPRESS CHARITABLE TRUST

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Notes to the financial statements

for the period from 11 April 2023

(date of establishment) to 29 February 2024

1. REPORTING ENTITY

Cypress Charitable Trust (the "Trust") is established and domiciled in Hong Kong under a trust deed dated on 11 April 2023. The Trust's registered office is located at Room 1506-07, 15/F., Comweb Plaza, No.12 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

The principal activities of the Trust are:

1. For relief of sickness and for advancement of health for the benefit of the Hong Kong community, to promote public awareness and education in the community of Hong Kong of the prevention and treatment of Chronic Lymphocytic Leukemia ("CLL") and/or related diseases by publication of relevant up-to-date information and organizing public seminars;
2. In furtherance of the above Charitable Objects but not otherwise, to collaborate with education institutions, professional bodies and organizations to promote, support, and engage in research and development for solutions to assist CLL patients and/or patients with related diseases, and to disseminate the research findings to the public of Hong Kong;
3. In furtherance of the above Charitable Objects but not otherwise, to provide relief in the form of monetary support for the needs of CLL patients and/or patients with related diseases for which other financial assistance may not be applicable or readily available;
4. To further the Charitable Objects above by providing financial assistance to relevant organizations having objects similar to above Charitable Objects and individuals for the public benefit of the Hong Kong community, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent at least as great is imposed and the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust;
5. To collect and receive funds and donations for the above Charitable Objects;
6. To do all acts, deeds and things as are incidental and conducive to the furtherance of above Charitable Objects;
7. To establish or maintain non-profit making establishments for furthering the Charitable Objects above, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent as least as great as is imposed on the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust;

1. REPORTING ENTITY (CONTINUED)

8. To make donations, gift to and provide financial support for such service and/or establishment in accordance with the Charitable Objects of this Trust, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust; and
9. In furtherance of the above Charitable Objects but not otherwise, to promote, organize and provide financial support for any other educational, community and charitable activities as the Trustees may approve, provided that if the recipient of the funding of the Trust is an organization it shall prohibit the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Trust under or by virtue of Clauses 3 and 12 of the Declaration of Trust.

The financial statements are presented in Hong Kong dollars, unless otherwise stated.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Trust. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Trust for the current and prior accounting periods reflected in these financial statements.

The Trust has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 4).

The financial statements of the Company have been prepared under the historical cost convention.

3. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Trust has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 1 and
HKFRS Practice Statement 2
Amendments to HKAS 8

Disclosure of Accounting Policies

Definition of Accounting Estimates

3. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised HKFRSs that are applicable to the Trust are described below:

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide nonmandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Trust has disclosed the material accounting policy information in note 5 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Trust's financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Trust's approach and policy align with the amendments, the amendments had no impact on the Trust's financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Trust has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Trust intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") ^{1,4}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2020 Amendments") ^{1,4}
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

- ¹ Effective for annual periods beginning on or after 1 January 2024
- ² Effective for annual periods beginning on or after 1 January 2025
- ³ No mandatory effective date yet determined but available for adoption
- ⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Trust is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Trust's financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Trust is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Trust's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Trust's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Trust's financial statements.

5. MATERIAL ACCOUNTING POLICIES

(a) Foreign currency

The financial statements are presented in Hong Kong dollars (HK\$), the functional currency of the Trust is Hong Kong dollars (HK\$).

5. MATERIAL ACCOUNTING POLICIES

(a) Foreign currency (continued)

Foreign currency transactions are translated into the functional currency of the Trust using the exchange rates prevailing at the dates of transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in income and expenditure.

(b) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient of not adjusting the effect of a significant financing component, the Trust initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Trust recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Trust assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Trust 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Financial assets (continued)

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include trade payables, accrued expenses, deposits received and temporary received, amounts due to related companies, amounts due to fellow subsidiaries, obligation under finance lease.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Trust's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks.

(d) Income recognition

Donation income are recognised on an accrual basis.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts and the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Related parties

For the purpose of these financial statements, related party included a person and entity as defined below:

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

- (b) An entity is related to the Trust if any of the following conditions applies:
 - (i) the entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of a third entity;

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Related parties (continued)

- (iv) either 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 Trust or an entity related to the Trust;
- (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); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Trust or the Trust's parent.

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

6. SURPLUS BEFORE INCOME TAX

Surplus before income tax is arrived at:

**From 11.4.2023
to 29.2.2024
HK\$**

After charging the following item:

Auditor's remuneration

2,500

7. TRUSTEE'S REMUNERATION

None of the trustee received or will receive any fees or other emoluments in respect of their services to the Trust during the period.

8. INCOME TAX EXPENSE

No provision has been made for Hong Kong profit tax as the Trust is exempted under Section 88 of Inland Revenue Ordinance.

9. CASH AND CASH EQUIVALENTS

	2024 HK\$
Cash at bank	62,067
Cash and cash equivalents in the statement of cash flows	<u>62,067</u>

All cash at bank are denominated in Hong Kong dollars.

10. CONTRIBUTION BY TRUSTEE

On 24 January 2024, the trustee contributed HK\$100 to the Trust as working capital.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk and fair value), credit risk, and liquidity risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's financial performance.

(a) Interest rate risk

There were no borrowings as at 29 February 2024 and thus the Trust does not have floating interest-bearing liabilities. As the interest rate risk exposure is considered as minimal, management did not consider it necessary to use interest rate swaps to hedge their exposure to interest rate risk because the Trust does not have significant interest-bearing financial assets and liabilities with variable interest rates.

The sensitivity analysis to a reasonably possible change in interest rates with all other variables held constant, of the Trust's surplus net of tax has not been disclosed as the Trust's exposure to changes in market interest rates is not significant.

(b) Foreign currency risk

The Trust has no significant exposure to foreign currency risk as substantially most of the Trust's transactions are denominated in its functional currency, Hong Kong dollars.

(c) Credit risk

The Trust's principal financial assets is cash and cash equivalents. The amount disclosed on the statement of financial position represents the Trust's maximum exposure to credit risk in relation to financial assets.

The credit risk on the liquid funds is limited because of the close involvement of the Trustee in overseeing the recovery of the assets.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value

The fair values of the Trust's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

(e) Liquidity risk

The Trust manages its liquidity needs by carefully monitoring scheduled debt servicing payments for financial liabilities as well as cash outflows due to day-to-day operations. Liquidity needs are monitored in various time bands. The Trust's financial liabilities have contractual maturities which are summarised below:

At 29 February 2024	Within 1 year or on demand HK\$	In 2 to 5 years HK\$
Accruals	2,500	-

The carrying amounts of the Trust's financial assets and liabilities as recognised at the reporting dates are also analysed into the following categories. See notes 5(b) for explanations about how the category of financial instruments affects their subsequent measurement.

	2024 HK\$
<i>Financial assets</i>	
Financial assets at amortised cost	
Cash and cash equivalents	62,067
<i>Financial liabilities</i>	
Financial liabilities at amortised cost	
Accruals	(2,500)

12. FUND RISK MANAGEMENT

The Trust's objective of managing the fund is to safeguard its ability to continue as a going concern and to promote the objects set out in the Trust's Declaration of Trust. The Trustee manage the funds by regularly monitoring its current and expected liquidity requirements.

13. COMPARATIVE FIGURES

The Trust was established on 11 April 2023. As the first set of financial statements of the Trust are prepared from its date of establishment to 29 February 2024, there are no comparative amounts.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Trust's Board of trustees on 20 March 2024.